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Application Proof of



Chongqing Afari Technology Co., Ltd. 重慶千里科技股份有限公司

(the “Company”)

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

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Chongqing Afari Technology Co., Ltd. 重慶千里科技股份有限公司

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

[REDACTED]

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

Sole Sponsor, Overall Coordinators, [REDACTED]



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The [REDACTED] is expected to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the [REDACTED]) and the Company on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] (Hong Kong time) and, in any event, not later than 12:00 noon on [REDACTED] (Hong Kong time). The [REDACTED] will not be more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] is not agreed on or before 12:00 noon on [REDACTED], [REDACTED] (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the [REDACTED]) and the Company, the [REDACTED] will not proceed and will lapse. The Overall Coordinators, on behalf of the [REDACTED], may, where considered appropriate and with the Company's consent, reduce the number of [REDACTED] and/or the indicative [REDACTED] below that is stated in this Document (which is HK\$[REDACTED] to HK\$[REDACTED]) at any time 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 <https://qianli-ai.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] and 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 “[REDACTED]” and “[REDACTED]” in this Document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the Overall Coordinators (for themselves and on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. Please refer to the section headed “[REDACTED]” in this Document.

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

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold, pledged or otherwise transferred within the United States, except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The [REDACTED] may only be [REDACTED] and sold (a) in the United States to “Qualified Institutional Buyer” in reliance on Rule 144A or another available exemption from registration requirements under the U.S. Securities Act, or in a transaction not subject to, registration under the U.S. Securities Act, with Qualified Institutional Buyer is also a “Qualified Purchaser” within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, and (b) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S. No public offering of the [REDACTED] will be made in the United States.

[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

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

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SUMMARY

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 investment. Some of the particular risks in [REDACTED] in our Shares are set out in the section headed “Risk Factors” in this Document. 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” in this Document.

OVERVIEW

We are a disruptive technology leader delivering closed-loop “AI + Mobility” solutions to strategic customers worldwide.

Our Strategic Transformation and AI Journey

During the Track Record Period, we primarily generated revenue from the manufacturing and sales of vehicles and motorcycles, accounting for over 85% of our total revenue in each year/period during the Track Record Period. We believe that AI technologies are poised to revolutionize the mobility landscape, and therefore we took a strategic transformation and evolved to be an AI-centric enterprise through technology and industry resource consolidation. By embedding advanced AI technologies in our business operations, we have developed our full-stack, model-centric “AI + Mobility” capabilities encompass manufacturing, AI capabilities, and R&D of software and hardware.

We believe that the intelligent driving, smart cockpit and robotaxi are the core of “AI + Mobility”, as these solutions capture where AI delivers the greatest functional, commercial and strategic value in modern transportation. Therefore, we took our first step in our AI transformation by building a comprehensive portfolio of intelligent driving solutions. We progressively expand our solutions to smart cockpit and robotaxi.

With AI, we go far. Our journey reflects a dedicated, ongoing transformation — combining cutting-edge AI technologies with solid engineering and manufacturing capabilities to stay at the forefront of intelligent mobility.

Who We Are and What We Offer

We have evolved from our roots in manufacturing to become an AI-centric pioneer. This transformation was accelerated by upgrading our manufacturing and engineering capabilities for NEVs, integrating an AI-native R&D team, and consolidating expertise in engineering, manufacturing and AI to drive end-to-end innovation.

SUMMARY

With decades of experience, we have accumulated proven engineering and manufacturing capabilities. Over the years, we have designed and operated production facilities for vehicles and motorcycles, maintaining rigorous standards for quality, safety, and efficiency. We have further upgraded our manufacturing capabilities for NEVs, and have developed robust in-house capabilities in automobile design and engineering, covering key aspect from vehicle design and platforms, battery-swapping solutions, electric drive systems, and intelligent connectivity. Moreover, our vehicle and motorcycle products have experienced steady growth and are expected to continue to be an important driver for our future growth. During the Track Record Period, we sold 196.9 thousand vehicles and 1.3 million motorcycles.

In the “AI+” era, we have developed our unique, market-leading AI-native capabilities, which empower us to lead the industry and establish our competitive moat. Our core team brings together pioneers across the “AI+” industry, including seasoned experts in AI technology development and application, intelligent manufacturing, and industrial operations. Many of our team members have successfully led teams at top global technology companies. Under their leadership, we possess deep insights into the transformation of the “AI+” industry, enabling us to anticipate and respond swiftly to market needs, ensuring our continued leadership through the ongoing AI revolution. As a result, we now possess leading capabilities in vertical AI models, forming the foundation of our solutions. For example, we have developed a distinctive RLM (Reinforcement Learning — Multimodal) model for intelligent driving. According to CIC, we are the first company to achieve large-scale deployment of an end-to-end RLM model in intelligent driving scenarios. In addition, we have developed advanced Multimodal Interaction Model, enabling rich multimodal interactions with a general understanding of the real world, AI-powered personalized recommendations and in-cabin emotion recognition. According to CIC, we have developed the industry’s first AGI L3 agent-level smart cockpit system.

Today, we offer innovative and model-driven “AI + Mobility” solutions that primarily include intelligent driving, smart cockpit, robotaxi solutions. Leveraging our AI-native capabilities and expertise in vehicle engineering, we have built a comprehensive portfolio of intelligent driving solutions. Our offerings encompass vertical AI models, software, hardware, and closed-loop data systems to enable L2 to L4-level autonomous driving in complex traffic scenarios. Our smart cockpit solutions are powered by a proprietary Multimodal Interaction Model and an AI-native Agent OS. As a result, we deliver a natural user interface (NUI) experience an intuitive interaction system that enables users to communicate with the vehicle through natural modalities including voice and vision. By integrating L4 autonomous driving, smart cockpit solutions and comprehensive operational support platform, we offer end-to-end robotaxi solutions for robotaxi service providers. During the Track Record Period, we did not generate revenue from these solutions yet, but we expect such solutions to be significant drivers of our future growth. See also “Risk Factors — Risks Related to Our Business and Industry — Slower-than-expected growth or lack of market acceptance of our “AI + Mobility” solutions could materially harm our prospects and operations.”

SUMMARY

OUR COMPETITIVE STRENGTHS

We believe our following core competitive strengths will allow us to further consolidate our market leading position:

- Unique, market-leading full-stack AI-native capabilities;
- Full-suite of AI-powered integrated solutions to meet evolving customer needs;
- Full-collaboration with key strategic customers across the globe;
- Global vision and service capabilities; and
- A core management and R&D team driving continuous innovation.

For details, see “Business — Our Strengths.”

OUR GROWTH STRATEGIES

To achieve our vision and mission, we intend to pursue the following strategies:

- Continuously advancing AI capabilities and solutions;
- Driving industry chain integration;
- Enhancing our full-collaboration with key strategic customers;
- Accelerating international expansion; and
- Expanding to “AI + robotics”.

For details, see “Business — Strategies.”

SUMMARY

OUR PRODUCTS AND SOLUTIONS

During the Track Record Period, we generated revenue primarily from sale of automobiles, motorcycles, and others, such as general-purpose machinery. As of the date of this Document, we have launched our technology solutions, primarily include intelligent driving, smart cockpit and robotaxi solutions. During the Track Record Period, we did not generate revenue from our technology solutions yet.

Automobiles — The “LIVAN” Brand

Built on our expertise in vehicle development, design and manufacturing, we released LIVAN Auto (“睿藍汽車”), jointly established by us and Geely. Under the brand “LIVAN”, we offer both internal-combustion and electric models. On the new energy vehicle (NEV) side, we offer a broad range of vehicle models, including our consumer-oriented LIVAN 7 (RL 7) and LIVAN 8 (RL 8), and ride-hailing-focused models such as the LIVAN Maple 60S and LIVAN Maple 80V. We strategically focus on building an operating model anchored in the battery-swapping ecosystem. Our NEV product portfolio leverages our partners’ existing battery swap stations to create a coordinated “vehicle-station” network, enabling us to gain competitive edge in B-end markets. In addition, we also offer ICE vehicles, such as our LIVAN X3 pro, targeted at small families and first-time buyers seeking practical mobility, it is positioned as an A0 passenger vehicle.

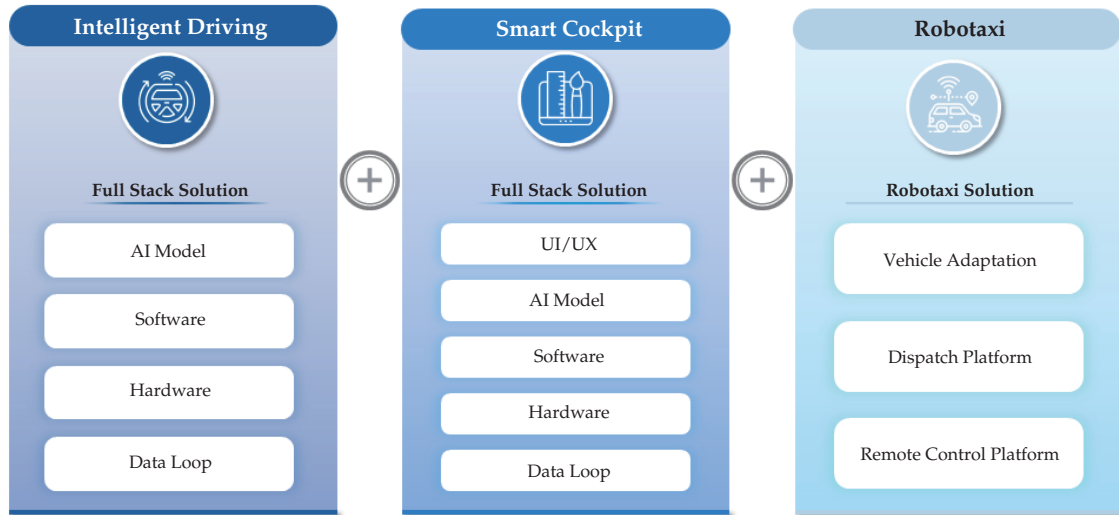
Motorcycles

We offer both traditional fuel and new energy motorcycles and we launched mid-to-large displacement models such as the Starship 6, Starship 4, and V400. In the fuel-powered segment, we are advancing our expertise in lightweight design, short-wheelbase CVT powertrains, mild hybrid systems, and proprietary electronic fuel injection (EFI) technology and to further refine our industry-leading EFI calibration platform. Leveraging the “user-motorcycle-cloud” architecture, we have integrated advanced features such as Bluetooth digital keys, remote vehicle control, intelligent anti-theft systems, advanced interactive cockpits, driver assistance features (BSD, LCA, RCW), and high-definition wide-angle driving recorders with parking surveillance. Together, these innovations enhance riding safety, convenience, and entertainment. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we sold a total of 382.4 thousand, 336.6 thousand, 388.6 thousand, 161.1 thousand and 236.2 thousand motorcycles, respectively.

SUMMARY

Our Technology Solutions

Driven by AI innovation at the core, we offer three AI-native technology solutions:



- Intelligent Driving:* We offer full-stack intelligent driving solutions powered by a distinctive RLM (Reinforcement Learning — Multimodal) model. Our offerings encompass vertical AI models, software, hardware, and closed-loop data systems to enable L2 to L4-level autonomous driving in complex traffic scenarios.
- Smart Cockpit:* Powered by a proprietary Multimodal Interaction Model and an AI-native Agent OS, our smart cockpit solutions could deliver a natural user interface (NUI) experience — an intuitive interaction system that enables users to communicate with the vehicle through natural modalities including voice and vision. Our smart cockpit solution also incorporates advanced hardware, including high-definition displays, premium audio systems, and other state-of-the-art hardware. This human-like, intelligent environment interacts with passengers in a natural and emotionally responsive manner, recognizing emotions and customized to individual preferences. By combining intelligence with emotional awareness, our smart cockpit delivers a truly personalized and engaging in-vehicle experience for passengers.
- Robotaxi:* By integrating L4 autonomous driving, smart cockpit solutions and comprehensive operational support platform, we offer end-to-end robotaxi solutions for robotaxi service providers. Leveraging our closed-loop data capabilities, our platform supports safe, reliable, and scalable robotaxi operations in complex urban environments.

During the Track Record Period, we did not generate revenue from our technology solutions yet.

SUMMARY

SALES, MARKETING AND DISTRIBUTION OF OUR PRODUCTS

We engage distributors who possess extensive sales experience and a strong market presence. For the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025, our total sales to distributors amounted to RMB7,895.4 million, RMB5,747.3 million, RMB6,323.3 million and RMB3,878.0 million, respectively, accounting for 91.5%, 85.8%, 90.8% and 93.4%, respectively, of our revenue for the corresponding periods.

SUMMARY

The following table sets forth the total number and movement of our distributors during the Track Record Period.

	Years Ended December 31,			Six months ended June
	2022	2023	2024	30, 2025
Distributors				
Beginning of the period	874	1,567	1,794	1,694
Additions	1,003	696	502	354
Terminations ⁽¹⁾	310	469	602	547
Number of distributors at the end of the period	<u>1,567</u>	<u>1,794</u>	<u>1,694</u>	<u>1,501</u>

Note (1): Terminated distributors are distributors with whom we did not have any sales in the period indicated but had sales in the preceding period.

During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, save for Geely Group, an affiliate of us, distributors were Independent Third Parties, and there was no employment, financing or family relationship between our distributors and us.

OUR SUPPLIERS AND CUSTOMERS

In 2022, 2023 and 2024 and for the six months ended June 30, 2025, the aggregate purchase amounts from our five largest suppliers for each period were RMB4,902.2 million, RMB3,859.4 million, RMB2,355.9 million and RMB1,312.4 million, representing 61.4%, 57.0%, 35.2% and 37.1% of our total purchase amount, respectively. The purchase amounts from our largest supplier in the same periods were RMB4,021.9 million , RMB3,386.9 million, RMB1,963.4 million and RMB1,049.1 million, representing 50.4%, 50.1%, 29.3% and 29.7% of our total purchase amount, respectively.

To the best of our knowledge, save for Supplier A, an affiliate of us, during the Track Record Period and up to the Latest Practicable Date, our five largest suppliers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. During the Track Record Period and up to the Latest Practicable Date, each of our five largest suppliers are independent from each other. For details, see “Business — Supply Chain Management.”

SUMMARY

In 2022, 2023 and 2024 and the six months ended June 30, 2025, the aggregate revenue generated from our five largest customers for each period were RMB4,145.6 million, RMB2,783.3 million, RMB2,919.3 million and RMB1,760.2 million, representing 48.1%, 41.5%, 41.9% and 42.4% of our revenue, respectively. Revenues generated from our largest customer in the same periods were RMB3,422.5 million, RMB2,249.3 million, RMB2,144.4 million and RMB1,377.7 million, representing 39.7%, 33.6%, 30.8% and 33.2% of our revenue, respectively.

To the best of our knowledge, save for Customer A, an affiliate of us, during the Track Record Period and up to the Latest Practicable Date, our five largest customers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers. During the Track Record Period and up to the Latest Practicable Date, each of our five largest customers are independent from each other. For details, see “Business — Our Customers.”

RELATIONSHIP WITH GEELY GROUP

Geely Group, an affiliate of us, is our important strategic business partner. In each period during the Track Record Period, Geely and its affiliates, on an aggregate basis, have been our largest supplier and our largest customer. Specifically, we primarily procured CBUs, knock-down kits and automobile components from certain affiliates of Geely and sold vehicles to certain other affiliates of Geely. The aggregate purchase amounts from Geely Group in 2022, 2023 and 2024 and for the six months ended June 30, 2025 were RMB4,021.9 million, RMB3,386.9 million, RMB1,963.4 million and RMB1,049.1 million, representing 50.4%, 50.1%, 29.3% and 29.7% of our total purchase amount, respectively. In the same periods, revenues generated from Geely Group were RMB3,422.5 million, RMB2,249.3 million, RMB2,144.4 million and RMB1,377.7 million, representing 39.7%, 33.6%, 30.8% and 33.2% of our revenue, respectively. Moreover, we also expect to provide intelligent driving solutions to Geely Group. Our Directors have confirmed that none of our sales to and purchases from Geely Group during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction. We negotiate the transactions with Geely Group on an arm’s-length basis with reasonable and fair pricing terms. For details of our relationship and transactions with Geely Group, please see “Connected Transactions.”

During the Track Record Period and up to the Latest Practicable Date, we maintained a stable relationship with Geely Group and there was no material interruption or dispute in respect of our cooperation with Geely Group. We expect to continue to maintain our relationship with Geely Group. For risks involved in our relationship with Geely Group, see “Risk Factors — Risks Related to Our Business and Industry — Failure to maintain the relationships with our major business partners could adversely impact our business, operation results and financial conditions.”

SUMMARY

COMPETITION

Competition in the global and Chinese new energy passenger vehicle and motorcycle markets is intense, fueled by rapid technological advancements and evolving consumer preferences. Price competition, innovation cycles, brand reputation, and speed to market are critical factors shaping the competitive landscape. For details, see “Industry Overview.”

The “AI + Mobility” sectors are also competitive, attracting major global technology companies and traditional automotive industry players. These competitors may possess significant financial resources, advanced R&D capabilities, diverse product portfolios, and well-established customer bases. Success in this space depends on continuous innovation in AI and product development.

In this landscape, we remain focused on strengthening our core competitiveness in vehicle engineering and AI and continue delivering value to our customers. See “Industry Overview.” See “Risk Factors — Risks Related to Our Business and Industry — We may not be able to successfully compete in China’s mobility market.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

SUMMARY

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss, in absolute amounts and as a percentage of our total revenue, for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
REVENUE	8,626,599	100.0	6,698,322	100.0	6,963,852	100.0	2,954,973	100.0	4,148,938	100.0
Cost of sales	(7,922,839)	(91.8)	(6,426,071)	(95.9)	(6,481,472)	(93.1)	(2,766,810)	(93.6)	(3,921,248)	(94.5)
Gross profit	703,760	8.2	272,251	4.1	482,380	6.9	188,163	6.4	227,690	5.5
Other income and gains . . .	187,999	2.2	202,890	3.0	158,833	2.3	84,041	2.8	363,701	8.8
Selling and marketing expenses	(266,457)	(3.1)	(375,086)	(5.6)	(337,820)	(4.9)	(181,315)	(6.1)	(142,897)	(3.4)
Administrative expenses . .	(433,204)	(5.0)	(423,397)	(6.3)	(338,158)	(4.9)	(165,133)	(5.6)	(189,764)	(4.6)
Research and development expenses	(90,683)	(1.1)	(214,781)	(3.2)	(406,576)	(5.8)	(180,114)	(6.1)	(287,588)	(6.9)
Fair value gains/(losses) on investment properties . . .	45,900	0.5	10,684	0.2	(95,587)	(1.4)	0	0.0	(23,417)	(0.6)
Impairment losses on financial assets, net	(30,681)	(0.4)	(18,303)	(0.3)	(3,561)	(0.1)	(7,268)	(0.2)	(23,457)	(0.6)
Other expenses	(126,678)	(1.5)	(87,100)	(1.3)	(139,219)	(2.0)	(9,363)	(0.3)	(77,728)	(1.9)
Finance costs	(133,452)	(1.5)	(123,445)	(1.8)	(93,336)	(1.3)	(48,858)	(1.7)	(41,182)	(1.0)
Share of profits of joint ventures and associates . .	375,917	4.4	413,770	6.2	488,247	7.0	189,699	6.4	251,937	6.1
(LOSS)/PROFIT BEFORE TAX	232,421	2.7	(342,517)	(5.1)	(284,797)	(4.1)	(130,148)	(4.4)	57,295	1.4
Income tax expense	(62,014)	(0.7)	80,345	1.2	(44,100)	(0.6)	21,667	0.7	(173,266)	(4.2)
(LOSS)/PROFIT FOR THE YEAR	<u>170,407</u>	<u>2.0</u>	<u>(262,172)</u>	<u>(3.9)</u>	<u>(328,897)</u>	<u>(4.7)</u>	<u>(108,481)</u>	<u>(3.7)</u>	<u>(115,971)</u>	<u>(2.8)</u>

SUMMARY

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Attributable to:										
Owners of the parent	154,682	1.8	24,213	0.4	40,017	0.6	26,194	0.9	31,172	0.8
Non-controlling interests . .	15,725	0.2	(286,385)	(4.3)	(368,914)	(5.3)	(134,675)	(4.6)	(147,143)	(3.5)
	<u>170,407</u>	<u>2.0</u>	<u>(262,172)</u>	<u>(3.9)</u>	<u>(328,897)</u>	<u>(4.7)</u>	<u>(108,481)</u>	<u>(3.7)</u>	<u>(115,971)</u>	<u>(2.8)</u>
EARNINGS PER SHARE										
ATTRIBUTABLE TO										
ORDINARY EQUITY										
HOLDERS OF THE										
PARENT										
Basic and diluted	<u>0.03</u>		<u>0.01</u>		<u>0.01</u>		<u>0.01</u>		<u>0.01</u>	

Revenue

The following table sets forth the breakdown of our revenue by product category, in absolute amounts and as a percentage of our total revenue, for the years/periods indicated. For details on our revenue model and pricing policy, see “Business — Our Products and Solutions.”

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Automobiles	5,766,593	66.8	3,694,618	55.2	4,175,891	60.0	1,739,594	58.9	2,599,205	62.6
Motorcycle	2,124,977	24.6	2,028,767	30.3	2,135,725	30.7	951,753	32.2	1,276,924	30.8
Others										
– General-purpose machinery .	337,882	3.9	400,252	6.0	428,136	6.1	198,160	6.7	203,672	4.9
– Miscellaneous	397,147	4.7	574,685	8.5	224,100	3.2	65,466	2.2	69,137	1.7
Total	8,626,599	100.0	6,698,322	100.0	6,963,852	100.0	2,954,973	100.0	4,148,938	100.0

SUMMARY

Automobiles. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, revenue generated from sales of automobiles amounted to RMB5,766.6 million, RMB3,694.6 million, RMB4,175.9 million, RMB1,739.6 million and RMB2,599.2 million, respectively, accounting for 66.8%, 55.2%, 60.0%, 58.9%, and 62.6% of our total revenue, respectively.

Motorcycles. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, revenue generated from sales of motorcycles amounted to RMB2,125.0 million, RMB2,028.8 million, RMB2,135.7 million, RMB951.8 million and RMB1,276.9 million, respectively, accounting for 24.6%, 30.3%, 30.7%, 32.2%, and 30.8% of our total revenue, respectively.

Others. In addition, to a lesser extent, we also generated other revenues primarily including sales of general-purpose machinery and miscellaneous sales such as real estate and spare parts. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our other revenue amounted to RMB735.0 million, RMB974.9 million, RMB652.2 million, RMB263.6 million and RMB272.8 million, respectively, accounting for 8.6%, 14.5%, 9.3%, 8.9%, and 6.6% of our total revenue, respectively.

For details, see “Financial Information — Description of Major Components of Our Results of Operations.”

Gross Profit and Gross Profit Margin

Gross profit is calculated as total revenue minus cost of sales. The ratio of gross profit to total revenue is referred to as the gross profit margin. The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross		Gross		Gross		Gross		Gross	
	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit
	Profit	Margin	Profit	Margin	Profit	Margin	Profit	Margin	Profit	Margin
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
							(unaudited)			
	(in thousands, except for percentages)									
Automobiles	268,725	4.7	(195,623)	(5.3)	48,852	1.2	(24,922)	(1.4)	(23,559)	(0.9)
Motorcycle	234,724	11.0	245,856	12.1	246,388	11.5	115,372	12.1	149,343	11.7
Others										
– General-purpose machinery	64,314	19.0	75,291	18.8	88,838	20.7	40,256	20.3	48,545	23.8
– Miscellaneous	135,997	34.2	146,727	25.5	98,302	43.9	57,457	87.8	53,361	77.2
	703,760	8.2	272,251	4.1	482,380	6.9	188,163	6.4	227,690	5.5

SUMMARY

We recorded gross profits of RMB703.8 million, RMB272.3 million, RMB482.4 million, RMB188.2 million and RMB227.7 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. The fluctuations of our gross profit during the Track Record Period were mainly attributable to (i) changes in our product mix, and (ii) improvements in our productivity and cost efficiency.

Our gross profit margins amounted to 8.2%, 4.1%, 6.9%, 6.4% and 5.5% in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

For details, see “Financial Information — Description of Major Components of Our Results of Operations.”

Summary of Consolidated Statements of Financial Positions

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

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Total non-current assets .	11,559,013	13,268,797	13,627,903	14,534,808
Total current assets	9,079,196	8,530,283	8,085,759	7,861,475
Total assets	20,638,209	21,799,080	21,713,662	22,396,283
Total non-current				
liabilities	2,917,893	2,135,248	1,540,051	1,772,168
Total current liabilities . .	6,055,924	7,702,662	8,508,369	9,062,053
Total liabilities	8,973,817	9,837,910	10,048,420	10,834,221
Net assets	11,664,392	11,961,170	11,665,242	11,562,062

For a detailed discussion of our current assets and current liabilities during the Track Record Period, see “Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position.”

SUMMARY

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
	(RMB in thousands)				
Net cash generated from/(used in) operating activities . .	(255,230)	(238,842)	525,211	264,962	979,107
Net cash generated from/(used in) investing activities . .	(146,808)	(298,598)	269,312	404,796	(909,520)
Net cash generated from/(used in) financing activities . .	63,752	(231,376)	(454,563)	(411,823)	471,800
Net increase/(decrease) in cash and cash equivalents	(338,286)	(768,816)	339,960	257,935	541,387
Cash and cash equivalents at the beginning of the year/period	2,066,137	1,743,112	986,333	986,333	1,321,676
Effect of exchange rate changes on cash and cash equivalents	15,261	12,037	(4,617)	16,193	32,535
Cash and cash equivalents at the end of the year/period	1,743,112	986,333	1,321,676	1,260,461	1,895,598

For a detailed discussion of our consolidated cash flow data during the Track Record Period, see “Financial Information — Cash Flow Analysis.”

SUMMARY

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:

- We may not be able to successfully compete in China’s mobility market.
- Our failure to build and strengthen our brand could adversely affect our business and prospects.
- We may not be able to timely launch or diversify products to address changing customer demand, preferences and spending patterns.
- Failure to continue to attract new customers and retain existing customers, manage our relationship with them could materially and adversely affect our business, results of operations and financial condition.
- Any delays or difficulties in ramping up or maintaining our manufacturing facilities or in establishing new production bases, could disrupt production and deliveries.
- We rely on suppliers and any failure to deliver key components for our products on time, at required quality and cost, could disrupt our production.
- Our distributors may accumulate excess or obsolete inventory and any excessive build-up of inventory could affect the volume of future orders from our distributors.
- We may be exposed to credit risk of trade receivable.
- Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations.

SUMMARY

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Interest-bearing				
debt ratio ¹	13.7%	10.6%	9.3%	8.0%
Asset-liability ratio ²	43.5%	45.1%	46.3%	48.4%
Revenue growth rate ³ . . .	117.0%	(22.4)%	4.0%	40.4%

Notes:

1. The interest-bearing debt ratio is calculated by dividing interest-bearing debt (including interest-bearing bank loans and other borrowings, lease liabilities, and bonds payable) by total assets.
2. The asset-liability ratio is calculated by dividing total liabilities by total assets.
3. The revenue growth rate refers to the percentage change in our revenue for a certain year/period compared to the revenue from the previous same period.

FUTURE PLANS AND USE OF [REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in the Document), will be approximately HK\$[REDACTED], after deduction of [REDACTED] fees and [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

In line with our strategies, we intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for implementing our AI-driven strategies, enhancing our R&D capabilities, develop and upgrade our products and solutions, and strengthen our technology capabilities.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for the strategic integration of upstream industrial chain resources, including the establishment of industrial funds and deepening collaborations with business partners to create synergies and enhance the innovativeness of our products and solutions.

SUMMARY

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for strengthening sales and service networks in China and overseas markets, and to enhance our global brand influence.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and general corporate purposes.

For details, please see “Future Plans and Use of [REDACTED].”

[REDACTED]

SUMMARY

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

Our A Shares have been listed on the Shanghai Stock Exchange since November 2010. Our Directors confirmed that, as of the Latest Practicable Date and during the Track Record Period, we have had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shanghai Stock Exchange during the Track Record Period.

Our PRC Legal Adviser has advised us that, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by securities regulatory authorities in the PRC, and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects, and the above confirmation of our Directors with regard to our compliance record during the Track Record Period and up to the Latest Practicable Date is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Adviser’s view, nothing has come to the Sole Sponsor’s attention that would cause it to cast doubt on our Directors’ confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange in any material respect.

Our Company is seeking a [REDACTED] of its H Shares on the Hong Kong Stock Exchange in order to advance our Company’s global strategic deployment, to accelerate the expansion of its overseas operations, to enhance its international brand presence, to provide further capital for the development and expansion of our Company’s business and to further strengthen our core competitiveness. For more details, see “Business” and “Future Plans and Use of [REDACTED]” in this Document.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS UNDER THE HONG KONG LISTING RULES

Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Azolla Fund will be entitled to exercise approximately [REDACTED]% voting rights in our Company. Azolla Fund and Azolla EM, the general partner of Azolla Fund, are considered as the Single Largest Group of Shareholders of the Company under Hong Kong Listing Rules and pursuant to Chapter 1.1C of the Guide for New Listing Applicants. For details, see the section headed “History, Development and Corporate Structure — Our Single Largest Group of Shareholders.”

SUMMARY

CONNECTED TRANSACTIONS

We have, in our ordinary and usual course of business, entered into certain transactions with entities that will become our connected persons as defined under Chapter 14A of the Hong Kong Listing Rules. Upon [REDACTED], certain such transactions between us and our connected persons will continue and will therefore constitute our continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], certain waivers from strict compliance with Chapter 14A of the Listing Rules in respect of these transactions. Please refer to “Connected Transactions” in this Document for further details.

[REDACTED]

DIVIDENDS

No dividend was paid or declared by us or any of our subsidiaries during the Track Record Period. After the Track Record Period and up to the date of this Document, we did not declare any dividends to our Shareholders.

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, after making up for our historically accumulated losses (if any) in accordance with the PRC laws and less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we had not been involved in any significant 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.

SUMMARY

According to our PRC Legal Adviser, we had not been involved in any material non-compliance incidents during our principal business operation that have a material adverse effect on our business, financial condition, and results of operations during the Track Record Period and up to the Latest Practicable Date.

[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED], such as [REDACTED] fees and [REDACTED], and (ii) [REDACTED], comprising professional fees paid to our legal advisers and reporting accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the [REDACTED], the estimated total [REDACTED] (based on the mid-point of the [REDACTED] range and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of HK\$[REDACTED], professional fees for our legal advisers and reporting accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED] is expected to be expensed through the statement of profit or loss and an estimated amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We did not recognize any [REDACTED] expenses in 2022, 2023, 2024 and the six months ended June 30, 2025, in our consolidated statements of profit or loss and other comprehensive income.

[REDACTED]

CONSOLIDATION OF AFARI INTELLIGENT DRIVE

In June 2025, the Company established Afari Intelligent Drive in the PRC, as a joint venture through Jianghe Qixing, with third parties. Jianghe Qixing is a limited partnership established in the PRC, the sole general partner of which is Zhiqi Xinwang, our wholly-owned subsidiary. With a view to enhancing the Company's "AI + Mobility" solutions, and to securing the control over Afari Intelligent Drive, (1) in September 2025, the partners of Jianghe Qixing have unanimously agreed to amend the partnership agreement of Jianghe Qixing resulting in Zhiqi Xinwang's control of the key corporate matters of Jianghe Qixing. As a result, the results of Jianghe Qixing were consolidated by the Company, and (2) Jianghe Qixing entered into a Proxy Agreement with its shareholder on September 28, 2025. Pursuant to the Proxy Agreement and the Shareholders' approval dated October 15, 2025, the Company is able to control more than 50% of the voting rights in Afari Intelligent Drive and exercises effective control over its board of directors, through Jianghe Qixing. Accordingly, Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since October 15, 2025.

SUMMARY

Given that the Consolidation of Afari Intelligent Drive has been properly and legally completed in October 2025, it constitutes an acquisition after the Track Record Period of the Company. As the highest percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) for the Consolidation of Afari Intelligent Drive is more than 5%, the Consolidation of Afari Intelligent Drive constitutes an acquisition of a major subsidiary under Rule 4.28 of the Hong Kong Listing Rules. Accordingly, pursuant to Rule 4.04(2) and (4), Rule 4.28 and Rule 4.29 of the Hong Kong Listing Rules, (a) the audited financial information of Afari Intelligent Drive from the date of its establishment to June 30, 2025, has been prepared in accordance with the International Financial Reporting Standards as set out in Appendix IB to this Document; and (b) the [REDACTED] information of the enlarged Group has been prepared in accordance with Rule 4.28 and Rule 4.29 of the Listing Rules as set out in Appendix IIB to this Document. Also see “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers” and “Financial Information — Financial Information of Afari Intelligent Drive” for more details.

FINANCIAL INFORMATION OF AFARI INTELLIGENT DRIVE

On June 27, 2025, we established Afari Intelligent Drive in the PRC, as a joint venture with certain third parties. With a view to enhancing our “AI + Mobility” solutions, and to securing the control over Afari Intelligent Drive, Chongqing Jianghe Qixing Corporate Management Partnership (Limited Partnership)* (重慶江河啟興企業管理合夥企業(有限合夥)) entered into a shareholder voting proxy agreement on September 28, 2025, with Maichi Zhixing (Chongqing) Technology Co., Ltd.* (邁馳智行(重慶)科技有限公司). As a result of the above, the Company controls more than 50% of the voting rights in Afari Intelligent Drive and exercises effective control over its board of directors. Accordingly, Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since October 15, 2025.

Set out below is selected pre-acquisition financial information of Afari Intelligent Drive for the period from June 27, 2025 to June 30, 2025 in accordance with IFRS.

Consolidated Statements of Profit or Loss

Since Afari Intelligent Drive has only been incorporated for 3 days, and all the formalities for shareholders’ capital contributions were completed as of June 30 2025, the statements of profit or loss figures are approximate to zero.

SUMMARY

Consolidated Statements of Financial Positions

The table below sets forth the consolidated statements of financial position of Afari Intelligent Drive as of the date indicated.

	<u>As of June 30, 2025</u>
	<i>(RMB in thousands)</i>
NON-CURRENT ASSETS	
Property, plant and equipment	19,751
Right-of-use assets	11,476
Other intangible assets	1,758,831
Prepayments, other receivables and other assets	4,167
Total non-current assets	1,794,225
CURRENT ASSETS	
Trade receivables	15,900
Prepayments, other receivables and other assets	45,289
Cash and cash equivalents	2,106
Total current assets	63,295
CURRENT LIABILITIES	
Other payables and accruals	345,444
Lease liabilities	4,784
Total current liabilities	350,228
NET CURRENT ASSETS/LIABILITIES	(286,933)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,507,292
NON-CURRENT LIABILITIES	
Lease liabilities	6,981
Deferred tax liabilities	–
Provisions	311
Total non-current liabilities	7,292

SUMMARY

	As of June 30, 2025
	<i>(RMB in thousands)</i>
Net assets	1,500,000
EQUITY	
Share capital	4,500
Reserves	1,495,000
	1,500,000
Total equity	1,500,000

Afari Intelligent Drive incurred net current liabilities as of June 30, 2025, primarily due to other payables and accruals of RMB286.9 million as of June 30, 2025 to support its initial operations.

Consolidated Statements of Cash Flows

Since Afari Intelligent Drive has only been incorporated for 3 days, and all the formalities for shareholders’ capital contributions were completed as of June 30, 2025, the statements of cash flow figures are approximate to zero.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

The following is a summary of an illustrative and unaudited pro forma consolidated balance sheet of the Group and Afari Intelligent Drive (the “**Enlarged Group**”) (the “**Unaudited Pro Forma Financial Information of the Enlarged Group**”), in connection with the proposed acquisition of 3.99% equity interest of Afari Auto Intelligence, which have been prepared on the basis of the notes set out below for the purpose of illustrating the impact of transactions on the Group’s consolidated balance sheet as of June 30, 2025 as if the transactions had been completed as of June 30, 2025.

This Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as of June 30, 2025 or at any future date following the completion of the transactions. For more details, see the section headed “Appendix IIB — Unaudited Pro Forma Financial Information of the Enlarged Group” in this document.

SUMMARY

As of June 30, 2025

(RMB in thousands)

NON-CURRENT ASSETS

Property, plant and equipment	1,914,651
Investment properties	3,137,253
Right-of-use assets	456,045
Other intangible assets	3,433,293
Goodwill	167,566
Investments in joint ventures and associates	5,259,710
Deferred tax assets	716,885
Equity investments designated at fair value through other comprehensive income	6,756
Time deposits	1,225,140
Prepayments, other receivables and other assets	11,446

Total non-current assets	16,328,745

CURRENT ASSETS

Inventories	2,271,331
Trade and bills receivables	1,798,499
Prepayments, other receivables and other assets	418,731
Restricted cash	1,351,135
Time deposits	187,370
Cash and cash equivalents	1,897,704

Total current assets	7,924,770

CURRENT LIABILITIES

Trade and bills payables	6,137,545
Contract liabilities	490,839
Other payables and accruals	1,721,944
Interest-bearing bank and other borrowings	1,053,866
Lease liabilities	5,539
Tax payable	2,548

Total current liabilities	9,412,281

NET CURRENT ASSETS/(LIABILITIES)	(1,487,511)

TOTAL ASSETS LESS CURRENT LIABILITIES	14,841,234

SUMMARY

As of June 30, 2025

(RMB in thousands)

NON-CURRENT LIABILITIES

Interest-bearing bank and other borrowings	727,963
Lease liabilities	6,981
Deferred tax liabilities	734,391
Provisions	91,200
Deferred income	336,274

Total non-current liabilities	1,896,809

Net assets	12,944,425

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since June 30, 2025, being the end date of the periods reported on in the Accountants’ Report set out in Appendix I to this Document, and there had been no event since June 30, 2025, that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this Document.

“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and is/are listed for trading on the Shanghai Stock Exchange with the stock code of 601777
“A Shareholder(s)”	holder(s) of the A Share(s)
“Accountants’ Report”	the accountants’ report prepared by Ernst & Young, details of which are set out in Appendix I
“Afari Intelligent Drive”	Chongqing Afari Intelligent Drive Co., Ltd.* (重慶千里智駕科技有限公司), a limited liability company incorporated in the PRC on June 27, 2025 and a non-wholly owned subsidiary of the Company
“Afari Intelligent Drive Group”	Afari Intelligent Drive and its subsidiaries
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“AIC”	Administration of Industry & Commerce (工商行政管理機關) of the PRC (now known as the Administration for Market Regulation (市場監督管理局)) or, where the context so requires, the State Administration for Industry & Commerce of the PRC (中華人民共和國工商行政管理總局) or its delegated authority at the provincial, municipal or other local level
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix IV
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board

DEFINITIONS

"Azolla EM"	Chongqing Azolla Enterprise Management Co., Ltd.* (重慶滿江紅企業管理有限公司), a limited liability company incorporated in the PRC on August 6, 2020 and a member of our Single Largest Group of Shareholders
"Azolla Fund"	Chongqing Azolla Private Equity Investment Fund Partnership (Limited Partnership)* (重慶滿江紅私募股權投資基金合夥企業(有限合夥)) (previously known as Chongqing Azolla Equity Investment Fund Partnership (Limited Partnership)* (重慶滿江紅股權投資基金合夥企業(有限合夥))), a limited partnership incorporated in the PRC on December 14, 2020, whose general partner is Azolla EM and a member of our Single Largest Group of Shareholders
"Board" or "our Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

DEFINITIONS

"China", "Mainland China" or "PRC"	the People's Republic of China which, for the purpose of this Document and for geographical reference only, excluding Hong Kong Special Administrative Region of the People's Republic of China, Macau Special Administrative Region of the People's Republic of China, and Taiwan Region
"Chongqing Jianghehui"	Chongqing Jianghehui Enterprise Management Co., Ltd.* (重慶江河匯企業管理有限責任公司), a limited liability company incorporated in the PRC on October 29, 2020
"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 Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	Chongqing Afari Technology Co., Ltd.* (重慶千里科技股份有限公司), a limited liability company incorporated in the PRC on December 1, 1997 and converted into a joint stock company with limited liability on December 28, 2007, with its A Shares listed on the Shanghai Stock Exchange with the stock code of 601777 since 2010
"Compliance Adviser"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(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)

DEFINITIONS

“Director(s)” or “our Director(s)”	the director(s) of our Company
“EIT”	the PRC enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

[REDACTED]

“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

“Geely Automobile”	Geely Automobile Holdings Limited* (吉利汽車控股有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 175 (HKD counter) and 80175(RMB counter))

“Geely Group” or “Geely”	Geely Holding and its affiliates and subsidiaries

“Geely Holding”	Zhejiang Geely Holding Group Company Limited* (浙江吉利控股集團有限公司), a limited liability company established under PRC laws on March 24, 2003. Geely Holding is directly owned as to 82.23%, 9.71% and 8.06% by Mr. Li Shu Fu (李書福), Ningbo Yima Enterprise Management Partnership (Limited Partnership) (a company controlled by Mr. Li Shu Fu and his associates) and his associate

DEFINITIONS

“Geely Technology”	Geely Technology Group Co., Ltd.* (吉利科技集團有限公司) (formerly known as Geely Maijie Investment Co., Ltd.* (吉利邁捷投資公司)) and an affiliate of Geely Automobile, a limited liability company incorporated in the PRC on October 27, 2015

[REDACTED]

“Group”, “our Group”, “our”, “we” or “us”	our Company and our subsidiaries

“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024, as amended from time to time

“H Share(s)”	[REDACTED] ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

“HK\$” or “Hong Kong Dollars” or “HK Dollars” and “HK cents”	Hong Kong dollars, the lawful currency of Hong Kong

“HKFRSs”	Hong Kong Financial Reporting Standards

[REDACTED]

DEFINITIONS

[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 Exchange 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]

DEFINITIONS

"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules
"Industry Consultant" or "CIC"	China Insights Industry Consultancy, an independent market research and consulting company

[REDACTED]

DEFINITIONS

"Latest Practicable Date"	October 8, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication
"Liangjiang Fund Management"	Chongqing Liangjiang Equity Investment Fund Management Co., Ltd.* (重慶兩江股權投資基金管理有限公司), a limited liability company incorporated in the PRC on July 4, 2013 and a wholly-owned subsidiary of Liangjiang Industrial Development
"Liangjiang Industrial Development"	Chongqing Liangjiang New Area Industrial Development Group Co., Ltd.* (重慶兩江新區產業發展集團有限公司), a limited liability company incorporated in the PRC on May 18, 2016
"Lifan Motorcycle Production and Sales"	Chongqing Lifan Motorcycle Production and Sales Co., Ltd.* (重慶力帆摩托車產銷有限公司), a limited liability company incorporated in the PRC on May 27, 1996 and a wholly-owned subsidiary of the Company
	[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
"LIVAN Auto"	Chongqing LIVAN Automobile Technology Co., Ltd.* (重慶睿藍汽車科技有限公司), a limited liability company incorporated in the PRC on January 24, 2022 and a non-wholly owned subsidiary of the Company
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange

DEFINITIONS

“Major Subsidiary(ies)”	the major subsidiary(ies) of our Company listed in “History, Development and Corporate Structure — Our Major Subsidiaries”
“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))
“Mr. Yin”	Mr. Yin Qi (印奇), the chairperson of the Board and an executive Director
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Nomination Committee”	the nomination committee of the Board

[REDACTED]

DEFINITIONS

“Overall Coordinators” and “Sponsor-Overall Coordinator”	the overall coordinators and sponsor-overall coordinator as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this Document
“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 and became effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities
“PRC Legal Adviser”	Fangda Partners, our legal adviser on PRC laws in connection with the [REDACTED]

[REDACTED]

DEFINITIONS

"QIBs" or "Qualified Institutional Buyers"	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"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), the function of which has now been merged into the SAMR
"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"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"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
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Shanghai Stock Exchange Listing Rules"	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), as amended from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including the A Share(s) and H Share(s) upon the [REDACTED]
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Group of Shareholders"	refers to Azolla Fund and Azolla EM

DEFINITIONS

“Sole Sponsor” the sole sponsor of the [REDACTED] as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this Document

[REDACTED]

“State Council” the State Council of the PRC (中華人民共和國國務院)

“Strategy and ESG Committee” the strategy and ESG committee of the Board

“subsidiary(ies)” has the meaning ascribed to it in section 15 of the Companies Ordinance

“substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules

“Track Record Period” the period comprising the three financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025

“U.S. Government” the federal government of the United States, including its executive, legislative and judicial branches

“U.S. persons” U.S. persons as defined in Regulation S

“U.S. Securities Act” United States 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, its possessions and all areas subject to its jurisdiction

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

“VAT” value-added tax

[REDACTED]

DEFINITIONS

[REDACTED]

"%"

per cent

Certain amounts and percentage figures included in this 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.

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

GLOSSARY OF TECHNICAL TERMS

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

"ADAS"	advanced driver-assistance system, an integrated set of advanced driver assistance technologies that utilize sensors, software and control systems to enhance driving safety, improve vehicle operation and support semi-autonomous functions
"Agent OS"	Agent Operating System, a software platform that provides the core infrastructure and runtime environment for developing, deploying, and managing AI agents, enabling them to operate autonomously, interact with users, and integrate with external systems or applications
"AI"	artificial intelligence
"API"	Application Programming Interface, a defined set of rules and protocols that allows different software applications or systems to communicate, enabling developers to access and integrate specific functionalities or data without needing to understand the underlying code
"B-end"	Business-end, the business-facing side of a company's operations, referring to products, services, or solutions designed for enterprise or institutional clients rather than individual consumers
"BEV"	Battery Electric Vehicle, a type of vehicle powered entirely by electricity stored in onboard batteries, which drive electric motors without the use of an internal combustion engine
"BSD"	Blind Spot Detection, an advanced driver assistance system that monitors areas alongside and behind the vehicle that are not directly visible to the driver and provides alerts of potential collision risks
"CAGR"	compound annual growth rate, measures an investments' average annual growth over a given period

GLOSSARY OF TECHNICAL TERMS

"CBU(s)"	complete buildup unit(s) (整車), a complete vehicle after the final assembly
"CVT"	Continuously Variable Transmission, a type of automatic transmission that can change seamlessly through an infinite number of effective gear ratios within a given range, providing smoother acceleration and improved fuel efficiency compared with traditional stepped transmissions
"ECCV"	European Conference on Computer Vision, a top-tier biennial academic conference in the field of computer vision, held in Europe and organized by the European computer vision community, featuring state-of-the-art research on image understanding, pattern recognition and related AI technologies
"electronic and electrical (E/E)"	refers to the integrated systems of electronic control units, wiring, sensors, and electrical components within a vehicle that support its power distribution, control functions, and intelligent features
"electronic fuel injection (EFI)"	a fuel delivery system that uses electronic controls and sensors to precisely regulate the amount of fuel injected into an internal combustion engine's cylinders, thereby improving efficiency, performance and emissions control
"end-to-end model"	an artificial intelligence model that learns to map inputs directly to outputs within a unified framework, eliminating the need for manually designed intermediate steps or separate processing stages
"ESG"	environment, social and governance
"GBRC"	proprietary integrated charging-and-swapping crystal architecture designed to deliver high levels of safety, efficiency, and industry-leading performance in energy management and battery systems
"hybrid electric vehicle (HEV)"	vehicles powered by a combination of an internal combustion engine and an electric motor, where the battery is charged through regenerative braking and the engine itself rather than by external charging

GLOSSARY OF TECHNICAL TERMS

"ICCV"	International Conference on Computer Vision, a premier biennial academic conference in the field of computer vision, organized by the IEEE and the Computer Vision Foundation, featuring leading research on image analysis, pattern recognition and related AI technologies
"ICE"	Internal Combustion Engine, an engine that generates power through the combustion of fuel and air within a chamber, commonly used in automobiles, motorcycles and other machinery
"IMU"	Inertial Measurement Unit, an electronic device that measures and reports a moving object's specific force, angular velocity, and sometimes orientation, typically using accelerometers, gyroscopes, and magnetometers, to support navigation and control functions
"in-cabin intelligence"	an integrated system of hardware and software that uses sensors, artificial intelligence, and human-machine interaction technologies to monitor occupants and enhance safety, comfort, and user experience inside a vehicle
"large language models (LLMs)"	a class of large-scale artificial intelligence models trained on extensive text corpora with billions of parameters, capable of understanding, generating, and reasoning over human language
"LCA"	Lane Change Assist, a driver assistance function that evaluates the safety of lane change maneuvers by monitoring adjacent lanes and warns the driver of potential hazards
"Level 2 intelligent driving system"	a driving assistance system that can simultaneously control steering, acceleration, and braking under certain conditions, but requires the human driver to remain engaged and monitor the environment at all times

GLOSSARY OF TECHNICAL TERMS

"Level 3 intelligent driving system"	a conditional automated driving system that can perform all driving tasks within specific operational design domains, allowing the driver to disengage from dynamic driving under those conditions, but requiring the driver to resume control when the system requests
"Level 4 intelligent driving system"	a highly automated driving system that can perform all driving tasks within defined operational design domains without human intervention, though manual control may still be possible if needed
"MaaS"	model as a service, a type of service which packages the suitable AI engines toolbox for specific industry verticals and cater to the needs of massive number of customers with cost-efficient customization
"Natural User Interface (Natural UI/NUI)"	an interface that enables users to interact with computers or devices through natural human behaviors such as speech, gestures, touch, or vision, minimizing the need for traditional input methods like keyboards or mice
"NEV"	New Energy Vehicle, a vehicle powered fully or partially by new energy sources such as electricity, hydrogen fuel cells, or plug-in hybrid systems, designed to reduce reliance on traditional fossil fuels and lower emissions
"NOA"	Navigation on Autopilot, an advanced driver assistance function that integrates navigation data with automated driving capabilities, enabling the vehicle to perform tasks
"NPU"	Neural Processing Unit, a processor optimized for executing artificial intelligence algorithms, particularly neural network computations, providing high efficiency and low power consumption for AI-driven applications
"OEM"	Original Equipment Manufacturer, a manufacturer that designs and produces parts, components, or complete products which may be marketed under its own brand or supplied to other companies for integration and resale

GLOSSARY OF TECHNICAL TERMS

"PV"	passenger vehicle
"RCW"	Rear Collision Warning, a safety system that detects potential rear-end collision risks from approaching vehicles and issues timely alerts to the driver
"Reinforcement Learning-Multimodal (RLM)"	an artificial intelligence framework that applies reinforcement learning techniques to process and optimize tasks across multiple modalities, such as text, vision, audio, and sensor data, enabling coordinated decision-making in complex environments
"SOP"	Start of Production, the point in time when a product moves from the development and trial phase into formal mass production, marking the official commencement of manufacturing for commercial delivery
"Supplier Quality Engineer (SQE)"	a professional role responsible for managing and ensuring the quality of materials, components and services provided by suppliers
"VLA"	Vision-Language-Action model, an artificial intelligence model that integrates visual perception, natural language understanding, and action execution, enabling agents to interpret images or video, understand instructions, and carry out corresponding tasks in real-world or simulated environments
"VLM"	Vision-Language Model, an artificial intelligence model that combines visual and textual data to understand, interpret, and generate language grounded in visual inputs, enabling tasks such as image captioning, visual question answering, and multimodal reasoning
"WAIC"	World Artificial Intelligence Conference, an international conference organized in China that brings together global leaders, enterprises, researchers, and policymakers to showcase innovations, discuss trends, and promote collaboration in artificial intelligence

FORWARD-LOOKING STATEMENTS

This Document contains forward-looking statements and information relating to us and our subsidiary that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedules," 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 major 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 the market leading positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- 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, including our service and geographic expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;

FORWARD-LOOKING STATEMENTS

- 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 and 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 the section headed "Risk Factors" in this Document.

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

RISK FACTORS

An [REDACTED] in our Shares involves significant risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before deciding to [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

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

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We may not be able to successfully compete in China’s mobility market.

China’s mobility market is large yet highly competitive. We have positioned ourselves as a provider of automobiles, motorcycles and “AI + Mobility” solutions such as intelligent driving, smart cockpit and robotaxi solutions. Our offerings compete with other mobility companies, including but not limited to automobile manufacturers, motorcycle manufacturers, and intelligent driving solution providers. Going forward, we may also encounter new competitors, including global technology companies and mobility platform operators, which could further intensify competition.

Many of our existing and potential competitors, particularly well-established domestic and international companies, have substantially greater financial, technological, manufacturing and marketing resources. These competitors are often able to allocate significant investment to product design, development, production, distribution and after-sales support, putting us at a competitive disadvantage. As demand for alternative fuel vehicles grows, intelligent driving technologies gain wider adoption, and industry consolidation continues, competitive pressures are likely to intensify further.

Competition in the mobility market is influenced by a number of factors, including technological innovation, product performance, safety, pricing, brand reputation, distribution capabilities and customer service. Heightened competition could lead to reduced sales volumes, more aggressive promotional efforts and greater pricing pressure, any of which could materially and adversely affect our revenues, profitability and growth prospects. In addition, certain competitors benefit from state ownership, investments from state-owned enterprises, or other forms of government support, giving them access to resources and policy advantages that we may not be able to match.

RISK FACTORS

Beyond direct competition, volatility in the broader mobility industry could also negatively impact our business. Market demand is shaped by macroeconomic conditions, consumer sentiment, energy and raw material costs, financing availability and regulatory developments. As a relatively new market participant with smaller scale and more limited resources compared with traditional OEMs, we are particularly vulnerable to fluctuations in demand, pricing challenges and supply chain disruptions. These factors could materially and adversely affect our business, financial conditions, results of operations and long-term prospects.

Our failure to build and strengthen our brand could adversely affect our business and prospects.

Our business and long-term growth prospects depend heavily on our ability to establish, maintain and strengthen our brand in the mobility market. Brand recognition is critical to earning customer trust, differentiating ourselves from competitors, and expanding our customer base. If we fail to effectively build and sustain a strong brand, our business and growth potential may be materially and adversely affected.

Our ability to enhance brand value depends significantly on the quality, safety and performance of our products and solutions, as well as the effectiveness of our sales and marketing efforts. While we have promoted our brands through distributors and digital platforms, our experience in shaping a unified brand image across diverse product categories remains limited. We may need to refine our branding strategies or expand into more traditional media and offline channels, which could increase our expenses without guaranteeing the desired results. Any adverse events, such as vehicle malfunctions, product recalls or perceived safety issues, whether or not directly attributable to us, could undermine customer confidence in our brands.

Moreover, as we expand into emerging areas such as intelligent driving, smart cockpit and robotaxi solutions, our ability to establish credibility as a reliable technology provider will be essential. Failure to demonstrate the safety, reliability and scalability of our technology could hinder our ability to strengthen our brand in these new markets. If we fail to build a strong and trusted brand across our product and solution portfolio, our business, financial conditions, results of operations and prospects could be materially and adversely affected.

We may not be able to timely launch or diversify products to address changing customer demand, preferences and spending patterns.

Our ability to sustain growth relies significantly on our capacity to timely introduce new models and broaden our product portfolio to respond to evolving customer demand and spending patterns. We have consistently devoted efforts to expanding and upgrading our offerings, aiming not only to adapt to market trends but also to shape customer preferences. If we fail to anticipate or respond effectively to shifts in demand, our business performance could be materially and adversely affected. Customer demand in the mobility market is influenced by a wide range of factors, including general economic conditions, disposable income levels, technology advancement, lifestyle changes, environmental awareness, and the publicity surrounding our products and those of our

RISK FACTORS

competitors. For example, in the highly competitive mobility market, customer preferences can shift rapidly in response to the launch of new products or aggressive promotional and pricing campaigns by competitors. In the automobile and motorcycle sectors, preferences for vehicle type, energy replenishment methods (such as charging versus battery swapping), and intelligent features continue to evolve, requiring constant product innovation and timely upgrades.

While we continue to invest in product R&D and to enhance our brand image, there is no assurance that our new models or solutions will achieve market acceptance. Product development cycles can be lengthy, and delays in design, engineering, production or regulatory approval could limit our ability to seize emerging market opportunities. Furthermore, our ability to diversify into new technologies depends on our capacity to scale innovation while maintaining product quality, safety and cost efficiency.

If we are unable to timely launch products that meet changing customer demand, or to successfully diversify our portfolio in response to shifting preferences and spending behavior, our sales volume could decline. This would adversely impact our revenue, brand positioning, financial conditions, results of operations and long-term prospects.

Failure to maintain the relationships with our major business partners could adversely impact our business, operation results and financial conditions.

Our collaborations with certain major customers and suppliers are important to your business. In 2022, 2023 and 2024 and the six months ended June 30, 2025, the aggregate revenue generated from our five largest customers for each period were RMB4,145.6 million, RMB2,783.3 million, RMB2,919.3 million and RMB1,760.2 million, representing 48.1%, 41.5%, 41.9% and 42.4% of our revenue, respectively. In 2022, 2023 and 2024 and for the six months ended June 30, 2025, the aggregate purchase amounts from our five largest suppliers for each period were RMB4,902.2 million, RMB3,859.4 million, RMB2,355.9 million and RMB1,312.4 million, representing 61.4%, 57.0%, 35.2% and 37.1% of our total purchase amount, respectively. We cannot assure you that we will be able to maintain the relationships with our major business partners in the future. Any failure to maintain relationships with them could have an adverse effect on our business, results of operations and financial condition.

In particular, in each period during the Track Record Period, Geely and its affiliates, on an aggregate basis, have been our largest supplier and our largest customer. Specifically, we primarily procured CBUs, knock-down kits and automobile components from certain affiliates of Geely and sold vehicles to certain other affiliates of Geely. The aggregate purchase amounts from Geely Group in 2022, 2023 and 2024 and for the six months ended June 30, 2025 were RMB4,021.9 million, RMB3,386.9 million, RMB1,963.4 million and RMB1,049.1 million, representing 50.4%, 50.1%, 29.3% and 29.7% of our total purchase amount, respectively. In the same periods, revenues generated from Geely Group were RMB3,422.5 million, RMB2,249.3 million, RMB2,144.4 million and RMB1,377.7 million, representing 39.7%, 33.6%, 30.8% and 33.2% of our revenue, respectively. Moreover, we also expect to provide intelligent driving solutions to Geely Group, which may further increase the amount of transactions between Geely Group and us. Our Directors have confirmed that none of our sales to and purchases from Geely Group

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during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction. We negotiate the transactions with Geely Group on an arm's-length basis with reasonable and fair pricing terms. For details of our relationship and transactions with Geely Group, please see "Connected Transactions."

During the Track Record Period and up to the Latest Practicable Date, we maintained a stable relationship with Geely Group and there was no material interruption or dispute in respect of our cooperation with Geely Group. We expect to continue to maintain our relationship with Geely Group. However, we cannot guarantee that Geely and its affiliates will continue to partner with us or will not reduce their business with us, which may result in a material adverse effect on our business, results of operations and financial condition.

Failure to continue to attract new customers and retain existing customers, manage our relationship with them could materially and adversely affect our business, results of operations and financial condition.

We focus on full-collaboration with key strategic customers, which enable us to generate sustainable revenue streams and establish long-term strategic relationship. For example, partnering with a major OEM enables us to equip our solutions on multiple models across that OEM's lineup, securing recurring revenue streams and cross-sell opportunities as the OEM launches new models. Our ability to retain our existing customers and attract new customers is critical to our success. Our customer engagement may decrease for a variety of reasons, including their level of satisfaction with our solutions, the pricing and quality of competing solutions, overall economic conditions, or alterations in our customers' business needs or operations. If we fail to effectively adapt to evolving industry trends, innovate our intelligent driving solutions that address the changing needs of our customers, we may struggle to maintain relationship with existing customers or continue to attract new customers, and our customers may reduce the use of our solutions for any reason, which may adversely affect our business, results of operations and financial condition.

Any delays or difficulties in ramping up or maintaining our manufacturing facilities or in establishing new production bases, could disrupt production and deliveries.

Our ability to meet market demand and achieve sustainable growth depends on the smooth operation and continued optimization of our manufacturing facilities. However, the establishment, ramp-up and maintenance of manufacturing bases are complex and subject to uncertainties. We may encounter delays in production line upgrades, cost overruns, or operational inefficiencies. In addition, maintaining production quality while scaling output requires stable supply chains and retention of qualified personnel, which may be disrupted by external shocks such as supply shortages, labor issues, or policy changes. We may also consider establishing or expanding production facilities in the future to meet market demand for products and solutions. The development and expansion of production bases involves substantial capital investment and is subject to factors beyond our control, including funding availability, construction progress, installation of production equipment, and regulatory approvals. Any delays or difficulties in these processes could postpone the commencement of production, limit capacity growth and adversely affect our ability to deliver products on schedule.

RISK FACTORS

Furthermore, the expansion or ramp-up of new or upgraded facilities will increase our fixed costs and depreciation expenses, which could negatively impact our profitability if demand does not grow as expected. If we are unable to effectively ramp up or maintain our existing manufacturing bases, or if new facilities fail to commence operations as planned, our production capacity, product delivery, financial conditions, results of operations and prospects could be materially and adversely affected.

We rely on suppliers and any failure to deliver key components for our products on time, at required quality and cost, could disrupt our production.

Our business is supported by a wide network of suppliers for key components used in our products and solutions. We source parts from both domestic suppliers. Although we seek to diversify our supply base and maintain safety stock for certain parts, there can be no assurance that our suppliers will consistently deliver sufficient quantities on time and at the required quality and cost. As we continue to expand our production scale, including the introduction of new vehicle models and motorcycles, we will require increased volumes of parts within tight schedules, placing further strain on our supply chain. Any shortages or quality issues in the supply of critical components such as batteries, sensors or engine parts could materially disrupt our production and delay deliveries.

We also face risks if suppliers fail to comply with applicable laws and regulations, are involved in product liability incidents or experience negative publicity. Such issues may directly affect customer confidence in our products if they incorporate components from the affected suppliers, thereby damaging our brand and reputation.

As our scale grows, we will need to accurately forecast demand and manage procurement, storage and transportation of components at higher volumes. Failure to align purchases with actual production needs, or to maintain effective inventory and logistics systems, could result in production disruption, higher storage and transportation costs, or write-offs of obsolete parts. Any of these risks could materially and adversely affect our business, financial conditions and results of operations.

Our industry and technologies are rapidly evolving, and breakthroughs in competing products could materially reduce demand for our products.

The mobility industry is undergoing profound technological transformation, with rapid advances in electrification, intelligent connectivity, intelligent driving and new energy solutions. To maintain competitiveness, we have strategically invested in developing key technologies in-house, such as our RLM and Multimodal Interaction Models. Sustained investment in research and development is therefore essential to our growth strategy.

RISK FACTORS

Our ability to remain competitive depends on keeping pace with emerging technologies and ensuring that our products meet evolving customer expectations. See “— We may not be able to successfully compete in China’s mobility market” for more details. Breakthroughs by competitors in areas such as battery technology, energy efficiency, intelligent driving or connected vehicle platforms may render our existing models less attractive. For example, the rapid adoption of advanced lithium-based batteries or alternative energy storage systems could significantly alter customer preferences. Similarly, faster progress by peers in intelligent driving or smart cockpit technologies could reduce the differentiation of our solutions. If we are unable to match or exceed such advances in a timely manner, demand for our solutions could decline.

Research and development activities are inherently uncertain, and there can be no assurance that our investments will consistently generate corresponding benefits. While we have developed proprietary technologies, competitors may develop alternative approaches that are more cost-efficient, easier to scale, or better accepted by customers and regulators. Failure to anticipate such shifts could weaken our competitive position in both domestic and international markets.

Moreover, we continue to rely on suppliers for certain critical technologies and components, such as batteries, sensors and electronic control units. As new technologies emerge, we may be required to upgrade existing models or introduce new models at significant cost, which may lower the return on investment of our prior models. Even if we succeed in incorporating the latest technologies into new models, older models could become obsolete faster than expected, affecting sales performance and brand perception. If we fail to keep pace with technological advancements or successfully commercialize our research and development outcomes, we may experience a decline in demand for our products, face reduced competitiveness, and incur substantial costs without realizing corresponding returns. These challenges could materially and adversely affect our business, financial conditions and results of operations.

Slower-than-expected growth or lack of market acceptance of our “AI + Mobility” solutions could materially harm our prospects and operations.

As the “AI + Mobility” driving market remains at an early stage, its pace of growth and adoption remains highly uncertain. Demand for intelligent driving technology is influenced by a variety of factors, including general economic conditions, political and regulatory developments, technological maturity, and public perception of safety and reliability. As a result, it is difficult to accurately predict the size and timing of market opportunities for our intelligent driving solutions. Although the automotive industry has made significant progress in developing and testing Level 2 and Level 3 assisted driving systems, the commercialization of higher-level autonomous driving technologies requires substantial investment and long development cycles. There can be no assurance that these solutions will achieve large-scale commercial success, or that users will adopt them at the pace we anticipate. In particular, our efforts to build and scale robotaxi solutions may face challenges in demonstrating economic viability, securing regulatory approvals, and achieving widespread market acceptance.

RISK FACTORS

Moreover, as Afari Intelligent Drive was incorporated on June 27, 2025, we did not generate revenue from our “AI+Mobility” solutions during the Track Record Period. Our partners, such as automobile OEMs and mobility platforms, may choose not to collaborate with us, may introduce competing solutions, or may seek to protect their existing business models in ways that hinder our growth. In addition, regulatory frameworks governing intelligent vehicles continue to evolve, and uncertainty in licensing, safety requirements, and liability standards may delay or restrict the commercialization of our technology.

Public perception of safety is also a critical factor. High-profile accidents involving intelligent vehicles, even if unrelated to our products, have in the past attracted negative publicity and heightened regulatory scrutiny. Similar incidents in the future could undermine confidence in intelligent driving technology more broadly, resulting in reduced adoption or stricter regulations that increase compliance costs.

If growth of the “AI + Mobility” market is slower than expected, if our technologies fail to achieve acceptance among users and industry partners, or if safety and regulatory challenges cannot be addressed effectively, demand for our intelligent driving solutions could decline. Any of these risks could materially and adversely affect our business, financial condition, results of operations, and long-term prospects.

The implementation and validation of our “AI + Mobility” products may be lengthy and unpredictable, and subject to risks such as contract cancellations, delays, supply chain shortages or unsuccessful deployment.

Our “AI + Mobility” solutions are technologically complex and are designed for deployment in environments that require stringent safety, regulatory and performance standards. The processes of implementing, testing and validating such solutions are inherently lengthy and unpredictable. These processes often involve extensive simulation, real-world testing, data collection and iterative improvements before commercial readiness can be achieved. As a result, we are required to commit substantial research, engineering and financial resources well in advance of revenue generation, which increases the uncertainty of our operating forecasts and exposes us to heightened business risks.

Delays or setbacks may arise from a range of factors. For example, our partners may cancel or postpone implementation of our solutions due to internal business strategy adjustments, funding constraints, or changing regulatory requirements, any of which are beyond our control. Our relationship with third-party suppliers are also subject to risks of quality issues, cost escalation, or disruption in availability.

Moreover, the deployment of our “AI + Mobility” solutions may prove to be unsuccessful or may not meet customer expectations in terms of safety, reliability or economic efficiency. Unsuccessful pilot programs or limited commercial adoption could undermine confidence in our solutions and weaken our ability to secure future contracts. The uncertainties inherent in developing and scaling robotaxi solutions under an asset-light model further compound these risks, as commercial success depends on the readiness of regulatory frameworks, availability of testing permits, and collaboration with ecosystem partners.

RISK FACTORS

If we encounter significant delays in implementation, if key projects are canceled, or if we fail to overcome supply chain or validation challenges, our ability to commercialize intelligent driving solutions may be materially hindered. Any such outcome could adversely affect our revenue generation, financial condition, results of operations and long-term growth prospects.

If our solutions fail to deliver reliable performance and satisfactory user experience, our business and reputation could be materially harmed.

The success of our solutions is supported by our ability to deliver reliable performance and a satisfactory user experience. Our products incorporate intelligent technologies such as intelligent driving, smart cockpit systems, and intelligent connectivity features designed to improve convenience, safety and efficiency. However, there is no assurance that we will be able to continuously enhance these functions in a way that meets evolving customer expectations or differentiates our products from those of our competitors. Customer preferences in the mobility market are dynamic and difficult to predict. While we customize our intelligent driving solutions to local driving behaviors and road conditions in China, we may not always accurately anticipate customer needs or successfully integrate desirable features into our product design. In addition, customers may face challenges in adapting to new technologies, such as transitioning from internal combustion engine vehicles or traditional motorcycles to NEVs and intelligent mobility solutions. If we fail to respond to shifting preferences in a timely manner, demand for our products may decline.

Our products and solutions may also contain design or manufacturing defects that affect safety, reliability or performance. Certain features of our products, including those enabled by proprietary software systems such as vertical AI models, algorithms, and intelligent operating systems, are technologically complex and may contain latent defects, errors or vulnerabilities to external attacks. While we conduct extensive internal testing, our operating history remains limited, and we lack a long track record of evaluating long-term quality, durability and reliability of these technologies in large-scale commercial use. As a result, unexpected issues may arise over time, which could lead to recalls, product liability claims or significant warranty expenses.

Any failure of our products or systems to perform as expected, whether due to software malfunctions, hardware defects, or unsuccessful updates, could undermine customer trust, damage our reputation, and result in adverse publicity. Such events could materially and adversely impact our business, financial conditions, results of operations and long-term prospects.

RISK FACTORS

The operation of vehicles equipped with our intelligent driving technologies is different from conventional vehicles, and may be unfamiliar to users.

We have developed our intelligent driving solutions to perceive, predict and respond to real-world driving situations with the aim of improving safety and efficiency. These technologies are designed for applications in advanced mobility scenarios, including passenger vehicles and robotaxi. However, the operation of vehicles equipped with intelligent driving technologies differs in important ways from conventional vehicles and may be unfamiliar to users and other road participants. Vehicles equipped with our systems adhere strictly to traffic regulations and programmed safety protocols. In practice, this may cause driving behaviors that differ from those of human drivers, such as conservative acceleration, braking or lane-changing decisions. Such behaviors, while designed to improve safety, may appear unusual or unexpected to passengers, drivers accustomed to conventional vehicles, or surrounding vehicles on the road. This could affect user acceptance of our solutions or create potential safety risks if other drivers fail to anticipate the behavior of vehicles equipped with our systems.

There can be no assurance that users will readily adapt to the different interaction and operating processes required for vehicles equipped with intelligent driving solutions. Challenges may arise in both user-owned vehicles and shared mobility services such as robotaxi, where passengers may have limited knowledge of intelligent driving systems. If users fail to properly adapt to these differences, or if accidents occur involving our technologies and solutions, our reputation could be harmed, and we may be subject to adverse publicity, product liability claims, regulatory scrutiny, or stricter safety requirements. Any such events could materially and adversely affect our brand image, business operations, financial condition and long-term prospects.

We may not be able to effectively manage our growth, which could negatively impact our brand and financial performance.

We have been broadening our business. Our growth has been supported by investments in research and development, expansion of our product portfolio, scaling of our manufacturing capabilities, and the development of our distribution and service networks in both domestic and overseas markets. We plan to continue pursuing growth by introducing new vehicle models, upgrading our motorcycle offerings, and advancing intelligent driving and robotaxi technologies. Our ability to sustain this trajectory will depend on whether we can effectively manage the increasing complexity of our operations.

Managing growth on multiple fronts presents several challenges. We must integrate and coordinate a larger workforce across different business units and geographic regions, while ensuring operational efficiency and cost discipline. Expansion of our manufacturing capabilities requires significant investment, timely execution and effective quality control. We must also strengthen our administrative infrastructure, information technology systems and internal controls to support larger-scale operations.

RISK FACTORS

Rapid growth also increases demands on our sales and marketing channels, after-sales services, and customer support systems. If our service network does not expand in line with vehicle deliveries, or if our marketing activities fail to effectively build brand recognition, customer satisfaction may decline, which could weaken our competitive position. Furthermore, if our investments in R&D, production capacity or market expansion do not yield the expected results, we may face rising costs without corresponding revenue growth.

Any failure to effectively manage the risks associated with our expansion could lead to operational inefficiencies, quality or service shortfalls, reputational harm, and financial underperformance. As a result, our business, financial conditions and results of operations could be materially and adversely affected.

We will continue to make significant R&D investments and such efforts may not be successful or generate expected results, which could adversely affect our profitability and cash flow.

We have been consistently investing heavily in research and development to strengthen our technological capabilities and support our diversified product portfolio. Our research and development expenses were RMB90.7 million, RMB214.8 million, RMB406.6 million, RMB180.1 million and RMB287.6 million for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. We expect our research and development expenses to remain at a relatively high level as we continue to advance our solutions and technologies.

However, our investments in research and development may not generate the expected returns. Development activities are inherently uncertain, and we may not always be able to secure sufficient resources, including qualified research and development personnel, or to manage projects efficiently. Even when results are achieved at the technical level, commercialization may face delays due to regulatory requirements, supply chain constraints, or higher-than-expected costs. Given the rapid pace of innovation in the mobility industry, there is a risk that our solutions may not be upgraded in a timely, efficient or cost-effective manner.

Furthermore, technological breakthroughs by competitors could render our current or future technologies obsolete or commercially non-viable. In such cases, our ability to recover R&D expenditures would be limited, which could negatively impact our revenues, reduce our market share, and adversely affect our profitability and cash flow. See “— Our industry and technologies are rapidly evolving, and breakthroughs in competing products could materially reduce demand for our products” for more details.

RISK FACTORS

Our business plans require substantial capital investment, and insufficient access to external financing could restrict our operations and growth.

We will continue to require significant capital to support research and development of new technologies, ramp up and upgrade production capacity, and expand our distribution, marketing and after-sales service networks. As we scale our operations, we will also need to allocate additional capital to maintain and enhance our property, plant and equipment. These expenditures could exceed our current expectations, particularly if user demand for our products grows faster than anticipated or if costs of construction, equipment or labor increase.

Our level of capital expenditures will be influenced by a range of factors, including customer demand for our products and solutions, as well as the pace of our technology development and commercialization. Given our relatively limited operating history, we have only a short track record of historical demand patterns, making our future capital requirements uncertain. Actual capital needs may be higher than we currently estimate. To fund these expenditures, we plan to seek external financing through equity issuances, debt financing or credit facilities. However, such financing may not be available in a timely manner, on terms acceptable to us, or at all. If we are unable to secure the necessary financing before we generate sufficient revenues to cover our funding needs, we may be forced to delay, scale back or discontinue portions of our business plan. This could result in slower progress in product development, delays in production expansion, or reduced investment in sales and service networks, which in turn could weaken our competitive position. Our ability to obtain financing depends on a number of factors, including general market conditions, investor sentiment towards the mobility and new energy industries, and the perceived viability of our business strategy. Volatility in global or domestic capital markets, tightening liquidity, or adverse macroeconomic conditions could significantly affect our financing options.

In addition, our future capital needs may require us to raise funds by issuing additional equity or equity-linked securities, which could dilute the interests of our existing shareholders. We may also raise financing through one or more of our operating subsidiaries in China, in which case part of our net income or loss would be attributable to minority investors in those subsidiaries, thereby affecting the portion attributable to our shareholders. Alternatively, if we incur additional debt or issue debt securities, we will face increased debt service obligations, and holders of such instruments may have rights, preferences or privileges senior to those of our ordinary shareholders in the event of liquidation. Furthermore, restrictive covenants imposed under debt arrangements could limit our operational flexibility or restrict our ability to distribute dividends. If we are unable to raise sufficient funds or access financing on favorable terms, we may have to significantly reduce our planned spending, delay or cancel key initiatives, and curtail growth. Any of these circumstances could materially and adversely affect our business operations, financial condition, results of operations and prospects.

RISK FACTORS

Any flaws or misuse of NEVs, motorcycles or intelligent driving products and technologies, whether actual or perceived, intended or inadvertent, committed by us or by other third parties, could have a material adverse effect on our reputation, business, financial conditions, results of operations and prospects.

The reliability, safety and proper use of our products and technologies are critical to our brand reputation and long-term success. Any flaws in product design, manufacturing or software, or any misuse of our products and technologies, whether actual or perceived, intentional or inadvertent, committed by us or by third parties, could materially and adversely affect customer trust and market acceptance.

Intelligent driving technologies, in particular, remain at an early stage of development and are subject to evolving standards and regulations. Similar to many innovations, they also present risks of misuse or abuse. Third parties may attempt to apply these technologies for inappropriate purposes or in biased ways that undermine public confidence, breach data privacy or violate applicable laws. In addition, individuals may initiate litigation or regulatory proceedings alleging infringement of legitimate rights, such as privacy, data protection or personal safety. Even if such cases are unfounded, they may attract significant public attention, generate negative publicity, and result in heightened regulatory scrutiny. We have adopted measures intended to safeguard against misuse of our technologies, including internal policies, management systems and compliance frameworks addressing data security and privacy. See “Business — Data Privacy and Information Technology Systems” for more details. However, we cannot assure you that these measures will always be effective or sufficient. Misuse, misapplication or unexpected flaws may still occur, either due to external malicious actions, operator error, or technical limitations, and such incidents may be perceived as our failure to ensure safety and compliance.

Furthermore, any inappropriate or abusive use of vehicles, motorcycles or intelligent driving technologies, regardless of whether attributable to us or to third parties, may impair public acceptance of such products and solutions, attract negative media coverage, and subject us to legal proceedings, administrative penalties, shareholder pressures or stricter regulatory oversight. Any actual or perceived flaws or deficiencies in our technologies and products may therefore materially and adversely affect our brand reputation, business operations, financial condition, results of operations and long-term prospects.

RISK FACTORS

We may fail to expand our sales network in a cost-effective manner, and our distribution model may expose us to various risks.

An effective sales and distribution network is essential for us to grow revenues and build stronger brand recognition. We primarily rely on distributors for the sales of our automobiles and motorcycles, supplemented by certain direct sales. We plan to further expand our network of distributors and sales outlets, both in China and overseas, to capture growth opportunities in the mobility market. However, there can be no assurance that such expansion will be cost-efficient or generate the expected results. Establishing or expanding distribution channels requires significant capital investment, management oversight and resources, and if demand for our products does not increase as anticipated, we may not be able to achieve sufficient returns on these expenditures.

Our distributor model also exposes us to a number of risks. We may not be able to consistently identify, attract and retain qualified distributors with sufficient operational experience, financial resources and market reach. Although we require our distributors to follow standardized training and adhere to our service protocols, the day-to-day operations of these outlets are outside our direct control. If distributors fail to provide satisfactory customer service, mishandle customer complaints, or engage in practices that harm customer confidence, our brand image and reputation could be adversely affected. In addition, many of our distribution agreements are non-exclusive. Distributors may operate outlets that sell products of other brands, and they may allocate more resources to those competing businesses than to our own. This could weaken the effectiveness of our marketing initiatives and reduce customer focus on our brands. Furthermore, competition among our distributors, if not managed properly, could result in aggressive pricing or sales cannibalization, which would harm both distributor profitability and our own sales performance.

We also face risks in expanding our business internationally. Differences in regulatory environments, customer preferences and distribution practices across markets may increase operational complexity and costs. If we fail to adapt our distribution strategies to local conditions, or if our overseas partners underperform, our international expansion may not succeed as planned. Any failure to expand or manage our sales and distribution network in a cost-effective manner, or any shortcomings in the performance of our distributors, could materially and adversely affect our sales growth, brand reputation, financial condition, results of operations and long-term prospects.

RISK FACTORS

Our business depends significantly on our distributors, and any deterioration in their performance, financial condition or relationship with us could materially and adversely affect our business, financial condition and results of operations.

A substantial portion of our revenue is derived from sales through distributors, and distributorship is expected to remain a key component of our sales network. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, our total sales to distributors amounted to RMB7,895.4 million, RMB5,747.3 million, RMB6,323.3 million and RMB3,878.0 million, respectively, accounting for 91.5%, 85.8%, 90.8% and 93.4%, respectively, of our revenue for the corresponding periods. Our reliance on distributors exposes us to risks arising from their operational capabilities, financial conditions and market performance.

Our distributors play a critical role in marketing and selling our products. If they are unable to effectively promote our products, retain existing customers or attract new ones, their business performance and competitiveness may deteriorate, which in turn could negatively impact our sales. For instance, if the sales of our products fall below expectations, distributors may reduce or suspend orders, delay payments, or request price reductions. The loss of major distributors or a significant decline in their purchase volume could limit our access to end users and lead to a decrease in our overall sales and profitability. In addition, some distributors may experience operational or financial challenges, or attribute their business difficulties to us, whether justified or not, which could damage our relationships with them and harm our reputation in the market. If our distributors fail to perform effectively or discontinue their cooperation with us, the stability and efficiency of our distribution network may be disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Our distributors may fail to comply with the terms of their distributorship agreements, which could disrupt our sales network and adversely affect our business and results of operations.

We rely on a network of distributors who are responsible for marketing and selling our products in designated regions. Although we require our distributors to comply with the terms of their distributorship agreements, there can be no assurance that they will always do so. Any non-compliance by our distributors may disrupt our sales operations, weaken our market discipline, and adversely affect our brand reputation and business performance. For example, if any distributor conducts sales beyond the designated geographic area or customer segment specified in its agreement, internal competition among distributors may occur, which could lead to channel conflicts and affect our overall sales performance. In addition, if distributors disregard our pricing guidance and sell products at prices significantly below our suggested levels, this may undermine our pricing consistency and brand image in the market. Furthermore, if distributors fail to maintain proper after-sales service standards or customer relationships, our customer satisfaction and loyalty could be negatively affected.

RISK FACTORS

A substantial portion of our revenue is derived from sales through distributors. Any of the following events could cause material fluctuations or declines in our revenue and adversely affect our financial condition and results of operations: (i) reduction, delay or cancellation of purchase orders by distributors; (ii) failure to renew distributorship agreements or maintain stable relationships with major distributors; (iii) inability to identify or engage suitable new distributors in a timely manner upon the loss of existing ones; or (iv) deterioration in distributors' operational or financial conditions that impairs their ability to promote our products effectively.

We have implemented internal controls and monitoring mechanisms to oversee the compliance and performance of our distributors. However, given the broad geographical coverage of our distribution network, we may not be able to detect or prevent all instances of non-compliance or misconduct. If we fail to effectively manage our distributors, or if our distributors engage in activities that deviate from our business strategy, such as excessive discounting, unauthorized sales channels, or poor customer service, our market presence and sales performance could be adversely affected. In addition, if our distributors fail to maintain or expand their local sales coverage, or if we are unable to maintain good relationships with them, our ability to reach end customers and capture market opportunities could be hindered. As a result, our sales volume, profitability and growth prospects may be materially and adversely affected.

Our distributors may accumulate excess or obsolete inventory and any excessive build-up of inventory could affect the volume of future orders from our distributors.

We sell a significant portion of our products and solutions to distributors, who maintain their own inventories and resell our products to end customers through their own retail outlets or sub-distributors. While this model allows us to extend our market reach, it also limits our visibility into the actual demand patterns and inventory levels across our distribution network. We may not be able to accurately monitor the inventory levels held by distributors or sub-distributors, nor identify potential imbalances in a timely manner.

If distributors are unable to sell sufficient quantities of their inventories during a given period, excess stock may accumulate. This situation may arise from factors such as weaker-than-expected customer demand, ineffective sales execution by distributors, intensified competition, or misalignment between our production output and actual market needs. Excess inventory in the distribution channel could lead to order reductions by distributors in subsequent periods, as they may prioritize selling existing stock before placing new orders with us. In addition, the risk of inventory build-up may be compounded by the introduction of new vehicle or motorcycle models, changes in customer preferences, or product updates that render older models less competitive. Excess or obsolete inventory may force distributors to engage in discounting or promotional campaigns, which could negatively impact our brand image, pricing discipline and profitability. Any significant build-up of inventory by our distributors could reduce the volume of future orders that we receive, create instability within our sales network, and materially and adversely affect our business, financial condition, results of operations and long-term prospects.

RISK FACTORS

Our marketing activities may not be effective in attracting new customer.

We promote our brands and products through a wide range of online and offline channels, including digital campaigns on social media platforms, retail outlets operated by our distributors, offline events and exhibitions and commercial advertising activities. These efforts are designed to enhance brand awareness, strengthen customer engagement, and support product sales. Marketing and promotional activities require substantial investments. Our selling and marketing expenses amounted to RMB266.5 million, RMB375.1 million, RMB337.8 million, RMB181.3 million and RMB142.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. However, there is no assurance that these expenditures will translate into increased sales or stronger brand recognition. The effectiveness of marketing initiatives is inherently difficult to measure and may take time to materialize. As a result, our revenue growth in a given period may not fully reflect the scale of our marketing efforts.

If our marketing activities fail to achieve the desired effect, or if we are unable to execute such initiatives as planned due to budget constraints, regulatory restrictions, or operational challenges, our ability to attract new customers and retain existing ones may be undermined. Furthermore, as competition in the mobility market intensifies, our competitors may engage in more aggressive or innovative marketing campaigns, which could diminish the impact of our own efforts. Any of these factors could materially and adversely affect our brand recognition, sales performance, financial conditions, results of operations and long-term growth prospects.

Our reliance on government incentives and supportive policies exposes us to risks of policy adjustments that could adversely affect our transition and growth.

Our business has historically benefited from government subsidies, tax exemptions and other supportive policies that encourage the growth of new energy vehicles. For instance, qualified purchasers of NEVs, including certain of our vehicle models, have enjoyed exemptions from vehicle purchase tax, and these exemptions have been extended by the PRC authorities to December 31, 2025, for NEVs purchased between January 1, 2026 and December 31, 2027, the vehicle purchase tax shall be halved. In addition, nationwide trade-in incentive schemes were launched to accelerate the replacement of older vehicles with new energy models, with the potential to stimulate millions of additional annual EV purchases. However, local implementations of such policies have proven uneven, and in 2025, several cities, including Zhengzhou, Luoyang, Shenyang and Chongqing, suspended their trade-in subsidies due to exhausted funds or concerns over policy effectiveness. As a result, the availability, scale and predictability of such incentives remain uncertain.

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Beyond customer-side incentives, we have also received local subsidies in relation to certain of our production bases and technology initiatives, including our facilities in Chongqing and Guangdong and our investments in battery-swapping ecosystems. The continuation of these subsidies and supportive measures depends on local fiscal capacity and shifting government priorities. Any reduction, delay or elimination of such subsidies or infrastructure support could increase our costs and diminish the competitiveness of our products. Moreover, as we increase our sales volume, our exposure to subsidy receivables may also rise, and delays in collection could adversely affect our cash flow and financial condition.

Additionally, China's regulatory framework has evolved in ways that intensify competition. The lifting of foreign ownership restrictions for NEV manufacturers under the revised Negative List allows international OEMs to establish wholly owned operations in China without domestic partners. This has already enabled global players, such as Tesla, to operate at scale in China, and could pave the way for more foreign entrants with substantial financial and technological resources. In addition, local governments have introduced targeted subsidy programs favoring specific technology ecosystems. Such differentiated policy support may tilt market competition and disadvantage companies that are not aligned with favored technology platforms.

Any adverse adjustments to government incentives or preferential policies, whether due to fiscal tightening, changing industrial strategies, or regulatory realignment, may reduce customer demand for our products, increase competitive pressure, and negatively impact our revenues, profitability and growth prospects.

Any delays in manufacturing or launching pipeline vehicles could materially and adversely affect our operations.

We plan to continuously expand and upgrade our products and solutions in order to strengthen our market presence and respond to evolving customer demand. In particular, under the LIVAN brand we are introducing both battery-swapping NEV models and ICE models, while our motorcycle business has recently launched larger-displacement vehicles and continues to develop new product lines. We also intend to bring to market technology-driven offerings such as intelligent driving solutions and robotaxi solutions. The success of our business strategy therefore depends on our ability to bring new models and upgraded versions to market on a timely basis. However, delays in the design, testing, manufacturing or commercial launch of new models are common in the mobility industry and may occur for a variety of reasons, including changes in market conditions, supply chain disruptions, technological hurdles, regulatory approval processes, or insufficient funding. We may also encounter challenges in ramping up production. Any failure to resolve such challenges in a timely and cost-effective manner could result in production delays.

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We also rely on third-party suppliers for critical components such as batteries, electronic control units and sensors. If these suppliers experience quality issues, capacity constraints or logistical disruptions, our production schedules and product launch timelines could be materially affected. Furthermore, delays in launching facelifts or refreshes of existing models may lead to reduced competitiveness and customer dissatisfaction, particularly in a market where customer preferences and technology evolve rapidly. Any delays in manufacturing or launching new vehicles or technology solutions, whether due to internal execution, supplier bottlenecks or external factors, could damage customer confidence, slow the growth of our market share, and materially and adversely affect our brand reputation, financial condition, results of operations and long-term growth prospects.

We are subject to risks relating to the warehousing of the products we sell.

Before our products are delivered to distributors, corporate customers or end consumers, they are temporarily stored in warehouses operated by us or by third-party logistics service providers. Warehousing is a critical step in our supply chain management, as it directly affects our ability to ensure timely delivery and maintain product quality. However, the warehousing process exposes us to a number of risks, including accidental damage, theft, fire, flooding or other natural and man-made disasters.

Although we maintain property-related insurance to cover financial losses from accidents, including fires, our coverage may not be sufficient to fully offset losses in the event of major damage to products or warehouse facilities. If such incidents occur, our ability to supply products to distributors and customers could be significantly disrupted. We may also be required to make unanticipated capital expenditures to repair or replace damaged inventory or facilities. These disruptions could delay deliveries, reduce customer satisfaction, and lead to lost sales opportunities.

In addition, prolonged interruptions in warehousing and distribution may erode the confidence of our distributors and end customers, especially if we are unable to secure replacement inventory in a timely manner. Losses resulting from such disruptions may not be fully recoverable under our existing insurance policies, leaving us exposed to financial liabilities. Furthermore, reliance on third-party logistics service providers introduces additional risks, as we have limited control over their operations and incident-prevention measures.

If one or more of these risks were to materialize, we could face increased costs, reduced sales, reputational harm and disruption to our distribution network. Any such outcome could materially and adversely affect our business, financial condition, results of operations and long-term prospects.

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If our logistics service providers fail to provide reliable and timely logistics services, our business, financial conditions and results of operations may be materially and adversely affected.

We primarily rely on independent third-party logistics service providers to manage warehousing, transportation and delivery of our products to distributors, corporate clients and end consumers. The reliability and timeliness of these logistics services are critical to our operations and customer satisfaction. However, interruptions or failures in logistics services could result in delayed or incomplete deliveries, inventory backlogs, customer dissatisfaction, and ultimately reduced sales.

These interruptions or failures may arise from factors beyond our or our logistics partners' control, including adverse weather, natural disasters, accidents, pandemics, transportation disruptions, or labor shortages and unrest. Logistics services may also be affected by the business or financial conditions of service providers, such as disputes with subcontractors, industry consolidation, insolvency, or government-mandated restrictions. In such events, our delivery schedule and service quality could be significantly disrupted. Furthermore, given the scale and geographic diversity of our sales network, especially as we expand internationally, timely replacement of logistics providers may be difficult. We may not always be able to secure alternative service providers with sufficient capacity, cost efficiency and reliability in a short timeframe, or at all. This could prolong delivery delays, increase our logistics costs, and weaken our customer relationships.

Any prolonged or significant disruptions in logistics services could materially and adversely impact our operational efficiency, increase our expenses, and damage our reputation in the market. As a result, our business, financial condition, results of operations and growth prospects could be materially and adversely affected.

We may voluntarily or be required to conduct product recalls or take similar remedial actions, which could adversely affect our brand image, business and results of operations.

The safety and reliability of our products are critical to our reputation and long-term success. If any of our products, or key systems and components sourced from our suppliers, are found to have defects or fail to comply with applicable safety standards or regulatory requirements, we may voluntarily initiate, or be required by regulatory authorities to conduct, a product recall or take other remedial actions. Such measures could subject us to adverse publicity, undermine consumer confidence in our brands, and expose us to significant financial and operational burdens.

Product recalls could arise from a wide range of issues, such as defects in batteries, powertrain systems, braking or steering components, or electronic control units. Given our reliance on third-party suppliers for critical parts including batteries and sensors, we may be required to recall products even when the defect originates from components that are not manufactured by us. In such cases, although some costs may be contractually recoverable from suppliers, we cannot assure that we will always be able to recover such costs in full or on a timely basis. In addition to direct expenses such as repair and replacement of defective parts, recalls could impose substantial indirect costs. These may include disruption to our production schedules, diversion of management and technical

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resources, increased warranty claims, and reputational harm that could reduce future sales. Moreover, regulatory authorities may impose penalties or require additional compliance measures, adding to the financial and operational impact.

As of the Latest Practicable Date we had not experienced any material product liability claims or large-scale recalls, we cannot assure you that such events will not occur in the future. Any significant product recall, or even the perception of defects or safety issues in our products, could materially and adversely affect our brand image, customer trust, business operations, financial condition, and results of operations.

We may be subject to product liability claims, and if we are unable to successfully defend against or obtain sufficient insurance coverage for such claims, our financial conditions and liquidity could be materially and adversely affected.

We face inherent exposure to product liability claims if any of our products are alleged to have defects that result in property damage, personal injury or death. Such risks are heightened in the mobility industry, where safety standards are stringent, products are complex, and incidents can quickly attract regulatory scrutiny and adverse publicity. Even if claims are without merit, the defense of product liability cases could be costly and time-consuming, diverting significant management attention and resources. Although we have established quality control measures covering design, procurement, manufacturing, sales and after-sales service, we cannot assure you that these safeguards will always be sufficient. Any defect in design, production or component quality could harm customers and lead to liability claims against us. A successful product liability claim could result in substantial compensation obligations, damage our brand image, and reduce consumer confidence in our products. Moreover, negative publicity from such claims could inhibit the commercialization of new vehicle models or reduce demand for existing products.

As of the Latest Practicable Date, while our automobile models under the LIVAN brand and our motorcycles have obtained the necessary certifications, we cannot guarantee that future models will always pass certification requirements on a timely basis or remain in compliance during follow-up inspections. Furthermore, our coverage may not be sufficient to fully protect us against the costs of claims. Any gaps in insurance protection, combined with significant compensation liabilities or reputational harm, could materially and adversely affect our financial condition, liquidity, results of operations and long-term prospects.

If our motorcycles or vehicles are modified with aftermarket products or connected to altered fueling or charging infrastructure, they may not operate properly, which could create safety and performance risks.

Our automobiles and motorcycles are designed and tested to meet strict safety and performance standards. However, end users may choose to modify our products with aftermarket parts or connect them to non-standard fueling or charging infrastructure, which may impair product safety and reliability. For example, motorcycle owners may replace or alter exhaust systems, braking systems or engine components in ways that compromise safety features. Similarly, automobile owners may install non-certified accessories or performance modifications that interfere with electronic control units, intelligent driving software, or battery management systems.

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For our NEV models that rely on charging and battery-swapping infrastructure, improper use of external cabling, unsafe charging outlets, or altered swap facilities could create additional risks, including exposure to high voltage electricity, reduced battery performance, or system failures. Such unauthorized modifications or improper connections are not tested, endorsed or covered by our quality control measures, and may therefore lead to accidents, equipment damage or performance issues. Any incidents arising from aftermarket modifications or use of altered fueling or charging infrastructure, whether or not attributable to us, could result in adverse publicity, reduced consumer confidence and increased safety concerns among regulators and the public. In turn, these events could materially and adversely affect our brand image, business operations, financial conditions and results of operations.

Certain of our vehicles and motorcycles use lithium batteries, which may pose safety risks such as fire, smoke or flame in rare cases.

A number of our automobiles and motorcycles are equipped with lithium batteries, including both traditional charging packs and battery-swapping compatible modules. Although these batteries are designed with multiple protective mechanisms and are subject to rigorous quality control, lithium cells in rare cases may release stored energy abruptly, generating smoke or flames that could ignite surrounding materials or other cells. Such incidents could result in property damage, personal injury or loss of life.

We have incorporated advanced thermal management systems, intelligent cloud-based monitoring, and battery-pack engineering standards within our GBRC integrated charging-and-swapping architecture to enhance safety and reliability, but there can be no assurance that our batteries will always operate safely under all conditions. Any safety accidents involving our vehicles or motorcycles, such as battery overheating, fire or explosion, could expose us to product liability claims, government investigations, costly recalls, or redesign efforts. Even isolated incidents, or incidents involving lithium batteries produced by other manufacturers, could damage public perception of battery safety and erode customer confidence in our NEV products.

In addition to risks during product use, we store significant volumes of lithium cells, modules and packs at our production and warehousing facilities. Mishandling, improper storage, or unexpected events such as fire, flooding, or power failures could result in damage to inventory, disruption of operations, and additional safety hazards. While we have implemented safety protocols for the handling and storage of batteries, we cannot guarantee that accidents will never occur.

Any battery-related safety incident, whether arising during operation, transportation, or storage, could lead to operational disruptions, reputational harm, and significant financial costs. These risks may materially and adversely affect our brand image, business operations, financial condition, results of operations and long-term growth prospects.

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

Our operating results may fluctuate significantly from period to period as a result of seasonality in demand and variations in our operating expenses. In the mobility industry, sales of automobiles and motorcycles often reflect seasonal patterns. In general, our vehicle sales tend to peak in the fourth quarter, which is traditionally the busiest season for the automotive industry. This seasonal increase is primarily driven by a rise in vehicle purchases toward the end of the year. These seasonal factors, together with our relatively limited operating history in certain product segments, make it difficult to accurately predict the exact nature or extent of seasonality across our business lines.

Our financial results may also vary significantly when we launch or commence deliveries of new models, as initial shipments to meet accumulated orders could lead to revenue spikes in certain periods that may not be sustained thereafter. At the same time, external factors such as health pandemics, natural disasters, severe weather conditions, or supply chain disruptions may reduce demand for our products or limit our ability to manufacture and deliver products and solutions in a timely manner.

In addition, our operating costs are expected to fluctuate as we continue to invest heavily in product development, technological innovation and capacity expansion. Research and development expenses may increase significantly in periods when we are designing new vehicle or motorcycle models, advancing intelligent driving solutions or enhancing our battery-swapping ecosystem, while the associated revenues may not be realized until future periods when commercial deliveries begin. Similarly, we may incur substantial selling and marketing expenses to support new product launches or expand our sales and service network, without an immediate corresponding increase in revenue.

Therefore, comparisons of our operating results across different periods may not be meaningful indicators of future performance. Moreover, if our financial results fail to meet market expectations due to seasonal or cost-related fluctuations, the trading price of our securities could decline materially, either suddenly or over time.

Any interruption or failure of our information technology or communication systems could adversely affect our ability to provide services.

The proper functioning of our products and technology solutions depends on seamless connectivity with our information technology and communication systems. Key features across our product portfolio, including intelligent driving capabilities, smart cockpit functions and connected mobility applications, are supported by stable integration with our IT infrastructure and cloud-based platforms. Customers also rely on our mobile applications to access services such as navigation, vehicle management and after-sales support. Accordingly, the stability, reliability and availability of our IT and communication systems are essential to ensuring a satisfactory user experience and safeguarding our brand reputation.

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Our systems are vulnerable to a range of risks, including fire, power outages, natural disasters, extreme weather events, telecommunication failures, cyberattacks, computer viruses, or other malicious attempts to disrupt our operations. In addition, our data centers and critical facilities may be exposed to physical security threats such as break-ins, sabotage or intentional vandalism. Although we have implemented protective measures, some of our systems lack full redundancy, and our disaster recovery planning may not cover all possible contingencies. Any extended downtime or system failure could interrupt customer access, delay vehicle functions, and negatively impact our business operations.

Furthermore, our products and solutions are technologically complex and may contain software bugs, design flaws, or vulnerabilities that could lead to system errors or failures. As we continue to roll out new products and solutions, the complexity and interdependence of our systems will increase, thereby raising the risk of errors or interruptions. Any such disruptions could lead to customer dissatisfaction, reputational damage, additional maintenance costs, and potential liability, which in turn could materially and adversely affect our business, financial condition, results of operations and long-term growth prospects.

We use certain open source technology in our business, which could expose us to information security vulnerabilities, result in failures, errors and defects, or subject us to possible litigation or to certain unfavorable conditions.

We use open source software in connection with certain of our technologies. Use and distribution of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification, or other contractual protections regarding infringement claims or the quality of the code. Accordingly, we cannot assure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. In addition, the public availability of such software may make it easier for others to compromise our technology. Many of the risks associated with the use of open source software cannot be eliminated, and could, if not properly addressed, negatively affect our business, our intellectual property and the security of our systems, products and solutions. To the extent that our systems depend upon the successful operation of the open source software it uses, any undetected errors or defects in such open source software could prevent the deployment or impair the functionality of our systems or applications, delay the introduction of new solutions, result in a failure of our systems, products or solutions, and injure our reputation. For example, undetected errors or defects in open source software could render it vulnerable to breaches or security attacks and make our systems more vulnerable to data breaches.

Furthermore, some open source software licenses require users who distribute open source software as part of their proprietary software, or derive proprietary software from or based on open source software, or link proprietary code to open source software, to publicly disclose all or part of the source code to such proprietary software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. In some circumstances, distribution of our software that is derived from open source software or incorporating or linking to or otherwise in connection with open source

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software could require that we disclose and license some or all of our proprietary source code in that software, as well as distribute our products that use particular open source software at no cost to the user. We generally try to use open source software in a manner that will not require the disclosure of the source code to our proprietary software or prevent us from charging fees to our customers for the use of our proprietary software. However, we cannot guarantee that these efforts will be successful, and thus, there is a risk that the use of open source may ultimately preclude us from charging fees for the use of certain software, require us to replace certain code used in our products and/or solutions, pay a royalty to use some open source code, make the source code publicly available, or discontinue certain software. The release of the source code of our proprietary software could substantially help our competitors develop products that are similar to or better than ours with lower development effort and time and ultimately could result in a loss of our competitive advantage.

Open source license terms are often ambiguous and there is little legal precedent governing their interpretation. Accordingly, there is a risk that these licenses could be construed in a way that could impose unanticipated obligations, conditions or restrictions regarding our ability to provide or distribute our products and technologies. Companies that incorporate open source software into their products have, in the past, faced claims seeking enforcement of open source license provisions and claims asserting ownership of open source software incorporated into their product. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software or claiming non-compliance with the terms and conditions of an open source license, and we could incur significant legal costs defending ourselves against such allegations. If we were held to have breached or to have failed to fully comply with such terms and conditions, we could face infringement claims or other liability, or could be required to seek costly licenses from third parties to continue providing our technology on terms that are not economically feasible, to re-engineer our systems, or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition and operating results.

Our products are subject to mandatory safety standards and substantial regulations, and any failure to comply could materially and adversely affect our business and operations.

All of our products and solutions must comply with the mandatory safety and quality standards of the markets in which they are sold. In mainland China, it includes compliance with a broad set of national and industry standards. For example, automobiles and motorcycles must comply with the China Compulsory Certification (CCC) regime as well as other technical standards governing vehicle safety, energy efficiency, emissions, and intelligent connected vehicle functions. These standards typically require rigorous product testing, the use of approved materials and equipment, and successful completion of certification procedures. Certifications are subject to periodic renewal, and authorities conduct regular supervision and both scheduled and unscheduled inspections.

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If any of our certifications fail to be renewed upon expiry, or if any of our products are found to have material defects or consistently fail to meet certification requirements, the relevant certification may be suspended or revoked. From the date of suspension or revocation, affected products may not be delivered, sold, exported, or used in commercial activities. In addition, the PRC authorities may impose penalties, order product recalls, or mandate corrective measures. Given the breadth of our products and solutions, failure to satisfy these mandatory safety standards or certification requirements could lead to operational disruptions, reputational harm, and restrictions on our ability to sell or export affected products. Any such events could materially and adversely affect our business, financial conditions and results of operations.

We face risks associated with our international operations, including unfavorable regulatory, political, trade, tax and labor conditions, which could harm our business.

Our overseas operations expose us to a variety of legal, regulatory, political and economic risks over which we have limited control and which are inherently difficult to predict. Each jurisdiction imposes its own regulatory and safety requirements, technical standards, customs procedures and product certification regimes, and any failure to comply may result in delays, penalties or restrictions on our ability to sell products in those markets.

Operating in foreign jurisdictions also requires us to adapt our products and solutions to local conditions, including driving behavior, road infrastructure, fuel or charging standards, and consumer preferences. Establishing and managing overseas subsidiaries, production bases and distribution networks involves complex legal, tax and labor arrangements, which may increase costs and require significant management resources. Local staffing, compliance with foreign labor laws, and navigating unfamiliar employment and cultural practices may present additional challenges.

Furthermore, our international operations are subject to geopolitical developments, trade tensions, protectionist measures and changes in tariffs or customs policies, which could increase our costs or reduce our competitiveness. For instance, changes in free trade arrangements or the imposition of stricter export controls and economic sanctions could limit our ability to access certain markets or procure critical components from foreign suppliers. Currency fluctuations, foreign exchange controls, restrictions on profit repatriation and differing tax regimes may also negatively affect our financial performance. If we are unable to effectively manage these regulatory, operational and geopolitical challenges, our international expansion may be constrained, our cost structure may increase, and our ability to attract and retain overseas customers could be impaired. As a result, our business, financial conditions, results of operations and growth prospects could be materially and adversely affected.

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Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations.

Our business operations and financial performance can be influenced by various factors related to international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions. Geopolitical conflicts may lead to volatility in financial markets, fluctuations in currency exchange rates and increased procurement costs. In extreme cases, such conflicts could result in economic downturns that materially and adversely impact our operations.

On October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment, or the Outbound Investment Rule, to implement the executive order of August 9, 2023, which became effective on January 2, 2025. The Outbound Investment Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau), collectively defined as "Covered Foreign Persons," that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "covered transactions." If we were to be deemed a Covered Foreign Person and if U.S. persons engaged in a "covered transaction" (each as defined under the Final Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Final Rule or even be prohibited from engaging in such a transaction. Although U.S. persons' acquisitions of certain publicly traded securities (such as our Shares) may fall under an exception under the Final Rule, the America First Investment Policy Memorandum reflected that there could be further changes to the Final Rule, including the elimination of such exception. Given that relevant laws, regulations, and policies continue to evolve and there are uncertainties in the interpretation and enforcement of the Final Rule, we cannot rule out the possibility of being deemed a Covered Foreign Person due to different views taken by the U.S. Department of the Treasury, potential amendments to the Final Rule or the introduction of similar regulations. This may reduce U.S. investors' interests in our equity securities and the value of the Shares, as well as limit our ability to raise capital or contingent equity capital from U.S. investors after this [REDACTED]. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our Shares may significantly decline, or in extreme cases, become worthless.

The United States and other jurisdictions or organizations, including the European Union, the United Nations, the United Kingdom and Australia, have, through executive orders, legislation or other regulatory means, implemented measures that impose economic sanctions and export controls against such countries or against targeted industry sectors, companies, entities and/or organization and individuals within such countries. We believe that our Group is not subject to material sanctions risks. Any penalties imposed for sanctions violations, or the requirement to alter our operations to avoid potential violations, could materially affect our financial condition and results of operations.

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These policies, laws and regulations are subject to frequent changes and uncertainties, often driven by political, economic, and social dynamics beyond our control. Such changes can have an impact on trade agreements, tariffs, customs duties, and other aspects of international trade, potentially resulting in increased operational costs and affecting our market access. Additionally, alterations in trade protection measures, such as the imposition of anti-dumping duties, countervailing duties, or safeguard measures, may lead to higher costs or restrictions on our exports. Moreover, export controls and economic or trade sanctions can impose limitations on our ability to export products or conduct business in specific markets. Non-compliance with these controls and sanctions can result in legal penalties, reputational harm, and the loss of export privileges.

The unit economics of solutions may not materialize as expected, which could adversely affect our business and financial performance.

The business model for our "AI + Mobility" solutions is partially premised on assumptions that labor costs associated with human drivers will be removed from the overall cost structure and that each vehicle will be able to operate for extended hours, thereby improving utilization and reducing unit costs. However, there are substantial uncertainties regarding whether these expected unit economics can be achieved. The cost structure of intelligent vehicles is heavily influenced by the expense of hardware components such as sensors, domain controllers and computing platforms, which remain costly and subject to supply chain fluctuations. To improve unit economics, we must continue to design cost-efficient vehicle architectures, achieve sufficient economies of scale, and advance software capabilities that enhance safety and efficiency. At the same time, we must address other operating costs, such as maintenance and insurance, which require close coordination with suppliers, insurers and mobility platform partners. Failure to control these costs or achieve economies of scale could prevent us from realizing expected cost advantages.

Moreover, the appropriate pricing of our solutions has yet to be firmly established by the market. As of the Latest Practicable Date, we have not yet commenced large-scale deployment of our robotaxi solutions, and commercial viability is still being tested under our asset-light operating model. Increased competition from domestic and international players could intensify pricing pressure, reduce margins, or limit our ability to attract customers and mobility platform partners. Unfavorable changes in these or other economic factors, many of which are beyond our control, could materially and adversely affect our business, financial conditions and results of operations.

We may not be able to adequately protect our intellectual property rights and may be subject to infringement of intellectual property rights, or misappropriation claims, by third parties.

We rely on proprietary technology and we are dependent on our ability to protect such technology. In particular, our success depends on our ability to obtain, maintain, enforce and protect our brand, trademarks, patents, domain names, copyrights, trade secrets, know-how, confidential information, proprietary software and other proprietary methods and technologies, whether registered or not, that we developed under

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intellectual property laws of the PRC and other jurisdictions, so that we can prevent others from using our inventions and proprietary information. However, despite our efforts to obtain, maintain, enforce and protect our intellectual property and proprietary information, there can be no assurance that such efforts will be adequate to prevent unauthorized use of our confidential information, intellectual property, or technology, or to prevent our competitors or other third parties from unintentionally or willfully copying, reverse engineering or otherwise obtaining and using our technology, solutions, or proprietary information. Intellectual property rights are generally territorial and we may not be able to obtain protection (e.g. in connection with patents or trademarks) in certain jurisdictions where we do business because of local laws, local filings or other reasons. Monitoring unauthorized use and disclosures of our intellectual property, proprietary technology, or proprietary information can be difficult and expensive and we cannot be sure that the steps we have taken will prevent misappropriation or infringement of our intellectual property rights or proprietary information.

We cannot be certain that we are the first party to file a patent application in relation to a certain invention. If another party has filed a patent application to the same subject matter as we have, and such application has priority against our patent application, our patent application may be rejected or invalidated for lack of novelty or obviousness. In addition, we cannot assure you that our intellectual property rights will not be challenged, invalidated or circumvented, or that our intellectual property will be sufficient to provide us with competitive advantages. Because of the rapid pace of technological change, we cannot assure you that all of our innovative solutions and proprietary technologies will be patented in a timely or cost-effective manner, or at all. Failure to adequately obtain, maintain, enforce and protect our intellectual property could result in our competitors offering identical, similar or superior products, potentially resulting in the loss of our competitive advantage and a decrease in our revenue, which would adversely affect our business, market share, prospects, financial condition and results of operations.

The measures we generally take to obtain, maintain, protect and enforce our intellectual property and proprietary information, including preventing unauthorized use by third parties, may not be effective for various reasons, including the following:

- the patent applications we file may not be granted;
- we may not be the first party to file a patent application in relation to a certain invention;
- the scope of our issued patents may not be broad enough to protect our inventions and proprietary technology;
- our issued patents may be challenged by our competitors or other third parties, which could result in a court or governmental agency invalidating, narrowing the scope of, or rendering unenforceable our patents;
- patents have a finite term, and competitors and other third parties may offer products identical or similar to those covered by our patent after the patent expiration;

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- we may fail to enter into the necessary agreements to prevent disclosure, third-party infringement or misappropriation of our proprietary information, and even if entered into, these agreements may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information;
- our employees, contractors or business partners may willfully breach their confidentiality, non-disclosure and non-use obligations;
- our proprietary information and technology may become otherwise known or be independently developed by our competitors and other third parties;
- the costs associated with enforcing patents or other intellectual property rights, confidentiality provisions, invention assignment or similar agreements may make enforcement impracticable; and
- competitors and other third parties may circumvent or otherwise design around our patents or other intellectual property rights.

Third parties may seek to invalidate our patents, trademarks, copyrights, trade secrets or other intellectual property rights, or applications for any of the foregoing, which, if successful, could permit our competitors or other third parties to develop and commercialize products and technologies that are identical, similar or superior to ours.

While we have registered and applied for trademarks in an effort to protect our brand and goodwill with customers, competitors or other third parties may oppose our trademark applications, seek to invalidate our trademarks or otherwise challenge our use of the trademarks. Such oppositions and challenges can be expensive and may adversely affect our ability to maintain the goodwill gained in connection with a particular trademark. Furthermore, we may lose some of our current, applied-for trademarks if we are unable to submit statements of use with relevant regulatory authorities across jurisdictions by the applicable deadline to perfect such trademark rights. Additionally, if we lose the ability to use our registered domain names, whether due to trademark claims, failure to renew the applicable registration, or any other cause, we may be forced to market our offerings under a new domain name, which could cause us substantial harm, or to incur significant expense in order to purchase rights to the domain name in question. We may also be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks. Protecting, maintaining, and enforcing our rights in domain names may require litigation, which could result in substantial costs and diversion of resources, which could in turn adversely affect our business, financial conditions and operating results.

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Preventing any unauthorized use of our intellectual property and proprietary information is difficult and costly and the steps we generally take may be inadequate to prevent the infringement, misappropriation or other violation of our intellectual property and proprietary rights. Litigation may be necessary to enforce our intellectual property and proprietary rights, determine the validity and scope of our rights or those of another party, or defend against claims of infringement, misappropriation, violation or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property, all of which would have an adverse effect on our business, operating results and financial condition. Our efforts to enforce our intellectual property rights may be undermined by defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe, misappropriate or otherwise violate the counterclaimant's own intellectual property rights. Any of our patents, trade secrets, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation. We can provide no assurance that we will prevail in such litigation. In addition, our proprietary methods and technologies that are regarded as trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors or other third parties, and in these cases we would not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our trade secrets, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. To the extent that our employees, consultants, contractors, and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

There can be no assurance that our particular methods of protecting our intellectual property and proprietary rights, including business decisions about when to file patent applications and trademark applications, will be adequate to protect our business or that our competitors will not independently develop similar or superior technology. Monitoring unauthorized use and disclosures of our proprietary technology or confidential information can be difficult and expensive. If we fail to protect and enforce our intellectual property and proprietary rights adequately, our competitors might gain access to our technology and this could adversely affect our business, operating results and financial conditions.

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

We rely on a combination of patents, trademarks, copyrights, trade secrets and confidentiality agreements to protect our proprietary rights. As of the Latest Practicable Date, we have 300 granted patents, 1,664 copyrights, as well as 1,255 trademarks both in China and overseas. These intellectual property rights represent a significant investment of resources and are critical to safeguarding our brand, proprietary technologies and competitive position. There can be no assurance that all of our applications for registration with the competent government authorities of trademarks, patents and other intellectual property rights related to our current or future business will be approved, or that our registered intellectual property rights will not be challenged, invalidated or

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found unenforceable by third parties or relevant authorities. From time to time, we may encounter difficulties in registering our trademarks or patents, or face disputes with third parties in respect of intellectual property ownership, use or registration. If we are unable to register or enforce such rights, we may fail to prevent others from using these intellectual properties, which could materially and adversely affect our business, financial condition and results of operations.

In addition, enforcement of intellectual property-related laws in the PRC has historically presented challenges, and protection in China may not be as effective as in the United States, Europe or other developed jurisdictions. Policing unauthorized use of proprietary technology is inherently difficult and costly. Despite our efforts to protect our proprietary rights, third parties may still attempt to copy, reverse engineer, or otherwise misappropriate our technologies, or even seek court declarations that they do not infringe upon our rights. Monitoring and enforcing our intellectual property rights may require significant resources, and from time to time, we may need to resort to litigation, which could be costly, time-consuming, and divert management attention. Furthermore, our patents have a finite term and may expire without extension, while our existing patent rights may be contested, circumvented, invalidated or limited in scope. As a result, our patents may not provide effective protection, and we may not be able to prevent others from developing or exploiting competing technologies. Any such events could materially and adversely affect our business operations, financial condition and results of operations.

From time to time we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results.

We may evaluate and pursue strategic investments, acquisitions, joint ventures or alliances to enhance our product portfolio, strengthen our technological capabilities, expand into new markets or achieve greater operational efficiency. If consummated, these transactions could have a material impact on our financial condition and results of operations. However, we cannot assure you that we will be able to successfully identify, negotiate or consummate such transactions, or that any completed transaction will achieve the intended benefits. Failure to realize expected synergies or returns could result in significant investment losses.

Strategic investments or acquisitions involve a number of risks, including but not limited to:

- challenges in integrating operations, personnel, systems, technologies, products and services of the acquired business;
- the risk that acquired technologies, products or businesses may not achieve anticipated levels of revenue, profitability or further development;
- difficulties in retaining, motivating and integrating key management or technical personnel from the acquired entity;
- diversion of management's time and resources from our existing operations, potentially disrupting our ongoing businesses;

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- increased strain on our liquidity and capital resources;
- challenges in executing intended business plans and achieving projected synergies;
- difficulties in maintaining uniform internal controls, compliance, standards and procedures across an expanded organization;
- potential loss of relationships with existing suppliers, distributors or other partners of the acquired business;
- risks associated with entering new geographic markets or industries in which we have limited or no prior experience;
- regulatory and compliance risks, including the need for approvals from governmental authorities and being subject to oversight by new regulators;
- assumption of contractual obligations that may impose unfavorable terms, require licensing or waiving of intellectual property rights, or increase potential liabilities; and
- exposure to pre-existing liabilities of the acquired business, including tax liabilities, legal or regulatory violations, commercial disputes, or intellectual property claims.

In addition, strategic transactions often involve substantial costs and unanticipated risks. If we fail to manage these risks effectively, future investments or acquisitions may not be successful, may not align with our long-term strategy, or may not generate sufficient revenues and cash flows to offset associated costs. Any such outcome could materially and adversely affect our business, financial conditions and results of operations.

We are subject to risks relating to the Third-Party Payment Arrangements.

During the Track Record Period, we accepted payments made by third parties to settle the amounts that certain distributors and end customers owed to us in connection with their purchases of our products (the “**Third-Party Payment Arrangements**”). In 2022, 2023, 2024 and the six months ended June 30, 2025, the aggregate amounts settled through such Third-Party Payment Arrangements were RMB571.8 million, RMB639.8 million, RMB832.9 million and RMB455.1 million, respectively, representing approximately 6.6%, 9.6%, 12.0% and 11.0% of our total revenue for the corresponding periods, respectively. The number of distributors and end customers who settled payments through third-party channels (the “**Third-Party Settled Customers**”) was 76, 76, 69 and 64, respectively, for the corresponding periods. We confirm that we did not proactively initiate any Third-Party Payment Arrangements. Based on the representations of the Third-Party Settled Customers and to the best knowledge of our Directors, such arrangements were primarily adopted for convenience and flexibility. The third parties who made the payments to us

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under these Third-Party Payment Arrangements during the Track Record Period, referred to as "Third-Party Payers," consisted of persons affiliated with the Third-Party Settled Customers, such as their beneficial owners, beneficial owners' employees and business partners. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any disputes with, nor received any refund requests from, any Third-Party Settled Customer or Third-Party Payer, nor had we been subject to any administrative penalties by any government authorities with respect to the Third-Party Payment Arrangements. As advised by our PRC Legal Advisers, our acceptance of payments through the Third-Party Payment Arrangements does not contravene any prohibitive provisions under PRC laws and regulations. See "Business — Third-party Payment Arrangement" for more details.

We were subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including possible claims from actual payors for return of funds as they were not contractually indebted to us, and possible claims from liquidators of actual payors. While we have implemented relevant measures, we may be subject to exposure to potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the actual payors.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any settled or ongoing criminal sanctions, public security investigations, or administrative penalties by any competent authorities in relation to money laundering. However, in the event of any claims from actual payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of the Third-Party Payment Arrangements, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings. If we were to be involved in legal proceedings for money laundering charges, our reputation may also be adversely affected, and we may face difficulties in maintaining our existing consignors, buyers and other business partners. As a result, our financial condition and results of operations may be adversely affected.

Our operation requires various approvals, licenses and permits, we may experience difficulties or delays in obtaining the necessary approvals, licenses and permits, which may adversely affect our business, results of operations, financial performance and prospects.

In order to operate our diverse businesses in the PRC and overseas, we are required to obtain and maintain a wide range of licenses, permits, approvals and filings in accordance with applicable laws and regulations. These requirements may include, among others, vehicle production admission, China Compulsory Certification (CCC), environmental approvals, import and export permits, filings for websites and apps.

Given the discretion exercised by PRC regulatory authorities in interpreting and enforcing relevant laws, as well as the evolving nature of certain regulatory frameworks, we cannot assure you that we have obtained, or will always be able to obtain, all requisite approvals, licenses and permits in a timely manner, or at all. For example, PRC regulations impose sanctions for engaging in value-added telecommunication services without having obtained the appropriate VATS license. These sanctions may include corrective

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orders, warnings, fines, confiscation of illegal gains, and in severe cases, suspension of related mobile apps or online platforms. As part of our business, we may be required to obtain additional VATS licenses if our platform is deemed to provide regulated telecommunication or information services. Failure to obtain or maintain such licenses could materially and adversely affect our operations.

We also face regulatory uncertainty regarding content-related services. For instance, PRC laws require a License for Online Transmission of Audio and Visual Programs for platforms offering video upload or sharing features. If any of our mobile applications were determined to fall within the scope of this requirement, we might be required to obtain such license and could be subject to fines, penalties or orders to suspend certain features. As of the Latest Practicable Date, we had not been subject to material penalties, warnings or disciplinary action for failing to obtain such license. As the regulatory framework for new energy vehicles, intelligent driving, connected mobility services and charging infrastructure continues to evolve, we may be subject to new licensing or approval requirements in the future. Any delay, difficulty or failure in obtaining, maintaining or renewing requisite licenses, permits, filings or approvals could materially and adversely affect our business operations, brand reputation and financial conditions.

Our employees are subject to risks of serious injury or death caused by the use of manufacturing equipment and machinery.

We operate production facilities that require the use of heavy machinery, automated production lines and other potentially hazardous equipment. The operation of such machinery poses inherent risks of industrial accidents that could result in serious injury or death to our employees. While we provide regular safety training, maintain operational guidelines and implement protective measures, such efforts may not always be sufficient to prevent accidents or eliminate workplace hazards. Any significant accidents in our manufacturing facilities could disrupt production schedules, cause damage to equipment, and negatively impact our corporate reputation. Furthermore, we could be subject to legal and regulatory liabilities, including fines, penalties and mandatory remedial actions imposed by regulatory authorities. Although our employees are generally covered by statutory work-related injury insurance and medical insurance, such coverage may not be adequate to fully offset losses or liabilities arising from workplace accidents.

In addition, accidents resulting in severe injury, death or significant property loss may lead to compensation claims or lawsuits initiated by employees or their families. We may be required to bear medical expenses, compensation payments and other costs, which could materially and adversely affect our financial position. Any prolonged interruption to production caused by such incidents could also impair our ability to deliver products on schedule, further impacting our business and operating results.

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Our performance depends on stable labor relations, and any labor disputes, shortages or significant increases in wages could adversely affect our operations.

Our business operations require a large number of skilled workers, engineers and technicians across our businesses. Our performance is closely tied to our ability to hire, train, retain and motivate qualified employees at all levels. Maintaining stable and favorable labor relations is critical to our operational efficiency, and any deterioration of labor relations could result in strikes, protests, work stoppages or other labor disputes, which may disrupt production and delay deliveries.

Mainland China has experienced sustained economic growth and rising living standards, leading to a continuous increase in labor costs. Average wages are expected to rise further, and competition for skilled labor is intensifying, particularly in advanced manufacturing and technology-related roles. In addition, our international operations, including manufacturing facilities outside of China, may also face labor shortages or wage pressures due to local economic and regulatory conditions. To remain competitive in attracting and retaining talent, we may be required to raise compensation and benefits packages, which could increase our overall labor costs. Any significant increase in wages, inability to recruit or retain necessary personnel, or escalation of labor disputes could materially and adversely affect our production capacity, cost structure and overall financial performance. If such risks materialize, our business, reputation, results of operations and long-term growth prospects may be negatively impacted.

Our business plans are based largely on certain assumptions and analyses. If these assumptions or analyses prove inaccurate, our actual operating results could differ materially from our projections, and our estimates of certain financial metrics may not be reliable.

Certain facts, forecasts, estimates and other statistics in this Document relating to the economy and the industry in which we operate have been sourced from the Frost & Sullivan Report, which was commissioned by us, and official government publications. While we believe that the sources of the information are appropriate for such information, and we have exercised reasonable care in compiling and reproducing such information, we make no representation or warranty as to the accuracy or completeness of such information. Neither we nor any of our affiliates or advisers, nor any other parties involved in the [REDACTED] or any of their affiliates or advisers, have independently verified the accuracy or completeness of such information, whether directly or indirectly obtained from official government sources. In particular, due to possible limitations or inconsistencies in data collection methods or differences between published information and actual market conditions, such information may be inaccurate or not directly comparable to similar information produced in other countries. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

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We may fail to develop, maintain or enhance our brand, and our reputation could be materially and adversely affected by negative publicity concerning us, our Directors, officers, employees, Shareholders, peers, business partners or the industry in which we operate.

We must maintain and enhance our brand identity and increase market awareness of our products and solutions. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our products and technologies, attract and retain customers, maintain our current market position and successfully differentiate our offerings from competitors. These efforts require substantial expenditures, and we anticipate that they will increase as our markets become more competitive and as we expand into new regions. Such investments in brand promotion and marketing may not yield proportional revenue growth, and even if revenue increases, it may not be sufficient to offset the higher expenses. Our brand value also depends on our ability to provide safe, reliable and trustworthy products, as well as to protect and use customer and partner data in a manner that meets regulatory requirements and public expectations. Any damage to our reputation and loss of brand equity may reduce demand for our products and solutions, adversely affect our financial performance, and require additional resources to rebuild our reputation and restore brand value.

We may, from time to time, receive negative publicity, including online posts, ratings or comments on social media platforms, or reports through traditional media concerning our company, management, products, technology, or business partners. Some of this negative publicity may stem from malicious harassment or unfair competition by third parties. We may even be subject to government or regulatory scrutiny as a result of such conduct and may be required to spend significant time and resources to defend ourselves, without being able to conclusively refute every allegation within a reasonable timeframe.

We may also receive complaints from customers regarding product quality, safety, pricing or after-sales support. If we fail to address such complaints effectively, our brand and reputation may suffer, and customers may lose confidence in us, reducing their purchases or switching to competitors. Our success also depends, in part, on generating positive customer feedback and minimizing negative commentary, especially on social media platforms where existing and potential customers seek and share product information. If actions we take or changes we make to our products or solutions are poorly received, related commentary could further damage our brand perception. Complaints or negative publicity about us, our products, technologies, or solutions could materially and adversely impact our ability to attract and retain customers, and could negatively affect our business, results of operations and financial conditions.

Our business is subject to extensive laws, regulations, rules, policies and other obligations relating to cybersecurity, privacy, data protection and information security. Any failure to comply with these requirements, or any loss, unauthorized access to or disclosure of confidential information or personal data, could result in significant reputational, financial, legal and operational harm to our results of operations.

We are subject to various cybersecurity, data security, and personal information protection laws and regulations in China, including, without limitation, the PRC Civil Code

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(《中華人民共和國民法典》), the PRC Cybersecurity Law (《中華人民共和國網絡安全法》, the “**Cybersecurity Law**”), the PRC Data Security Law (《中華人民共和國數據安全法》, the “**Data Security Law**”), and the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》, the “**Personal Information Protection Law**”). For more details, see “Regulatory Overview — Regulations Relating to Cybersecurity, Information Security, Privacy and Data Protection.” Moreover, different regulatory bodies in China, including the Ministry of Industry and Information Technology (the “**MIIT**”), the Cyberspace Administration of China (the “**CAC**”), the Ministry of Public Security, and the State Administration for Market Regulation (the “**SAMR**”), have enforced cybersecurity, data security, and personal information protection laws and regulations with evolving standards and applications. Changes and developments in the enforcement of cybersecurity, data security and personal information protection laws and regulations have posed challenges in ensuring full compliance and have increased our operating costs, as we must allocate time and resources to address various compliance requirements. While we have adopted rigorous and comprehensive policies regarding the collection, processing, sharing, disclosure, authorization, protection, and other aspects of data use and privacy, and have taken necessary measures to comply with applicable cybersecurity, data security and personal information protection laws and regulations, we cannot guarantee the effectiveness of these policies and measures undertaken by us, or by our vendors or other business partners, given the evolving legal and regulatory landscape. Any failure, or perceived failure, to comply with any applicable cybersecurity, data security and personal information regulations, or any failure, or perceived failure, of our business partners to do so, or any failure, or perceived failure, of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us. Such outcomes could lead to fines, revocation of licenses, suspension of relevant operations, or other legal or administrative penalties, which may, in turn, damage our reputation, discourage current and potential customers, and expose us to fines and damages, potentially having a material adverse effect on our business, financial condition, and results of operations.

Furthermore, the PRC regulatory and enforcement regime regarding cybersecurity, data security and personal information protection is still evolving. PRC regulators have increasingly focused on regulations in these areas. The following are examples of recent PRC regulatory activities in this area. The Personal Information Protection Law was released on August 20, 2021, and became effective on November 1, 2021. On July 7, 2022, the CAC released the Measures for Security Assessment of Cross-border Transfer of Data (《數據出境安全評估辦法》), which took effect on September 1, 2022, and is applicable to cross-border transfers of personal information and important data collected and generated in China. On February 22, 2023, the CAC further released the Measures for the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》), which became effective on June 1, 2023. On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範資料跨境流動規定》). These provide important guidance on the applicable thresholds for security assessment and standard contract filing and on how to comply with the requirements for cross-border transfers of personal information and important data under the Cybersecurity Law, Data Security Law and the Personal Information Protection Law.

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While we do not believe our current business operations involve any transmission, use, or exchange of information that falls under the definition of “cross-border transfers of personal information and important data” under the foregoing laws and regulations, as our business continues to grow, circumstances may arise where we engage in such cross-border transfers, including to satisfy legal and regulatory requirements. In such cases, we may need to comply with these requirements as well as any other limitations under PRC laws that are applicable at that time. Complying with these laws and requirements could result in substantial expenses or require us to alter our practices in ways that could negatively impact our business. Additionally, if we are found not to be in compliance with these laws and requirements, we may be subject to fines, regulatory orders to suspend our operations, or other regulatory and disciplinary sanctions, which could materially and adversely affect our business, financial condition, and results of operations.

On July 30, 2021, the State Council of the PRC promulgated the Provisions on the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Protection Regulations**”), which became effective on September 1, 2021. Pursuant to the CII Protection Regulations, “critical information infrastructures” or “CIIs” refer to important network facilities or information systems within vital industries or fields such as public communication and information services, energy, communications, water conservation, finance, public services, e-government affairs, and national defense science, which, if damaged, subject to functional loss, or data leakage, may endanger national security, people’s livelihoods, and the public interest. Relevant administration departments of each critical industry and sector are responsible for formulating eligibility criteria and identifying the CII operators, or CIIOs, in their respective industries or sectors. The CIIOs must protect the security of the CIIs by fulfilling certain prescribed obligations. As of the Latest Practicable Date, we have not been informed by the CAC or any other PRC government authorities that we are identified or will be deemed as a CIIO. However, since the criteria for determining CIIOs remain subject to further clarification, we cannot assure you that we will not be identified as a CIIO by any competent regulatory authority in the future.

On December 28, 2021, the CAC and several other administrations jointly promulgated the Measures for Cybersecurity Review (the “**Cybersecurity Review Measures**”), which became effective on February 15, 2022. The Cybersecurity Review Measures provided that CIIOs that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security, are subject to cybersecurity review under the Cybersecurity Review Measures. The Cybersecurity Review Measures also provide that a “network platform operator” holding over one million users’ personal information shall apply for a cybersecurity review when listing their securities “in a foreign country”. Since [REDACTED] on the Stock Exchange does not constitute listing “in a foreign country”, we are not required to apply for a cybersecurity review under the Cybersecurity Review Measures for the [REDACTED]. According to the Cybersecurity Review Measures, the governmental authorities may initiate a cybersecurity review if they consider relevant network products or services or data processing activities affect or may affect national security. However, the Cybersecurity Review Measures do not provide any standard for determining the circumstances that would be regarded as “affect or may affect national security”. As of

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the Latest Practicable Date, we had not been informed by the CAC or any other PRC government authorities that we are identified or will be deemed as a CIO, nor had we received any notice that we are required to conduct a cybersecurity review. However, the interpretation and implementation of these laws and regulations keep evolving. We cannot preclude the possibility that the Cybersecurity Review Measures will subject us to the cybersecurity review by the CAC in relation to our operations or require us to adjust our business practices, in which case our business, financial condition and prospects may be materially and negatively affected.

On September 24, 2024, the CAC announced the Regulations on the Administration of Cyber Data Security (《網路資料安全管理條例》) (the “**Cyber Data Security Regulations**”), which became effective on January 1, 2025, further providing rules on network data security. The Cyber Data Security Regulations requires that if the network data processing activities have or may have impact on national security, such activities shall be subject to national security review in accordance with relevant laws and regulations. However, the Cyber Data Security Regulations do not provide clear guidance for assessing the impact on national security in the context of network data processing. The Cyber Data Security Regulations also restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. Any potential or perceived non-compliance with data-related laws and regulations may prevent us from using or providing certain products and services, and may result in fines or other penalties such as making certain required changes to our business, suspending our relevant lines of business, taking down our website or shutting down our operations, reputational damages or proceedings or actions against us by regulatory authorities, customers or others, which may have a material adverse effect on our business, operation or financial condition.

In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. We expect that there will continue to be new proposed laws and regulations concerning cybersecurity, data security and personal information protection, and we cannot yet determine the impact of such future laws, regulations, and standards may have on our business. New laws, amendments to, or reinterpretations of existing laws, regulations, standards, and other obligations may require us to incur additional costs and restrict our business operations. Because the interpretation and application of laws, regulations, standards, and other obligations relating to cybersecurity, data security and personal information protection are still evolving, it is possible that these laws, regulations, standards, and other obligations may be interpreted and applied in a manner that is inconsistent with our data processing practices and policies or the features of our products and solutions. If so, in addition to the possibility of fines, lawsuits, complaints, inquiries, allegations, regulatory investigations, public censure, other claims and penalties, and significant costs for remediation and damage to our reputation, we could be materially and adversely affected if legislation or regulations are expanded to require changes in our data processing practices and policies or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively impact our business, financial conditions and results of operations.

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In general, negative publicity about us or our industry, particularly in relation to actual or perceived violations of users' privacy rights, including any fines or enforcement actions imposed on us or similar businesses, may undermine users' trust in our privacy practices and discourage them from consenting to share their data with us. If we fail to properly address data privacy or security-related concerns, complaints, inquiries, or allegations, even if unfounded, or fail to comply with applicable laws, regulations, standards, or contractual obligations, we may incur additional costs and liabilities, suffer reputational harm, damage our brand, and weaken our relationships with users of our platform and our business partners. These risks could have a material and adverse effect on our business, financial conditions and results of operations.

Moreover, concerns around cybersecurity, data security and personal information protection may negatively impact our ability to retain or expand our customer base and engagement levels, which could in turn hinder our revenue growth and adversely affect our financial performance. Although we strive to comply with our internal data privacy protocols and all applicable laws, regulations, and contractual obligations, it is challenging to meet all such requirements at all times. Any actual or perceived failure by us, or by our third-party service providers or business partners to comply with these obligations could lead to regulatory investigations or enforcement actions, including fines, penalties, or orders to cease certain operations. We may also face lawsuits or other legal proceedings, which could further damage our reputation and deter current or prospective users from using our products and solutions. In addition, complying with cybersecurity, data security and personal information protection laws and regulations demands significant resources and ongoing investments, including the continuous review and adjustment of our policies and procedures to meet evolving legal requirements on a jurisdiction-by-jurisdiction basis. These compliance obligations may impose substantial burdens and costs on our operations or necessitate changes to our business practices. Broader public concerns regarding the security of personal information may also reduce general Internet usage, thereby weakening demand for our products and solutions and adversely affecting our business, financial conditions and results of operations.

As our business expands and our international presence grows, we may be increasingly subject to a broad range of data privacy, cybersecurity and information security laws, regulations and standards in various jurisdictions, including those governing the collection, use, storage, disclosure, security and cross-border transfer of personal data. Compliance with such requirements can be complex, costly and time-consuming. Any failure to comply could result in regulatory enforcement actions, monetary penalties, mandatory audits, private litigation, or even the suspension of certain business activities.

We, our Directors, management, employees and shareholders and their respective affiliates may be subject to litigation and other legal proceedings and may not always be successful in defending ourselves against such claims or proceedings.

As of the Latest Practicable Date, we were not a party to any material legal or administrative proceedings. However, given the nature and scale of our business, we and certain members of our management may from time to time be subject to claims, disputes, lawsuits and other legal or administrative proceedings. Such proceedings may involve

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allegations of product quality and safety issues, contractual disputes, intellectual property rights, labor and employment matters, regulatory compliance or other business-related claims. Any actual or threatened litigation could cause us to incur substantial legal costs, utilize significant management and operational resources, and divert management's attention from our day-to-day operations. In particular, claims arising from actual or alleged violations of laws, breaches of contract or torts could be asserted against us by customers, distributors, suppliers, competitors, employees or governmental entities. For example, under the PRC Social Insurance Law and the Administrative Measures on Housing Fund, employers are required to contribute social insurance premiums and housing funds for employees. If relevant PRC authorities determine that we have not made sufficient contributions, we may be required to make supplemental contributions or be subject to fines, penalties or other legal sanctions. We maintain internal compliance policies and procedures and procure insurance coverage for certain risks. However, there can be no assurance that such measures will be sufficient to protect us against all potential claims. Any adverse outcome in legal proceedings, or even prolonged litigation regardless of outcome, could materially and adversely affect we, our business, financial condition, results of operations and reputation. In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity, consumption restriction orders or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

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

Our business and future success are closely tied to the expertise, leadership, and vision of our Directors, executive officers and other key employees. We particularly rely on the continued service of senior management members who possess extensive experience in the automobile, motorcycle, new energy vehicle and smart mobility industries, as well as technical know-how in areas such as intelligent driving, powertrain systems and digital platform operations. If one or more of these individuals were to resign, become incapacitated or otherwise be unable to continue their service, we may encounter difficulties in identifying and appointing qualified successors in a timely manner, or at all. Given the intense competition for talent in our industry, we cannot assure you that we will be able to retain our existing senior management and technical experts, or recruit suitable replacements without incurring significant costs.

During the Track Record Period and as of Latest Practicable Date, we do not maintain key man insurance for our Directors, executive officers or other key personnel. The unexpected departure of any of these products and solutions could disrupt our decision-making, delay product development, and adversely affect our customer relationships, which in turn may materially and negatively impact our financial condition and results of operations. Furthermore, while our executive officers and key employees are generally subject to employment agreements and confidentiality undertakings, breaches of such obligations may occur. If these individuals were to join competitors or establish competing businesses, we could lose critical proprietary knowledge, customer relationships and talent resources.

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In addition, the long-term development of our business depends on our ability to attract, train, motivate and retain a sufficient number of skilled personnel, including engineers, technicians, research and development specialists, and sales and marketing professionals. Failure to recruit and retain such personnel, or underperformance by key individuals, could constrain our ability to execute strategic initiatives, maintain operational efficiency and achieve sustainable growth.

Unauthorized access to or interference with our vehicle systems could damage customer confidence in our products and materially and adversely impact our business.

Our automobiles, motorcycles and technology solutions incorporate complex information technology systems that support smart functions, intelligent driving features, and enable over-the-air ("OTA") firmware updates. To safeguard these systems, we have designed and implemented security measures and conduct ongoing testing to prevent unauthorized access or malicious interference. Nevertheless, cyber attackers may attempt to gain unauthorized access to modify, disrupt or control our vehicle systems, communication platforms or IT networks.

We encourage the reporting of potential vulnerabilities and take steps to address any verified issues. However, there can be no assurance that all vulnerabilities will be detected or remediated before they are exploited, or that our remediation measures will always be effective. Any successful cyber-attack, unauthorized access, disruption, or data leakage could expose us to legal claims, regulatory investigations, or product liability risks. Furthermore, even reports or perceptions of potential cyber-attacks, regardless of their accuracy, could undermine customer confidence in the safety and reliability of our products. Such concerns could harm our brand image, discourage adoption of our products and solutions, and materially and adversely impact our business, financial conditions and operating results.

We may be subject to insufficient computing resources, transmission bandwidth and storage space, which could result in disruptions and our business, results of operations and financial conditions could be adversely affected.

The effective operation of our products and solutions requires substantial computing resources, stable transmission bandwidth and sufficient storage capacity to support functions such as intelligent driving, smart cockpit systems, cloud-based services and OTA firmware updates. We depend in part on third-party telecommunications network providers and data centers to ensure sufficient computing and storage resources. There can be no assurance that we will always be able to meet unexpected increases in computing, storage or bandwidth demand from our customers and partners. Our access to computing resources and data centers may become limited or disrupted for various reasons, including service interruptions, contractual disputes, financial difficulties of service providers, network congestion, natural disasters, or changes in government regulations affecting data transmission and storage. Furthermore, where a small number of service providers dominate the market, we may face difficulties in securing adequate resources at reasonable costs, if at all.

In addition, as the adoption of intelligent driving and connected vehicle services grows, our demand for computing resources, storage and transmission capacity is expected to increase significantly. If we fail to timely expand capacity or upgrade our systems to accommodate growing demand and evolving security requirements, our services could experience degradation or disruption. Any such events could reduce customer satisfaction, damage our reputation, and ultimately have a material adverse effect on our business, financial conditions, results of operations and prospects.

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We may be exposed to credit risk of trade receivable.

As of December 31, 2022, 2023, 2024 and June 30, 2025, our trade receivables amounted to RMB3.7 billion, RMB1.9 billion, RMB2.1 billion and RMB1.9 billion, respectively. We are exposed to credit risk arising from delays in payment or defaults by various third parties, including, among others, distributors, corporate customers and business partners. As of December 31, 2022, 2023, 2024 and June 30, 2025, we recorded impairment losses for trade and bills receivables of RMB767.4 million, RMB771.4 million, RMB773.3 million and RMB673.4 million, respectively. We may not be able to recover all such amounts due to factors beyond our control. In particular, some of our distributors and corporate customers may encounter financial difficulties, prolonged payment cycles or reduced profitability, affecting their ability to make timely payments for our products and solutions. Similarly, suppliers and other counterparties may face operational or liquidity pressures that delay their settlement of obligations to us. If any of these parties fail to make payments to us as scheduled, we may be required to make impairment provisions or write off the relevant prepayments, other receivables and other assets. This could adversely affect our liquidity, financial condition and results of operations. See "Financial Information — Financial Risks Disclosure — Credit Risk" for more details.

Failure to comply with relevant regulations relating to social insurance and the housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects.

PRC laws and regulations require us to pay several statutory social welfare benefits for our employees, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund. The amounts of our contributions for our employees under such benefit plans shall be calculated based on certain percentage of salaries, including bonuses and allowances, up to a maximum amount specified by the local authority from time to time at locations where we operate. During the Track Record Period and up to the Latest Practicable Date, we had not made full contributions to the social insurance plan and housing provident fund for some of our employees as prescribed by relevant laws and regulations. As of the Latest Practicable Date, there were no pending material disputes or controversies with our employees in relation to the payment of social insurance and housing provident funds during the Track Record Period, and we had not received any objections from our employees or the competent authorities regarding such payments.

Pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. We cannot assure you that the relevant government authorities will not require us to pay the outstanding amount within a prescribed time and impose late charges or fines on us, which may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

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

We are subject to anti-corruption, anti-bribery and similar laws and regulations in various jurisdictions in which we conduct activities. In the ordinary course of our business, we interact with a variety of third parties, including suppliers, distributors, and other business partners, and in certain cases may have indirect interactions with government agencies and state-owned entities (for example, in relation to licensing, permits, or regulatory inspections). These interactions subject us to heightened compliance-related concerns.

We have implemented internal compliance policies and procedures designed to ensure adherence by our Directors, officers, employees, representatives, consultants, agents, and business partners to applicable anti-corruption, anti-bribery, and similar laws and regulations. However, there can be no assurance that these policies and procedures will be fully effective at all times, and our Directors, officers, employees, representatives, consultants, agents, or business partners could nevertheless engage in conduct in violation of such laws and regulations, for which we may be held responsible.

Non-compliance with anti-corruption or anti-bribery laws and regulations could result in whistleblower complaints, negative media coverage, governmental or regulatory investigations, as well as severe administrative, civil, or criminal sanctions. We could also face collateral consequences, remedial obligations, and significant legal expenses. Any of these outcomes could materially and adversely affect our business, financial condition, results of operations, reputation, and prospects.

Our products and solutions rely on the stable performance of both internal and external servers, networks, IT infrastructure and data processing systems, and any error, bug, vulnerability, systems defect or failure, disruption or unauthorized access, such as cyber-attacks, to such servers, networks, assets or systems due to internal or external factors could diminish demand for our products and solutions, harm our business, our reputation, our financial conditions and results of operations and subject us to liability.

We rely in part upon the stable performance of our own servers and third-party servers, networks, IT infrastructure (including third-party cloud infrastructure), and data processing systems for the provision of our vehicles, motorcycles, and technology solutions. Disruptions to such servers, networks, assets or systems may occur due to internal or external factors, such as inappropriate maintenance, infrastructure changes, hardware or software defects or other malfunctions, distributed denial-of-service and other cyber-attacks, or other malicious intrusions targeted at us or our third-party providers. Catastrophic events, such as earthquakes, floods, fires, power losses, or disruptions in telecommunications services could also cause interruptions. For example, our data centers or our third-party service providers' data centers could be subject to break-ins, sabotage, theft and intentional acts of vandalism, including by employees, resulting in lengthy interruptions to our service.

RISK FACTORS

We may experience system failures and other events or conditions from time to time that interrupt the availability or reduce the speed or functionality of our products and solutions. Even minor interruptions can lead to lost sales opportunities or diminished customer confidence that may not be recoverable. Affected customers could seek monetary recourse from us, and such claims, even if unsuccessful, would likely be time-consuming and costly. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. A prolonged interruption or reduction in the availability, speed or functionality of our products and solutions could adversely affect our business, brand and reputation. We can provide no assurance that our current information systems or those of third-party providers are fully protected against intrusions, viruses, hacker attacks, information or data theft or other similar threats. Any cyber-attack that bypasses our or a third-party provider's information security systems may lead to a material disruption of our business systems or the loss of business information. For example, we rely on local third-party cloud and network providers in various markets to process and store certain types of data, and any service outage or non-compliance by these providers may expose us to additional risks, liabilities, or regulatory scrutiny. Any such incident could result in negative publicity, reduced customer trust, lower market acceptance of our vehicles and solutions, loss of competitive position, or claims by customers for losses sustained. In such an event, we may need to expend additional resources to remediate the incident, make notifications to regulators and affected individuals, replace damaged systems, defend legal proceedings, and compensate customers. In addition, our disaster recovery planning may not be sufficient for all eventualities.

As our solutions incorporate highly technical and complex technologies, undetected errors, bugs or vulnerabilities may arise and only be discovered after deployment. Any such errors, vulnerabilities, control failures, or data security breaches could lead to the loss, theft, or unauthorized disclosure of customer or employee data, regulatory investigations, fines or penalties, litigation, and reputational damage, all of which could adversely affect our business, brand, financial condition, and results of operations.

We use third-party providers of cloud infrastructure to operate our business. Any disruption in the operations of these third-party providers, limitations on capacity or interference with our use could adversely affect our business, financial conditions and results of operations.

Our research and development efforts, product development, and day-to-day operations are highly dependent on cloud infrastructure, including those operated by third-party vendors. We engage with local third-party providers in the PRC and certain overseas markets. Any operational data or customer-related data collected in these jurisdictions is stored and maintained locally within the respective service provider's facilities, in compliance with applicable local laws and regulations. We do not control, or in some cases have limited control over, the operation of this cloud infrastructure. Any limitation on the capacity of such cloud infrastructure could impede our ability to support new product launches, onboard new customers, or expand the usage by existing customers, which could adversely affect our business, financial condition and results of operations.

RISK FACTORS

In addition, any incident affecting the cloud infrastructure we use, such as cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, outbreaks of contagious diseases, telecommunications failures, terrorist or other attacks, geopolitical conflict, physical security threats or other events beyond our control, could negatively affect the availability and reliability of our products and solutions. A prolonged service disruption affecting our cloud infrastructure for any of the foregoing reasons would negatively impact our ability to serve our customers and partners, damage our reputation with current and potential customers, expose us to liability, and potentially cause loss of customers and partners.

We may also incur significant costs for using alternative providers or implementing contingency measures in preparation for, or in response to, events that damage the third-party hosting services we use. In the event that our service agreements relating to cloud infrastructure are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of connectivity, or damage to such facilities, we could experience interruptions in access to our systems. This could also result in significant delays and additional expenses in arranging or migrating to alternative providers or re-architecting our services for deployment on a different cloud infrastructure, which could materially and adversely affect our business, financial conditions and results of operations.

Share-based payment may have a material and adverse effect on our financial condition.

To recognize the contributions of our employees and consultants and incentivize them to further promote our development, our Employee Incentive Platforms were established in the PRC in the form of PRC limited partnerships. Participants in our employee incentives have been granted limited partnership interests in these platforms as awards. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we incurred equity-settled share-based payment expenses of RMB11.7 million, RMB23.8 million, nil, nil and nil, respectively. To further incentivize employees and consultants, we may grant additional share-based compensation in the future, which may increase our operating expenses and adversely affect our financial condition. In addition, the issuance of additional shares for share-based awards could dilute the ownership percentage of our existing shareholders.

RISK FACTORS

Changes in preferential tax treatments or government grants could adversely affect our results of operations and financial performance.

During the Track Record Period, we received various forms of government subsidies and preferential tax treatments granted to enterprises in the new energy vehicle and intelligent mobility sectors. A portion of these subsidies and incentives are non-recurring in nature, and most preferential tax treatments are subject to periodic review and renewal by relevant authorities. There can be no assurance that we will continue to enjoy the same level of preferential tax treatments or government subsidies in the future. Any reduction, delay, or termination of such support, whether due to changes in government policies, fiscal tightening, adjustments to industrial guidance, or other factors beyond our control, could materially and adversely affect our results of operations and financial performance. In addition, government subsidies and preferential tax treatments often involve application procedures, conditions of compliance and subsequent examinations, and we cannot guarantee that we will always meet such requirements. Failure to satisfy the conditions attached to these benefits could result in their withdrawal or require us to return previously received subsidies, which may in turn negatively impact our profitability, cash flow, and overall financial conditions.

We have limited insurance coverage, which could expose us to significant costs.

As the new energy vehicle and intelligent mobility industry continues to evolve rapidly, changing laws, regulations and standards are making liability difficult to define, thus creating uncertainty for us and increasing legal and financial compliance costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could expose us to increasing liabilities, for which we may not have sufficient insurance coverage.

Our automobiles, motorcycles and related products present the risk of significant injury, including fatalities. We may be subject to claims if any of our products or solutions are involved in an accident and persons are injured or purport to be injured, or if property is damaged. Any insurance that we carry may not be sufficient or may not apply to all situations. If we experience such an event or multiple events, our insurance premiums could increase significantly or insurance may not be available to us at all. Further, if insurance is not available on commercially reasonable terms, or at all, we might need to self-insure. In addition, lawmakers or governmental agencies could pass laws or adopt regulations that increase liability associated with the use of new energy vehicles, motorcycles or intelligent mobility technologies. Any of these events could adversely affect our brand, customer relationships, operating results or financial conditions.

RISK FACTORS

We are subject to risks associated with our self-owned and leased properties.

As of the Latest Practicable Date, we have some of our self-constructed properties have not obtained property ownership certificates due to ongoing litigation. In addition, we had not obtained construction planning approval (建設工程規劃許可證) and construction permit and approval (建築工程施工許可證) for our certain self-owned properties primarily used for warehouse. As advised by our PRC Legal Adviser, we may be ordered to demolish these properties used for warehouses and face a fine.

Under PRC law, lease agreements of commodity housing tenancy are required to be registered with the local construction (real estate) departments. Certain of our lease agreements for our leased properties in China had not been registered with the relevant PRC regulatory authorities. Failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements. However, in case the parties of the lease agreements fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC regulatory authorities, they may be exposed to potential fines ranging from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the Latest Practicable Date, no material penalty had been imposed on us for the failure to register the relevant lease agreements.

In addition, any defects in lessors' title to our leased properties may negatively impact our use. As of the Latest Practicable Date, the lessors had provided us with documentation evidencing their ownership of the relevant leased properties, and one of these properties had been mortgaged by the owners prior to our entry into the lease agreements. We were also not aware of any third-party challenges to our use of these properties.

We may be subject to fines or forfeit land to the PRC Government if we fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts.

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the designated use of the land and the time for commencement and completion of the property development, government authorities may issue a warning, impose a penalty and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the PRC Government. If we fail to commence development after one year of the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land penalty equivalent to or less than 20% of the land premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may confiscate our land use rights without compensation, except where the delay in the development is attributable to a force majeure event or the action of the relevant government department or delay in the requisite preliminary work preceding commencement of such development. In addition, according to the land grant contract, we may be required to pay a contract penalty for idle land. Moreover, had a

RISK FACTORS

property developer commenced development of the property in accordance with the timeframe stipulated in the land grant contract, however, if such development was suspended for more than one year without government approval and falls under either of the following two situations: (i) the developed land area is less than one-third of the total land area, or (ii) the total invested capital is less than one-fourth of the total planned investment in the project, then the land may be treated as idle land and will be subject to the risk of forfeiture. During the Track Record Period and up to the Latest Practicable Date, we incurred delays in commencement and/or completion of construction for a project in Chongqing. See “Business — Properties” for further details.

We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

Environmental, social, and governance matters may impact our business and reputation.

To identify, manage and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not generate material direct emissions or hazardous wastes; however, our operations, including the production of motorcycles, vehicles and related components, inevitably involve energy consumption, use of raw materials, and supply chain activities that may give rise to environmental impact. We monitor environmental and climate-related risks that may affect our business, strategy and financial performance, and we evaluate the potential magnitude of these impacts over the short-, medium- and long-term horizons. We are committed to complying with applicable environmental laws and regulations, promoting workplace safety and providing adequate support to our employees to foster a responsible and sustainable corporate culture. This commitment may entail incurring substantial additional costs, which could adversely affect our profitability. For more details, see “Business — Environmental, Social and Governance.”

In addition, we may be subject to increasing ESG-related regulatory requirements, including mandatory ESG disclosure obligations in the PRC and other jurisdictions where we operate. These may lead to higher compliance costs, and our cost of sales could increase. If we fail to adapt to new regulations, or if we do not meet evolving industry expectations and standards in relation to ESG performance, our reputation may be adversely affected and consumers may choose products from other companies, which could materially and adversely affect our business, financial conditions and results of operations.

RISK FACTORS

Our business could be adversely affected by natural disasters, public health crises, economic downturns or other unexpected events.

Global pandemics or epidemics, or concerns over the spread of contagious diseases, such as COVID-19, Middle East Respiratory Syndrome (MERS), Ebola virus disease, Severe Acute Respiratory Syndrome (SARS), H1N1 flu, H7N9 flu and avian influenza, as well as natural disasters including floods, typhoons, earthquakes and other extreme weather events, may significantly disrupt our operations and those of our customers, suppliers, distributors and other business partners, and could materially and adversely affect our business, financial condition and results of operations. The production and sales of our motorcycles, vehicles and related products may be negatively affected by interruptions in supply chains, suspension of manufacturing, disruptions in logistics, or reduced consumer demand caused by such unexpected events. In addition, actual or threatened wars, acts of terrorism, geopolitical conflicts or other social instabilities may also have a material adverse impact on our business operations.

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

Many of our employees play critical roles in the design, manufacturing, and quality control of our products and solutions, as well as in ensuring the safety, reliability and compliance of our products and technologies with applicable laws and regulations. Certain of our employees have access to sensitive business information, proprietary technologies and technical know-how. We cannot assure you that our employees will always comply with our codes of conduct, confidentiality agreements, and internal policies relating to intellectual property, proprietary information and trade secrets, nor that the measures we take to detect and prevent employee misconduct will always be effective. If any of our employees engage in misconduct, illegal or suspicious activities, including but not limited to misappropriation or leakage of sensitive customer information, proprietary information or technology know-how, we and such employees could be subject to legal claims and liabilities and our reputation and business could be adversely affected. It is our policy to require our employees, consultants and independent contractors who may be involved in the conception or development of intellectual property or proprietary information to execute agreements assigning such intellectual property or proprietary information to us. However, we may not always be successful in executing such agreements with every relevant individual, and even where such agreements are executed, they may not be self-executing or could be breached. In such cases, we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property or proprietary information. Furthermore, individuals executing agreements with us may have pre-existing or competing obligations to third parties, which could render our agreements ineffective in perfecting ownership of inventions developed by such individuals.

RISK FACTORS

If there is any uncertainty with respect to the enforceability of invention assignments, an employee may sell or license their invention to third parties, limiting our ability to operate our business and adversely affecting our competitive position. We cannot assure you that such individuals will not breach confidentiality agreements or disclose our proprietary information, including trade secrets, and adequate remedies may not always be available to rectify any resulting damages or losses. Enforcing claims for unlawful disclosure or misappropriation of trade secrets is often difficult, expensive and time-consuming, and outcomes are unpredictable. Some courts in certain jurisdictions may be less willing to protect trade secrets. Such claims could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, under PRC law, employees who develop inventions may be entitled to statutory remuneration, even if the rights to such inventions have been assigned to us and the employees have contractually waived their rights to royalties or other compensation. If we are required to make such payments, our costs may increase and our financial condition may be adversely affected.

RISKS RELATED TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

Changes in economic, regulatory, political and social conditions could have a material and adverse effect on our results of operations, financial performance and business prospects.

Our financial condition, results of operations and prospects are, to a significant extent, subject to economic, political and legal developments in the PRC and other jurisdictions in which we operate. Any material adverse changes in the macroeconomic environment in these jurisdictions could reduce demand for our solutions and disrupt our operations, which in turn could have a material adverse effect on our financial condition, results of operations and future prospects. Government authorities in China and other jurisdictions have adopted measures aimed at enhancing the role of market forces in driving economic reform and promoting sound corporate governance among business enterprises. These reform initiatives may be adjusted across different industries or regions in response to evolving economic conditions. Any significant changes in business environment in China and other jurisdictions may materially and adversely affect our business operations.

Uncertainties embedded in the legal systems in the markets where we operate could affect our business, financial conditions and results of operations.

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject

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enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

You should assess the legal protections you are entitled to under legal system in China.

The legal system in China is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have limited precedential value. The laws and regulations in China are subject to further revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. Therefore, you should assess the legal protections you are entitled to under legal system in China.

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

We are a company incorporated under the laws of the PRC and a large portion of our assets are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors and senior management outside the PRC. Although we will be subject to the Listing Rules and the Takeovers Code upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Code do not have the force of law in Hong Kong.

RISK FACTORS

Under the EIT Law, we cannot guarantee that we and our subsidiaries will continue to be classified as a "high and new-technology enterprise" ("High New Tech Enterprise") of the PRC in the future. Potential reclassification could result in unfavorable tax consequences.

Under the PRC EIT Law, PRC resident enterprises are generally subject to a standard income tax rate of 25%. However, certain of our subsidiaries have qualified for preferential tax treatment. For instance, our Company and some of our subsidiaries in mainland China were recognized as High and New Technology Enterprises and were accordingly entitled to a reduced corporate income tax rate of 15% during the Track Record Period. If there are changes to the laws and regulations governing such preferential tax policies, or if our effective tax rate increases for any reason, our tax burden could rise correspondingly. Moreover, PRC tax authorities may revise or reinterpret existing regulations governing income tax, withholding tax, value-added tax, or other applicable taxes. Any non-compliance with PRC tax laws and regulations may result in the imposition of penalties or fines by the relevant authorities. Amendments or reinterpretations of PRC tax laws and regulations, or the imposition of tax penalties or fines, could adversely affect our business, financial condition and results of operations.

In light of changing economic and political conditions, tax rates in various jurisdictions may fluctuate significantly. Our effective tax rate may be affected by changes in the geographic mix of our earnings, varying statutory tax rates across jurisdictions, reassessments of deferred tax assets and liabilities, or amendments to tax laws or their interpretations. Addressing these tax complexities and regulatory changes may require the allocation of additional management attention and financial resources, which could impact our operational performance. We are also subject to audits and reviews by tax authorities both in China and overseas. We evaluate the potential outcomes of such examinations to determine the adequacy of our tax provisions. However, there can be no assurance as to the outcome of these proceedings. Any increase in our effective tax rate or any final tax determination exceeding our prior estimates could adversely affect our financial condition, results of operations and cash flows.

In addition, preferential tax treatments and incentives granted to us by PRC governmental authorities are subject to review and may be adjusted or revoked at any time in the future. We cannot guarantee that the preferential tax treatments and incentives to which our PRC subsidiaries are currently entitled would be successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments, potentially with retrospective effect.

RISK FACTORS

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

We are subject to increasingly stringent regulatory requirements in respect of entering into labor contracts with our employees and making statutory contributions for various employee benefits, including basic pension, housing provident fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, to designated governmental authorities for the benefit of our employees. Pursuant to the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which came into effect in January 2008 and was amended in December 2012, and its implementing rules effective from September 2008, employers are required to comply with stricter provisions regarding the execution of labor contracts, minimum wage standards, payment of remuneration, probation periods, and termination of labor contracts. We believe that our current practices comply with the Labor Contract Law and its amendments. Nonetheless, relevant governmental authorities may hold a different view and impose fines or other penalties on us. Any failure to comply with such laws and regulations, or any imposition of significant penalties or legal costs in connection therewith, could adversely affect our business, financial condition and results of operations.

We typically enter into labor contracts which include confidentiality and non-compete terms with our employees, which prohibit them from disclosing or misappropriating trade secrets to any third-party. Employees must report potential conflicts of interest to our legal and compliance department and are strictly prohibited from bringing third-party confidential information into the workplace or storing it on our systems. Nevertheless, we cannot guarantee full compliance by all employees at all times, and any failure to do so could expose us to legal proceedings or claims of intellectual property infringement, which may have a material adverse impact on our business, financial condition and results of operations.

We also engage dispatched workers through third-party employment agencies to support our business operations. Considering the competent local labor authorities' confirmation in respect of labor employment compliance during the Track Record Period, our PRC Legal Adviser is of the view that the risk of us being penalized by the local labor authorities in respect of the use of dispatched workers is remote in practice provided that we make rectification in a timely manner after receiving any notice to make rectification from competent authorities.

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Nonetheless, should we decide to adjust our employment structure or terminate certain employees, the Labor Contract Law and its implementation rules may restrict our ability to implement such changes in a timely or cost-effective manner. We may be required to provide additional compensation to employees in the event of termination or restructuring, which could adversely affect our financial condition and results of operations. Under PRC laws and regulations, we are also required to participate in employee social welfare schemes administered by local governments, including pension, medical, work-related injury, maternity and unemployment insurance, as well as housing provident fund contributions. These contributions are generally calculated based on the employee's actual salary from the prior year, subject to minimum and maximum limits as prescribed by local authorities from time to time. If we fail to comply with such regulations and laws, we may be required by the relevant authorities to settle the outstanding amounts and may be subject to penalties for late payment or enforcement actions through judicial proceedings.

We are subject to the currency exchange control system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares by [REDACTED] and dividends paid to [REDACTED] on our H Shares may be subject to PRC tax.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, in principle we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations.

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However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax of the MOF and SAT (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, dividend income of individual foreigners from PRC enterprises with foreign investment are exempted from individual income tax for the time being.

In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided whether individual income tax shall be levied from non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities will be in accordance with the then effective laws and regulations and may change, and new taxes may be imposed, which in either case may adversely affect the value of your [REDACTED] in our H Shares.

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Payment of dividends is subject to restrictions under PRC law.

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

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

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

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

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》) (the “M&A Rules”) purport to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or subscription of new shares issued by PRC domestic company using the equity of offshore special purpose vehicles or using its new shares as consideration, to obtain approval from the CSRC prior to publicly listing their securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear. If CSRC approval under the M&A Rules is required, it is uncertain whether it would be possible for us to obtain the approval, and any failure to obtain or delay in obtaining CSRC approval for the [REDACTED] would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

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Our PRC Legal Adviser has advised us that, based on its understanding of the current PRC laws and regulations, we will not be required to submit an application to the CSRC for its approval of the [REDACTED] under the M&A Rules because the CSRC currently has not issued any definitive rule or interpretation concerning whether [REDACTED] like the [REDACTED] are subject to this regulation. However, our PRC Legal Adviser has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC regulatory agencies, including the CSRC, would reach the same conclusion as our PRC Legal Adviser.

Furthermore, numerous regulations, guidelines and other measures have been or are expected to be adopted under the umbrella of or in addition to the Cybersecurity Law, Data Security Law and Personal Information Protection Law, including (i) the amended Cybersecurity Review Measures, which came into effect on February 15, 2022, provide that a "network platform operator" that possesses personal information of more than one million users and seeks a listing in a foreign country must apply for a cybersecurity review, and (ii) the Provisions on Promoting and Regulating Cross-border Data Flows, which came into effect on March 22, 2024, provide that certain types of data processors transferring important data or personal information collected and generated during operations within the territory of the PRC to an overseas recipient must apply for security assessment of cross-border data transfer. As "seeking a [REDACTED] in a foreign country" does not encompass "seeking a [REDACTED] in Hong Kong", and the number of users whose personal information is processed by us does not reach one million as of the date of this Document, we are not required under the Cybersecurity Review Measures to apply for a cybersecurity review in connection with the [REDACTED]. However, there is no assurance that we will not become subject to any cybersecurity review in the future. If and when we are required to go through a cybersecurity review, we may not be able to timely complete the review, or at all, which may bring substantial uncertainties to our future listing and financing plan, and therefore adversely affect our business and results of operations. In addition, we believe that we are not required under the Provisions on Promoting and Regulating Cross-border Data Flows to apply for security assessment of cross-border data transfer.

On February 17, 2023, the CSRC published the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines, collectively the Overseas Listing Filing Rules, which came into effect from March 31, 2023 and regulate both direct and indirect overseas offering and listing of PRC-based companies by adopting a filing-based regulatory regime. According to the Overseas Listing Filing Rules, if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuers shall be deemed as indirect overseas offering and listing: (i) more than 50% 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 accounting year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in China, or its main places of business are located in China, or the senior managers in charge of its business operation and management are majority Chinese citizens or domiciled in China.

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Therefore, we shall comply with the relevant requirements under the Overseas Listing Filing Rules in connection with the [REDACTED] and the [REDACTED]. We are required to complete the filing with the CSRC in connection with the [REDACTED] within three (3) working days after the submission of the [REDACTED] for the [REDACTED]. We have made the required filing to the CSRC in connection with the [REDACTED] within the required time, which is currently under review by the CSRC. We intend to comply with such requirements imposed by the Overseas Listing Trial Measures and Listing Guidelines. However, we cannot assure you that we will be able to complete such filing with the CSRC in a timely manner, or at all. Failure to complete the required CSRC filing procedures could prevent us from proceeding with the [REDACTED] and cause significant disruption to our business operations, and severely damage our reputation, which could materially and adversely affect our financial condition and results of operations.

In addition, our future financing activities may also need to be filed with and/or reported to the CSRC according to the Overseas Listing Filing Rules. On February 24, 2023, the CSRC, together with other governmental authorities, released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Confidentiality and Archives Administration Provisions**”), which became effective from March 31, 2023 and aims to expand the applicable scope of the regulation to indirect overseas offerings and listings by PRC domestic companies and emphasize the confidentiality and archive management duties of PRC domestic companies during the process of overseas offerings and listings.

However, as there remain substantial uncertainty with respect to the interpretation and implementation of the Overseas Listing Filing Rules as well as the Confidentiality and Archives Administration Provisions, which both have just been released recently, we cannot assure you that we will be able to complete such filings in a timely manner and/or fully comply with such regulations in connection with the [REDACTED] or our continued listing overseas and our overseas securities offerings in the future. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. Where any entity or individual fails to fulfill the confidentiality obligations under the relevant PRC laws during the overseas issuance and listing of PRC-based companies, such entity or individual may be subject to legal sanctions, such as warnings, fines, and criminal liabilities. See “Regulatory Overview — Regulations Relating to Filing of Overseas Listing by Domestic Enterprises.”

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Furthermore, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we or our shareholders obtain their approvals or accomplish the required filing or other regulatory procedures for the [REDACTED], future financing activities or any subsequent change in shareholding structure, we and our shareholders may be unable to fulfill such requirements in a timely manner or at all. Any failure to comply with the PRC regulatory requirements in this regard, our ability to conduct business, our ability to pay dividends outside of China, completion of the [REDACTED] or future financing activities may be restricted, and our business, reputation, financial condition, and results of operations may be adversely affected.

The M&A Rules and certain other PRC regulations establishing complex procedures for acquisitions could make it more difficult for us to pursue growth through acquisitions in the PRC.

Certain PRC regulations impose additional procedures and requirements that are expected to increase the complexity and duration of merger and acquisition activities in China involving foreign investors, as well as overseas investments by PRC domestic enterprises. For instance, 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》) (“**M&A Rules**”) require prior notification to the Ministry of Commerce of the PRC (“**MOFCOM**”) for any change-of-control transactions where a foreign investor gains control of a PRC domestic enterprise, if (i) the transaction involves key industries, (ii) it raises or may raise concerns regarding national economic security, or (iii) it results in a change of control over a domestic enterprise holding a well-known trademark or a time-honored brand in China. Approval from MOFCOM is also mandatory where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies.

Furthermore, mergers, acquisitions, or contractual arrangements enabling one market participant to gain control over or exert decisive influence on another must be pre-notified to the anti-monopoly authority under the State Council if the transaction meets the thresholds set out in the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings (《國務院關於經營者集中申報標準的規定》) (the “**Prior Notification Rules**”), issued by the State Council in August 2008 and amended effective January 2024.

In addition, the General Office of the State Council issued Circular 6 in 2011, establishing a security review system for mergers and acquisitions of domestic enterprises by foreign investors. The MOFCOM later promulgated detailed implementing regulations effective September 2011. Under these rules, acquisitions by foreign investors that raise “national security” concerns are subject to strict review by MOFCOM. The regulations also prohibit attempts to bypass such security reviews, including through proxy arrangements or contractual control structures.

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Moreover, pursuant to the Measures for the Security Review of Foreign Investment issued jointly by the National Development and Reform Commission (“NDRC”) and MOFCOM in December 2020 and effective from January 2021, investments in sensitive areas such as military and national defense, locations near military facilities, or control over assets in key sectors, including critical agricultural products, energy, equipment manufacturing, infrastructure, transport, cultural products and services, IT and internet services, financial services, and technology, require prior approval from designated governmental authorities. Separately, the Measures on the Administration of Overseas Investment (《境外投資管理辦法》), issued by MOFCOM in 2014 and effective from October 2014, mandate that enterprises complete filing or approval procedures with MOFCOM and relevant provincial authorities prior to undertaking overseas investments. A Certificate of Enterprise Overseas Investment is issued upon approval or completion of filing. Any subsequent changes to the certificate require re-application for modification. Additionally, overseas reinvestments made by an overseas holding enterprise must be reported by the local enterprise to the competent commerce authority after completion of relevant overseas legal procedures.

Pursuant to the Administrative Measures for Outbound Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the investor, making an outbound investment shall obtain approval or conduct record-filing for outbound investment projects. Sensitive projects (including projects involving sensitive countries and regions and sensitive industries) shall be subject to approval; non-sensitive projects shall be subject to filing.

We may periodically engage in domestic or overseas investments or acquisitions through our PRC subsidiaries for purposes such as group restructuring or business expansion. Complying with these regulatory requirements may be time-consuming, and any required approvals or filings with the NDRC, MOFCOM, or other relevant PRC authorities could delay or prevent the completion of such transactions. Given the evolving nature of the interpretation and enforcement of these regulations, we cannot guarantee that all necessary approval or filing procedures have been or will be completed promptly. Such uncertainties may negatively affect our operations, restrict our ability to expand, or impair our ability to maintain our market position. See “Regulatory Overview — Regulations Relating to Filing of Overseas Listing by Domestic Enterprises” and “Regulatory Overview — Regulations Relating to Overseas Direct Investment” for more details.

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RISKS RELATED TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of mainland China and Hong Kong.

As our A Shares are listed on the Main Board of the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Hong Kong Stock Exchange, we will be required to comply with the applicable listing rules and other regulatory requirements of both jurisdictions, unless exemptions are available or waivers have been granted. As a result, we may incur additional costs and devote significant management and administrative resources to ensure ongoing compliance with the regulatory regimes of both exchanges.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Main Board of the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Main Board of the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Hong Kong Stock Exchange. Under current PRC laws and regulations, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct [REDACTED] or settlement between the H Share and A Share markets. Given their different trading characteristics, the H Share and A Share markets differ in [REDACTED] volumes, liquidity and investor bases, as well as levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be directly comparable.

Fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the differences between the two markets, the historical trading prices of our A Shares may not be indicative of the future performance of our H Shares. Accordingly, you should not place undue reliance on the trading history of our A Shares when making an [REDACTED] decision in our H Shares.

The price and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The price and [REDACTED] volume of our H Shares may experience significant fluctuations due to factors beyond our control, including general market conditions in Hong Kong and other parts of the world. The Stock Exchange and other securities markets have, from time to time, experienced considerable price and volume volatility unrelated to the operating performance of any particular company. The business performance and [REDACTED] prices of shares of other companies engaging in similar businesses may also influence the price and [REDACTED] volume of our H Shares.

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In addition to general market and industry factors, the price and [REDACTED] volume of our H Shares may be subject to volatility due to company-specific developments, such as fluctuations in our revenue, earnings, cash flows, investment activities, capital expenditures, relationships with our business partners, changes in key personnel, competitive actions or regulatory developments. Moreover, shares of other companies listed on the Stock Exchange have historically experienced substantial price volatility, and it is possible that the [REDACTED] price of our H Shares may be affected by similar market dynamics, even where such changes are not directly related to our actual business performance.

There has been no prior public market for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that an active public market with adequate liquidity and [REDACTED] volume for our H Shares will develop or be sustained following the completion of the [REDACTED]. The [REDACTED] of our H Shares has been determined through negotiations between the Sole Sponsor (for itself and on behalf of the [REDACTED]) and us, and may not necessarily represent the market price at which our H Shares will be [REDACTED] after the [REDACTED]. If an active and liquid public market for our H Shares does not develop or is not maintained, the market price and [REDACTED] volume of our H Shares may be materially and adversely affected, which could in turn impact the value of your [REDACTED].

Future sales or perceived sales of our H Shares in the public market could have a material adverse effect on the market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of our H Shares or other securities relating to our H Shares in the public market by our Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our H Shares.

In addition, while [REDACTED] subscribing [REDACTED] in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing arrangements or agreements to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares subscribed by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the [REDACTED] volume of our H Shares.

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You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Main Board of the Shanghai Stock Exchange.

As our A Shares are listed on the Main Board of the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. From time to time, we publicly release information on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A-share listing is prepared in accordance with PRC regulatory requirements, industry standards and market practices, which differ from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other PRC-designated media may not be directly comparable to the financial and operational information contained in this Document. Accordingly, prospective [REDACTED] in our H Shares should, when making their [REDACTED] decisions, rely only on the financial, operating and other information included in this Document. By applying to [REDACTED] our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

You should read the entire Document carefully and rely solely on the information contained in this Document when making your [REDACTED] decision. We strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares, or the [REDACTED].

Prior to the publication of this Document, there may have been press and media coverage regarding us and the [REDACTED]. Such coverage may include references to certain information not contained in this Document, such as operating and financial data, projections, valuations, or other forward-looking statements. We have not authorized the disclosure of any such information in the press or other media, and we do not accept any responsibility for such coverage or for the accuracy or completeness of any information contained therein. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such press articles or media coverage. To the extent that any such information is inconsistent with or conflicts with the information contained in this Document, we disclaim responsibility for it, and [REDACTED] should not place reliance on such information.

Certain facts, forecasts and other statistics in this Document have been obtained from publicly available sources but have not been independently verified and may not be reliable.

Certain information in this Document is derived from government publications, official sources and other publicly available materials. While our Directors believe these sources are appropriate and have exercised reasonable care in extracting and presenting such information, we cannot guarantee the reliability or accuracy of the underlying source materials. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

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However, such information from government and official sources has not been independently verified by us. Accordingly, no representation is made as to the accuracy of such facts and statistics. Furthermore, we cannot assure [REDACTED] that such information has been stated or compiled on a basis consistent with, or to the same degree of accuracy as, similar statistics presented elsewhere. [REDACTED] should therefore carefully consider the weight and importance they attach to such information.

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

This Document includes forward-looking statements regarding our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, management's plans and objectives, certain [REDACTED] information and other matters. Expressions such as "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should," and similar terms, as well as their negatives, are intended to identify such forward-looking statements. These statements, which include but are not limited to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources, are estimates reflecting the judgment of our Directors and management. They involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. As such, these statements are not guarantees of future performance. [REDACTED] should therefore not place undue reliance on them and should consider these statements in light of the important factors set out in this section.

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with relevant provisions of the Listing Rules and exemptions from compliance with 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, a new applicant for a primary listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, we do not have, and do not contemplate to have, in the foreseeable future, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. As such, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is regular and effective communication between us and the Hong Kong Stock Exchange by way of, among others, the following conditions:

- (a) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Hong Kong Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Yin Qi (印奇) (“**Mr. Yin**”) and Ms. Chong Wan Kai (莊運啟) (“**Ms. Chong**”) (the “**Authorized Representatives**”). Ms. Chong is situated and based in Hong Kong, and will be available to meet with the Hong Kong Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Hong Kong Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Hong Kong Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Hong Kong Stock Exchange and will inform the Hong Kong Stock Exchange promptly in respect of any change in the Authorized Representatives;

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- (b) when the Hong Kong Stock Exchange wishes to contact our Directors on any matters, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. We have provided the Hong Kong Stock Exchange with the contact details (i.e., mobile phone number, office phone number, email address and fax number, if applicable) of all Directors to facilitate communication with the Hong Kong 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;
- (c) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Hong Kong Stock Exchange in Hong Kong upon reasonable notice, when required;
- (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Rainbow Capital (HK) Limited as compliance adviser (the "**Compliance Adviser**") upon [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 act as an additional channel of communication with the Hong Kong Stock Exchange and will be available to respond to enquiries from the Hong Kong Stock Exchange. The contact details of the Compliance Adviser have been provided to the Hong Kong Stock Exchange;
- (f) the Compliance Adviser will have access at all times to our Authorized Representatives, our Directors and our senior management, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available, as prescribed by Rule 3A.23 of the Listing Rules. Our Company shall ensure that our Authorized Representatives, Directors and our senior management members will timely provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set forth in the Listing Rules. To the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Hong Kong Stock Exchange and us. Meetings between the Hong Kong Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Hong Kong Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;

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- (g) we will appoint other professional advisers (including legal advisers in Hong Kong) after the [REDACTED] to assist us in dealing with any questions which may be raised by the Hong Kong Stock Exchange and to ensure that there will be prompt and effective communication with the Hong Kong Stock Exchange; and
- (h) our Company has designated one of our staff members as the communication officer at our headquarters after the [REDACTED] who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondence with and/or enquiries from the Hong Kong Stock Exchange and report to our executive Directors to further facilitate communication between the Hong Kong 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, a new applicant for listing on the Hong Kong Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

WAIVERS AND EXEMPTIONS

- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Xia Yuyang (夏雨揚) (“**Ms. Xia**”) and Ms. Chong as our joint company secretaries. See “Directors and Senior Management — Joint Company Secretaries” for their biographical details.

The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Ms. Xia, who is serving as the vice president and board secretary of the Company and has day-to-day knowledge of the Company’s affairs. Ms. Xia has the nexus to the Board and close working relationship with the management of the Company necessary to perform the function of a joint company secretary and to take required actions in the most effective and efficient manner. However, Ms. Xia presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Chong, who is a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute 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 and to provide assistance to Ms. Xia for an initial period of three years from the [REDACTED], to enable Ms. Xia 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.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong 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. Xia may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [REDACTED], and is granted on the condition that Ms. Chong, as a joint company secretary of our Company, will work closely with Ms. Xia to jointly discharge the duties and responsibilities as company secretaries and assist Ms. Xia in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Chong will also assist Ms. Xia 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. Ms. Chong is expected to work closely with Ms. Xia and will maintain regular contact with Ms. Xia, the Directors and the senior management of our Company. In addition, Ms. Xia 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. Xia will also be assisted by (a) the Compliance Adviser, 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 applicable laws and regulations.

WAIVERS AND EXEMPTIONS

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Ms. Chong ceases to provide assistance to Ms. Xia 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.

Prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Xia 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 and whether the need for ongoing assistance will continue. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Xia, having benefited from the assistance of Ms. Chong 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.

PARTICULARS OF INFORMATION OF OUR SUBSIDIARIES

Paragraphs 13 and 26 of Appendix D1A to the Listing Rules require this Document to include the particulars of any commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital of, and the particulars of any alterations in the capital of, any member of our Group within the two years immediately preceding the issue of this Document.

Paragraph 29(1) of Appendix D1A to the Listing Rules and paragraph 29 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require this Document to include, information in relation to the name, date and place of incorporation, the public or private status and the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company (a) the whole of the capital of which or a substantial proportion thereof is held or intended to be held by our Company, or (b) whose profits or assets make, or will make a material contribution to the figures in the Accountants' Report or to our Company's next financial statements.

Paragraph 45(2) of Appendix D1A to the Listing Rules requires to disclose the name of each person (other than Directors or chief executive of our Company), who is directly or indirectly interested in 10% or more of the issued voting shares of any other member of our Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such securities.

As of the date of this Document, we have 59 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of each of our subsidiaries, as our Company would have to incur additional costs and devote significant resources to compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to the [REDACTED] save for the Major Subsidiaries as referred to below.

WAIVERS AND EXEMPTIONS

We have identified 13 subsidiaries (collectively, the “**Major Subsidiaries**” and each a “**Major Subsidiary**”) that we consider to be material to our operations and/or to have contributed significantly to our financial performance during the Track Record Period. By way of illustration, the Company and its Major Subsidiaries (without intercompany eliminations) have, in aggregate, accounted for (i) approximately 88%, 85%, 86% and 89% of our revenue for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively; and (ii) approximately 90%, 91%, 90% and 90% of our total assets as at December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively. Additionally, certain Major Subsidiaries hold assets, intellectual property rights, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group’s business and operations.

None of the other subsidiaries of our Company that are not Major Subsidiaries have individually contributed 5% or more of our Group’s revenue and net profits during each year within the Track Record Period, or total assets as of December 31, 2022, 2023 or 2024 and the six months ended June 30, 2025, nor hold any assets, intellectual property rights, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group’s business and operations. Accordingly, the remaining subsidiaries which are not Major Subsidiaries of our Group are relatively insignificant to the overall results of our Group, and the non-disclosure of information about them would not prejudice the interests of our Shareholders and potential [REDACTED]. Rather, the disclosure of the required information under the Listing Rules in respect of our Company and the Major Subsidiaries already provides sufficient information that is reasonably necessary for potential [REDACTED] to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group, its profits and losses and the rights attaching to the securities for which the [REDACTED] is sought, as required under Rule 11.07 of the Listing Rules.

We have disclosed the particulars of the changes in share capital of our Company and the Major Subsidiaries in the sections headed “Statutory and General Information — Further Information about Our Company — Changes in Share Capital of Our Company” and “Statutory and General Information — Further Information about Our Company — Changes in Share Capital of Our Subsidiaries”, respectively, in Appendix V to this Document.

We have also disclosed the corporate information (including name, principal business activities, place and date of incorporation and the interest held by the Group) of the Major Subsidiaries as required under Paragraph 29(1) of the Appendix D1A to the Hong Kong Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in “History, Development and Corporate Structure”, and the share capital of the Major Subsidiaries in Note 1 to the Accountants’ Report as set out in Appendix I to this Document. In addition, details of each person (other than Directors or chief executive of our Company) of our Group who is interested in 10% or more of the issued voting shares of any Major Subsidiaries and the amount of each of such person’s interest in such securities, together with particulars of any options in respect of such securities, if any, are disclosed in “Appendix V — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Interests of the substantial shareholders in Major Subsidiaries of our Group” to this Document.

WAIVERS AND EXEMPTIONS

We have applied for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under paragraphs 13, 26, 27, 29(1) and 45(2) of Appendix D1A to the Listing Rules in respect of disclosing the following information of our subsidiaries which are not Major Subsidiaries:

- (i) particulars of any commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital, or the particulars of any alterations in the capital within the two years immediately preceding the issue of this Document;
- (ii) particulars of any capital which is under option or agreed to be put under option;
- (iii) information in relation to the name, date and place of incorporation, public or private status, the general nature of business, the issued capital and the proportion thereof held or intended to be held; and
- (iv) the name of each person (other than Directors or chief executive of the Company), who is directly or indirectly interested in 10% or more of the issued voting shares and such person's shareholding.

We have applied for, and the SFC [has granted] us, a certificate of exemption from strict compliance with the requirements under paragraph 29 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of disclosing the information of our subsidiaries which are not Major Subsidiaries as required under paragraph 29 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The exemption [is granted] by the SFC on the conditions that: (i) the particulars of the exemption are disclosed in this Document; and (ii) this Document is issued on or before [REDACTED].

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Hong Kong Listing Rules following the completion of the [REDACTED]. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the announcement requirements and independent shareholders’ approval requirements (where applicable) under the Hong Kong Listing Rules. For further details, see the section headed “Connected Transactions.”

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Positions	Address	Nationality
Executive Directors and non-executive Directors			
Mr. Yin Qi (印奇)	Executive Director	Unit 2, Building 16# Weixing Courtyard Guandou Street Jiujiang District Wuhu, Anhui Province PRC	Chinese
Mr. Bao Yi (鲍毅)	Non-executive Director	Floor 9, Building C10 No. 77 Hongcao Road Xuhui District Shanghai PRC	Chinese
Mr. Xu Honghu (徐鴻鵠)	Non-executive Director	No. 10-6, Caixin Yuzhong City Zhongshan 1st Road Qixinggang Street Yuzhong District Chongqing PRC	Chinese
Mr. Li Chuanhai (李傳海)	Non-executive Director	Room 501, Building 2 Golden Eagle Garden Gutang Street Cixi, Zhejiang Province PRC	Chinese
Mr. Liu Jinliang (劉金良)	Non-executive Director	Room 601, Building 1 No.168 Liyi Road Yingfeng Street Xiaoshan District Hangzhou Zhejiang Province PRC	Chinese
Ms. Long Zhenzhu (龍珍珠)	Non-executive Director	Room 26-3, Unit 1, Building 3 No. 47 Jintong Road North New District Chongqing PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Positions	Address	Nationality
Mr. Xu Huanchun (徐煥春)	Executive Director (employee representative director)	Room 2-4 No. 421 Luzuofu Road Chengnan New Area Beibei District Chongqing PRC	Chinese
Independent non-executive Directors			
Ms. Huang Qun (黃群)	Independent non-executive Director	Room C, 25/F, Larchwood 62 Larch Street Tai Kok Tsui, Kowloon Hong Kong	Chinese
Dr. Xiao Xiang (肖翔)	Independent non-executive Director	Room 1505, Building 11, No. 3 Shangyuan Village Haidian District Beijing PRC	Chinese
Dr. Dou Junsheng (竇軍生)	Independent non-executive Director	Room 14-2-702, Zijinxiyuan Wuchanggang Road Xihu District Hangzhou, Zhejiang PRC	Chinese
Mr. Ren Xiaochang (任曉常)	Independent non-executive Director	Room 4-1, Unit 1, Building 25 Zhujiang Garden No. 199 Zhigang Avenue Jiulongpo District Chongqing PRC	Chinese

See “Directors and Senior Management” for further details of our Directors.

Sole Sponsor

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Sponsor-Overall Coordinator	China International Capital Corporation Hong Kong Securities Limited 29/F One International Finance Centre 1 Harbour View Street Central Hong Kong

Overall Coordinators, [REDACTED]
[REDACTED]

Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

Fangda Partners
24/F, HKRI Centre Two
HKRI Taikoo Hui
288 Shi Men Yi Road
Shanghai
PRC

Sponsor and the
[REDACTED]

Clifford Chance
27th Floor, Jardine House
1 Connaught Place, Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC laws:

Jingtian & Gongcheng

34/F, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

Reporting Accountants

Ernst & Young

*Certified Public Accountants Registered Public Interest
Entity Auditor*
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited

10F, Block B
Jing'an International Center
88 Puji Road, Jing'an District
Shanghai 200070
PRC

Independent Property Valuer

Asia-Pacific Consulting and Appraisal Limited

Flat/Rm A, 12/F
Kiu Fu Commercial Building
300 Lockhart Road, Wanchai
Hong Kong

Compliance Adviser

Rainbow Capital (HK) Limited

Office No. 710
7/F Wing On House
71 Des Voeux Road Central
Central
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 2 Huanghuan North Road Jinshan Avenue Liangjiang New District Chongqing China
Headquarters and Principal Place of Business in the PRC	No. 16, Fengxi Road, Caijiagang Beibei District, Chongqing China
Principal Place of Business in Hong Kong	Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	https://qianli-ai.com/ (the information contained on this website does not form part of this Document)
Joint Company Secretaries	Ms. Xia Yuyang (夏雨揚) No. 16, Fengxi Road, Caijiagang Beibei District, Chongqing China Ms. Chong Wan Kai (莊運啟) <i>(an associate of HKCGI)</i> Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Mr. Yin Qi (印奇) No. 16, Fengxi Road, Caijiagang Beibei District, Chongqing China

CORPORATE INFORMATION

	Ms. Chong Wan Kai (莊運啟) <i>(an associate of HKCGI)</i> Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Dr. Xiao Xiang (肖翔) <i>(chairperson)</i> Mr. Bao Yi (鮑毅) Ms. Long Zhenzhu (龍珍珠) Dr. Dou Junsheng (竇軍生) Mr. Ren Xiaochang (任曉常)
Remuneration and Appraisal Committee	Mr. Ren Xiaochang (任曉常) <i>(chairperson)</i> Mr. Yin Qi (印奇) Mr. Xu Honghu(徐鴻鵠) Dr. Xiao Xiang (肖翔) Dr. Dou Junsheng (竇軍生)
Nomination Committee	Dr. Dou Junsheng (竇軍生) <i>(chairperson)</i> Mr. Bao Yi (鮑毅) Mr. Liu Jinliang (劉金良) Dr. Xiao Xiang (肖翔) Mr. Ren Xiaochang (任曉常)
Strategy and ESG Committee	Mr. Yin Qi (印奇) <i>(chairperson)</i> Mr. Xu Honghu(徐鴻鵠) Mr. Li Chuanhai (李傳海)
	[REDACTED]
Principal Banks	China Minsheng Bank Corp., Ltd., Jinkai Sub-Branch No. 156-159 Attached to No. 1218, Jinkai Avenue Yubei District Chongqing PRC

CORPORATE INFORMATION

The Export-Import Bank of China, Chongqing Branch

Muxing Technology Building
No. 7, Middle Section of Huangshan Avenue
High-Tech Park
Yubei District
Chongqing
PRC

Industrial Bank Co., Ltd., Chongqing Branch

Room 3-90 to 3-100
No. 6 Attached to No. 415, Huhong Road
Yubei District
Chongqing
PRC

**Shanghai Pudong Development Bank Co., Ltd.,
Daping Sub-Branch**

No. 110 Daping Zhengjie
Yuzhong District
Chongqing
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this [REDACTED] were extracted from the CIC Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged CIC to prepare the CIC Report in connection with the [REDACTED]. The information from official government sources has not been independently verified by any of the Sole Sponsor, its directors and advisors, or any other persons or parties involved in the [REDACTED] (other than CIC), and no representation is given as to its accuracy.

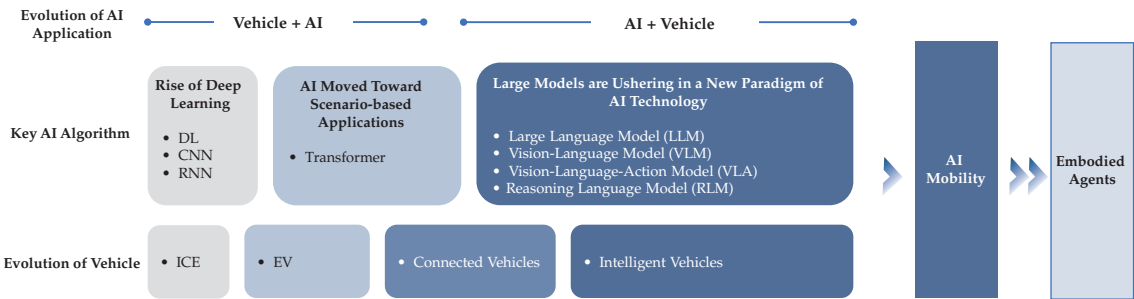
OVERVIEW OF AI TECHNOLOGY AND VEHICLE EVOLUTION

AI has fundamentally reshaped the world, driving innovation and transformation in every aspect of the global economy. Powered by deep learning, ground-breaking architectures like Transformers, and the rapid evolution of large models including LLMs, VLMs, VLAs, and RLMs, AI has entered into a new paradigm.

The automotive industry is at the forefront of this transformation — having already transitioned from internal combustion engines (“ICE”) to electric vehicles (“EV”), and having embraced advanced communication technologies, it is now entering a new era of intelligent transformation, exemplified by the rise of intelligent vehicles.

In this transformation, the integration of perception and interaction capabilities has made intelligent mobility one of the most promising real-world applications of AI. This marks the advent of AI mobility and is driving the industry toward the continuous evolution of embodied AI.

The Evolution of AI Technology and Vehicles

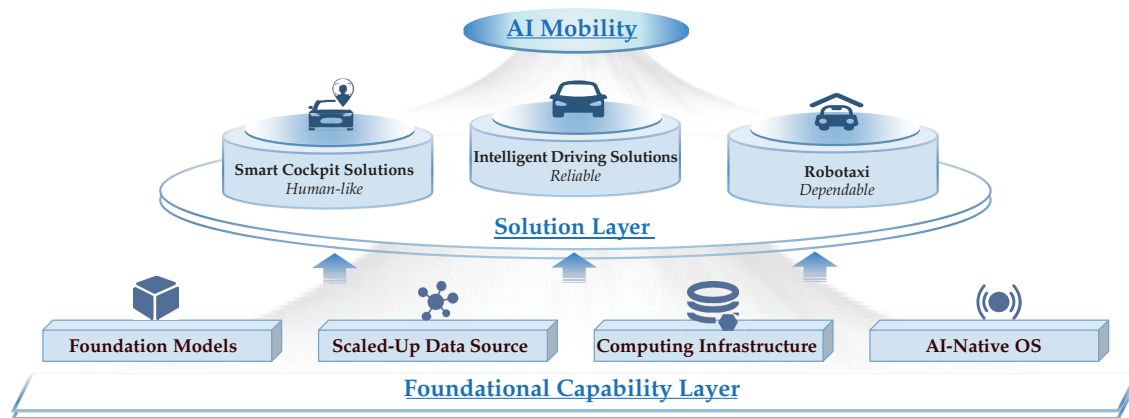


Source: CIC

INDUSTRY OVERVIEW

Underpinned by robust foundations, including foundational models, large-scale data, advanced computing power, and AI-native operating systems, technological advancements have given rise to three key solutions that directly generate value for the mobility industry: smart cockpit solutions that deliver a human-centric experience, intelligent driving solutions with reliable performance, and trustworthy robotaxi services. These three solutions, together, could be the key pillars supporting the large-scale commercialization of the blueprint of AI mobility.

The Evolution of AI Mobility



Source: CIC

OVERVIEW OF INTELLIGENT DRIVING SOLUTIONS MARKET

Definition and Classification of Intelligent Driving Solutions

Intelligent driving solutions are usually powered by multimodal large models with hardware, software and data systems to perform driving tasks with minimal or no human intervention in complex traffic scenarios.

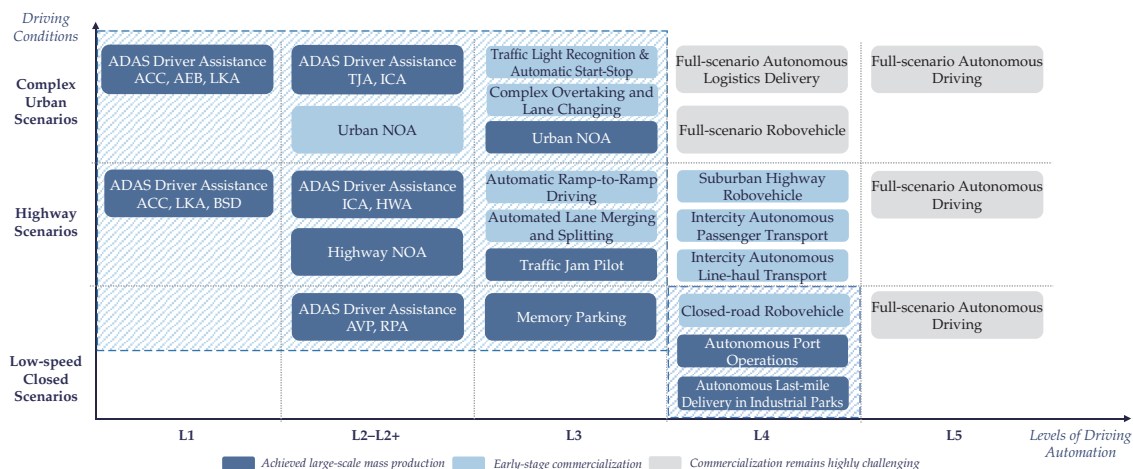
In terms of functional architecture, intelligent driving solutions can cover different stages from single-function driver assistance to full-scenario autonomous driving. With continuous enhancement of AI algorithms and computing platforms, the industry is steadily progressing from lower-level assistance toward higher levels of automation. Specifically:

- L1 solutions: Capable of executing a single control task in either the lateral or longitudinal domain, such as ACC (Adaptive Cruise Control), LKA (Lane Keeping Assist), or BSD (Blind Spot Detection).

INDUSTRY OVERVIEW

- L2/L2+ solutions: Capable of simultaneously performing both lateral and longitudinal control. Typical functions include ICA (Intelligent Cruise Assist) and HWA (Highway Assist). In more advanced L2+ scenarios, extended capabilities such as highway/urban NOA (Navigate on Autopilot) and APA (Auto Parking Assist) are supported.
- L3 solutions: Provide conditional automation within specific operational domains. The system can take over the full driving task, but the driver must remain ready to intervene upon request. Representative functions include Traffic Jam Pilot and Memory Parking.
- L4 solutions: Deliver high-level automation within defined areas or scenarios, where the system performs all driving tasks without human intervention, and safely disengages when outside the designated scope. Typical applications include autonomous last-mile delivery in industrial parks.
- L5 solutions: Represent full automation, where vehicles can independently perform all driving tasks under all road and environmental conditions without human involvement. Representative applications include full-scenario Robotaxi services, fully autonomous passenger transport, and logistics delivery.

Functions and Commercialization Level of Intelligent Driving Solutions, by Level of Intelligent Driving, 2025



Source: MIIT, SAE, CIC

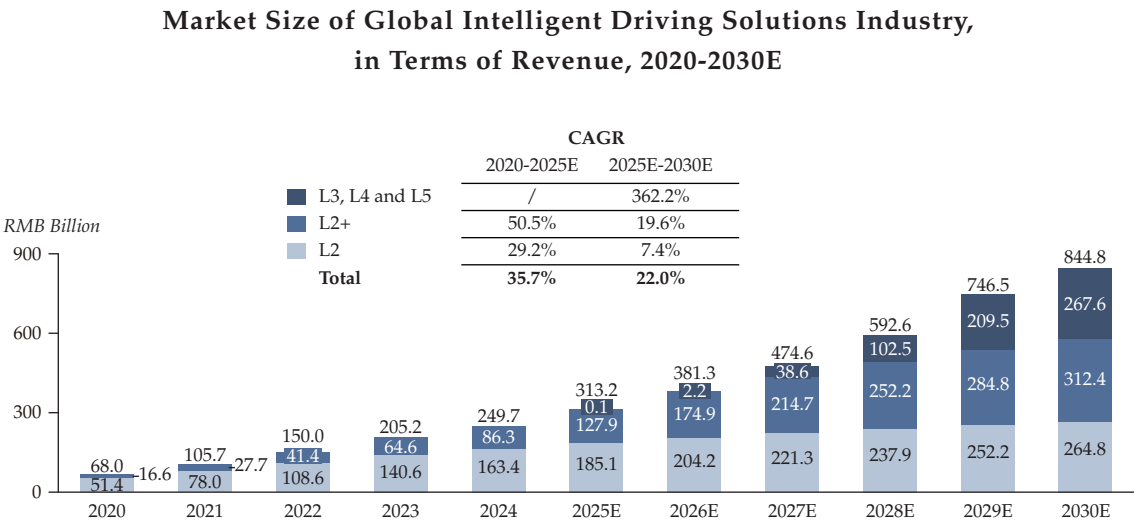
INDUSTRY OVERVIEW

Key Technology Analysis of Intelligent Driving Solutions

Intelligent driving is evolving through the use of end-to-end AI models, and is supported by four core pillars: i) comprehensive data acquisition and integration, building scalable long-tail scenario libraries through multimodal real-world and AI-synthesized data; ii) unified software platforms and end-to-end training frameworks that integrate perception, prediction, and planning, enabling rapid adaptation and robust performance across diverse vehicles and scenarios; iii) large-model-driven world models and temporal prediction, providing anticipatory reasoning and dynamic scene simulation to support safe and intelligent decision-making; and iv) high-performance heterogeneous computing and onboard hardware architectures, combining GPUs, NPUs, and dedicated accelerators with advanced multimodal hardware to ensure real-time inference, reliability, and scalable deployment. Together, these components form a closed-loop technology system that underpins the next generation of intelligent driving.

Market Size of Global and China’s Intelligent Driving Solutions Industry

Benefiting from the application of large-scale AI models in the automotive industry, the global market size of intelligent driving solutions is expected to reach RMB313.2 billion in 2025 and further expand to RMB844.8 billion by 2030, representing a CAGR of 22.0 % during the period.



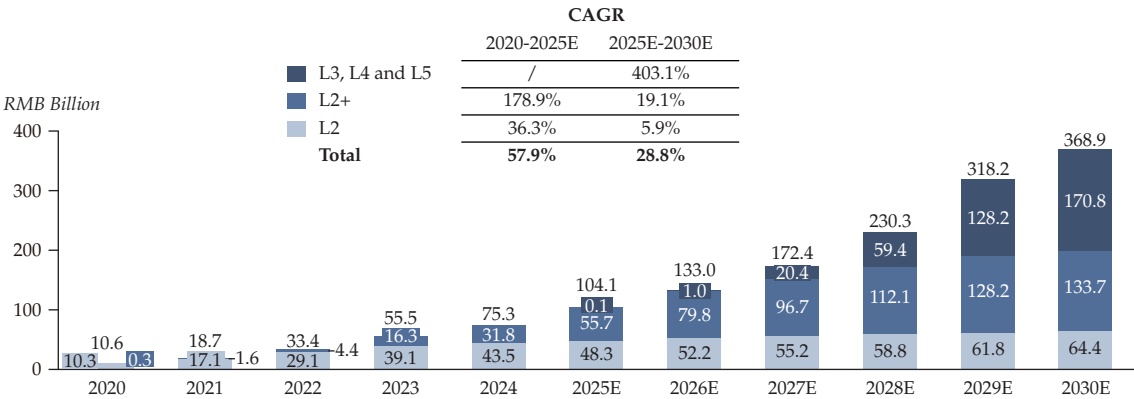
Source: CPCA, CIC

*Note: The market size includes intelligent driving solutions used for L2 and above intelligent passenger vehicles.

INDUSTRY OVERVIEW

China is expected to become the largest market for intelligent driving solutions. The market size of intelligent driving solutions in China is projected to reach RMB104.1 billion in 2025, accounting for approximately 33.2% of the global market. With the progressive improvement of relevant regulatory frameworks and the accelerated maturity and adoption of end-to-end AI model, China’s intelligent driving solutions market is forecasted to reach RMB368.9 billion by 2030, representing a CAGR of 28.8% from 2025 to 2030.

Market Size of Intelligent Driving Solutions Industry in China, in Terms of Revenue, 2020–2030E



Source: CPCA, CIC

*Note: The market size includes intelligent driving solutions used for L2 and above intelligent passenger vehicles.

Market Drivers of Intelligent Driving Solutions Industry

- **Rapid advancement of AI and hardware.** Ongoing innovation in AI algorithms, hardware fusion, and high-performance computing platforms enables more accurate perception, prediction, and planning. These advancements make L2+/L3 functions such as NOA and automated parking technically feasible, lowering barriers to commercialization and accelerating deployment across mainstream vehicle models.
- **Reconfigured supply chain and vertical integration.** Automakers are restructuring supply chains toward domain-centralized E/E architectures and forming closer collaborations with suppliers. Vertical integration ensures end-to-end data feedback, cost optimization, and faster OTA software updates, supporting closed-loop performance improvement and strengthening OEM control over core driving capabilities.

INDUSTRY OVERVIEW

- **Supportive regulatory and infrastructure development.** Governments are issuing clearer rules for autonomous driving testing, certification, and data compliance, while investing in smart road infrastructure and deployment. This regulatory clarity reduces uncertainty for OEMs and technology providers, accelerates market adoption, and fosters a safer, more standardized intelligent driving ecosystem.
- **Rising demand for intelligent driving experience.** Consumers increasingly expect intelligent driving features such as adaptive cruise, lane-keeping, automated parking, urban NOA and highway NOA. Rising demand for safer, smarter driving is prompting OEMs to expand intelligent driving functions, enabling differentiation, enhancing brand perception, and unlocking new opportunities for value-added subscription services.

Market Trends of Intelligent Driving Solutions Industry

- **Mainstream adoption and continuous upgrade.** Intelligent driving has become a standard feature in mass-produced vehicles, with penetration of L2+ and above intelligent passenger vehicles exceeding 29.4% and 24.2% in China and globally by 2025, respectively. Growing consumer demand for safety and efficiency is accelerating the transition from basic driver assistance toward intelligent driving solutions, with penetration of L2+ intelligent passenger vehicles projected to reach nearly full adoption by 2030.
- **Model-driven intelligence and efficiency requirements.** The industry is shifting from rule-based and function-stacking systems to end-to-end AI and world-model-driven solutions. This transformation increases algorithmic complexity and computational requirements, making high-performance centralized architecture essential for processing multimodal data and supporting scalable, real-time decision-making.
- **Rising value of integrated and closed-loop system.** Intelligent driving solutions addressing complex urban scenarios require higher computing capacity, redundancy mechanisms, and sophisticated software. Therefore, OEMs increasingly favor integrated, closed-loop platforms to ensure reliability, accelerate iteration cycles, and deliver differentiated user experiences.
- **Ecosystem collaboration and customization.** More OEMs are seeking for flexible platforms and direct collaboration with intelligent driving solution providers to co-develop customized features. This fosters a collaborative ecosystem that accelerates commercialization, shortens time-to-market, and enables continuous product optimization.

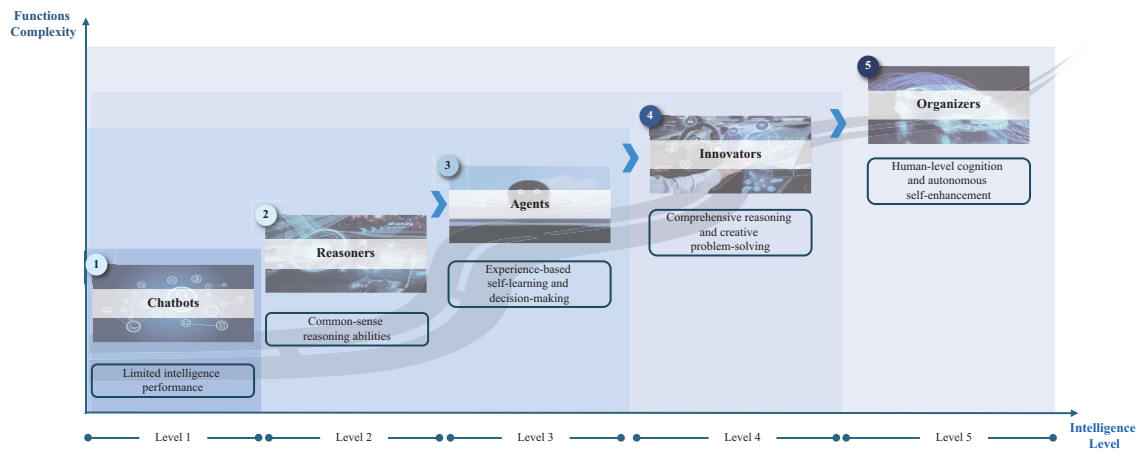
INDUSTRY OVERVIEW

OVERVIEW OF SMART COCKPIT SOLUTIONS MARKET

Definition and Classification of Smart Cockpit Solutions

The smart cockpit acts as the central hub that seamlessly bridges users, vehicles, and external ecosystem. Powered by multimodal interaction models and AI-native Agent OS, smart cockpit solutions help to provide dynamic “In-Vehicle Living Spaces”, enabling users to communicate with the vehicle through natural modalities such as voice, vision, and touch.

Classification of Smart Cockpit Solutions, 2025



Source: CIC

Note: The classification is based on the five-level classification system to track progress towards Artificial General Intelligence (AGI) introduced by OpenAI.

Key Technology Analysis of Smart Cockpit Solutions

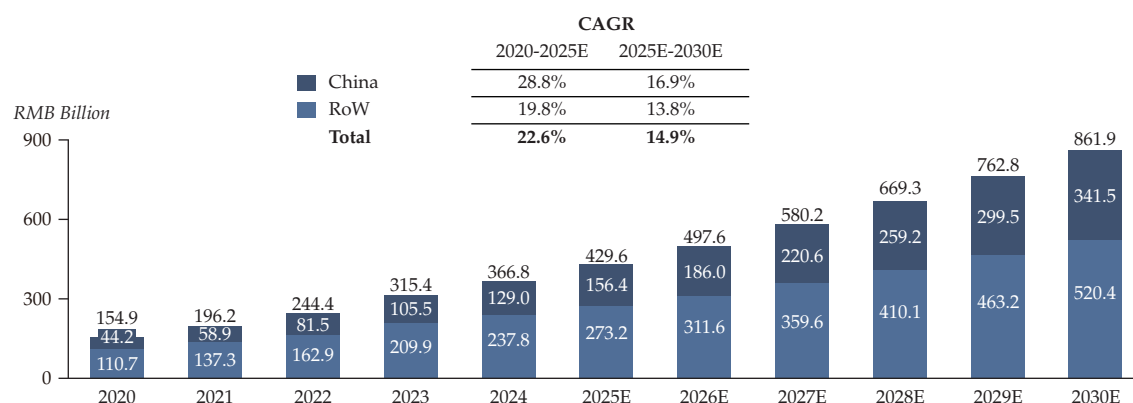
Smart cockpit solutions are redefining user interaction as vehicles evolve into intelligent mobility agents. This evolution is underpinned by four core pillars: i) intelligent reconstruction of cockpit operating systems, where AI-native OS and high-performance computing platforms enable system-level resource management and low-latency model inference; ii) multimodal interaction technologies, integrating voice, vision, touch, and emotion to create more natural, immersive, and safe user experiences; iii) domain-specific large models with few-shot learning, enabling AI Agents to adapt to user habits, regional differences, and personalized preferences; and iv) intelligent driving-smart cockpit integration to enhance safety, mobility services, and overall human-vehicle interaction. All of the above provide the basis for developing scalable, intelligent and increasingly personalized in-cabin experiences.

INDUSTRY OVERVIEW

Market Size of Global and China’s Smart Cockpit Solutions Industry

The total revenue of global smart cockpit solutions is expected to reach RMB429.6 billion in 2025, and increase to RMB861.9 billion by 2030, with a CAGR of 14.9% during this period. Meanwhile, as the largest market globally, the market size of China’s smart cockpit solutions in terms of revenue is expected to reach RMB156.4 billion in 2025. By 2030, the market size is predicted to reach RMB341.5 billion, with a CAGR of 16.9% from 2025 to 2030, accounting for 39.6% of the global smart cockpit solutions market then.

Market Size of Global and China’s Smart Cockpit Solutions Industry, in Terms of Revenue, 2020-2030E



Source: CPCA, CIC

*Note: The market size includes smart cockpits solutions used for passenger vehicles.

Market Drivers of Smart Cockpit Solutions Industry

- Growing consumer demand for intelligent and customized in-vehicle experience.** Drivers and passengers increasingly demand for seamless connectivity, abundant content streaming, and high-quality in-vehicle experience. Smart cockpit software solutions, with their capacity to fulfill needs of interactive services, are fundamentally transforming vehicles into “In-Vehicle Living Spaces” beyond driving.
- Advancement of human-machine interaction.** Progress in multimodal input (voice, gesture, facial recognition), and AI-driven personalization deliver more natural, intuitive, and emotionally aware in-cabin experiences. These improvements will enhance driver comfort, reduce distraction, and allow OEMs to posit their cockpits as a key competitive advantage.
- Shift toward software-defined vehicles and ecosystem partnerships.** Centralized compute platforms and decoupled software architecture enable faster rollout of cockpit features via OTA updates. OEMs are partnering with technology players to integrate functions such as navigation, entertainment, and cloud services, allowing rapid innovation and monetization through connected services.

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- **Enhanced policy frameworks for digitalization and security.** Governments are actively advancing automotive digitalization while implementing strengthening requirements on data privacy and cybersecurity regulations. Clearer compliance guidelines — like GB/T 41871-2022 — enable suppliers to design secure cockpit systems, enhance user data protection, and build consumer trust.

Market Trends of Smart Cockpit Solutions Industry

- **Convergence toward multi-domain integration and centralized architecture.** The smart cockpit is evolving toward integration with intelligent driving under centralized computing platforms. Multi-domain operating systems and cross-domain data interoperability enable resource sharing, real-time collaboration, and functional synergy, accelerating the transformation of vehicles into intelligent and adaptive mobility entities.
- **Adoption of end-to-end large model technologies.** End-to-end large models, leveraging multimodal data inputs such as voice, vision, and touch signals, enable more natural, context-aware, and personalized cockpit experiences. This model-driven approach replaces fragmented, function-based designs, fostering scenario-based services and enhancing the cockpit's role as a central hub for intelligent mobility. Meanwhile, OEMs are intensifying investments into AI technologies. By integrating end-to-end large model with multimodal interaction, smart cockpits are advancing toward AI Agents, enhancing personalization and user engagement.
- **Continuous development of user-centric service subscription model.** The business model of smart cockpits is shifting to a sustainable model that integrates hardware, software and service. This model brings recurring revenue to service providers and also allows users gain access to various functions.
- **Localization of critical technology capabilities.** In light of global supply chain uncertainties and intensifying technological competition, domestic players are accelerating breakthroughs in automotive operating systems and cockpit solutions. Domestic R&D and innovations are carried out to reduce reliance on foreign suppliers and boost China's smart cockpit competitiveness.

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OVERVIEW OF ROBOTAXI MARKET IN CHINA

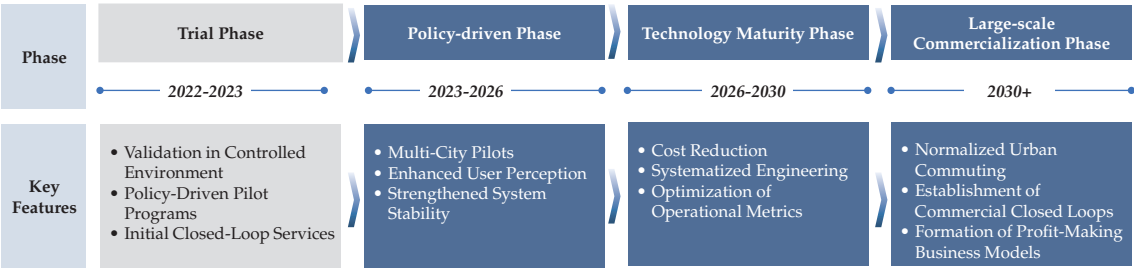
Definition of Robotaxi Solutions

Robotaxis, designed for L4 autonomy, can operate without human intervention and are expected to play a strategic role in the future of shared mobility. Robotaxis are expected to become the most commercially viable scenario as intelligent driving and smart cockpit solution market continue to evolve, facilitating the future transformation of urban transportation.

Development Roadmap of Robotaxi Industry in China

Robotaxi evolves through four key phases, which are: i) trial phase; ii) policy-driven phase; iii) technology maturity phase; and iv) large-scale commercialization phase. Robotaxi is expected to scale up in high-demand, controllable, and policy-supported scenarios, including urban commuting, campus mobility, airport shuttles, and tourist zones, before gradually expanding into more complex citywide and intercity applications, ultimately integrating into the MaaS ecosystem to achieve large-scale adoption and commercial value realization.

The Development Roadmap of Robotaxi Industry in China, 2025



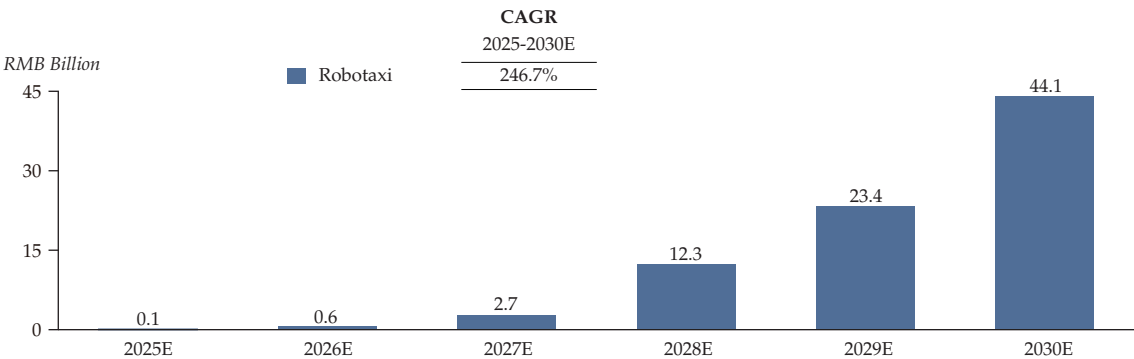
Source: CIC

Market Size of Robotaxi Solution Industry in China

China’s Robotaxi market is still in its early stages by 2025. With the continuous development of intelligent driving technologies and relevant regulations and policies, the total revenue of China’s Robotaxi solution market is expected to reach approximately RMB44.1 billion by 2030, representing a CAGR of 246.7% from 2025 to 2030.

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Market Size of Robotaxi Solution in China*, in Terms of Revenue, 2025E-2030E



Source: CPCA, CIC

*Note: The market size is calculated based on the intelligent driving solution costs associated with Robotaxi.

Market Trends of China’s Robotaxi Industry

- **AI technologies are reshaping Robotaxi’s technology foundation.** Multi-modal fusion enhances environmental perception by integrating data from various hardware sets. At the decision level, world models and end-to-end training improve behavior forecasting and navigation, surpassing rule-based systems. This “model-as-system” approach streamlines development, enables self-evolution, and transforms Robotaxis into unified intelligent agents.
- **Full-stack capability will become a key enabler of scalable Robotaxi deployment.** Market players with full-stack capabilities — including integrated hardware-software systems, cross-domain ecosystem collaboration, and scalable intelligent driving solutions — are better positioned in the market, where drive down vehicle and operational costs, improve system robustness, and accelerate deployment timelines. These capabilities allow them to flexibly adapt to diverse application scenarios, streamline supply chains, and enhance lifecycle efficiency, making them more competitive as Robotaxi transitions from pilot testing to citywide commercialization.
- **Pilot operations on high-demand routes.** Supported by favorable policy, Robotaxi services are advancing to early deployments in select urban areas. Leading suppliers focus on dense, well-defined use cases, including CBD areas, airport transfers, and campus shuttles, where high utilization allows rapid system iteration. Robotaxi deployment is anticipated to achieve citywide scalability, followed by expansion into intercity transportation corridors.

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- **Business model shifts to building service ecosystems.** The business model of Robotaxi is shifting from traditional tiering-system vendors to full-stack service providers. Instead of selling standalone components, companies now offer integrated solutions covering vehicle deployment, operations, monitoring, and mobility services, gradually forming the foundation of MaaS ecosystems, connecting with transportation networks, city traffic systems, and energy grids.

COMPETITIVE ANALYSIS OF AI MOBILITY SOLUTIONS INDUSTRY

Competitive Landscape of AI Mobility Solutions Industry in China

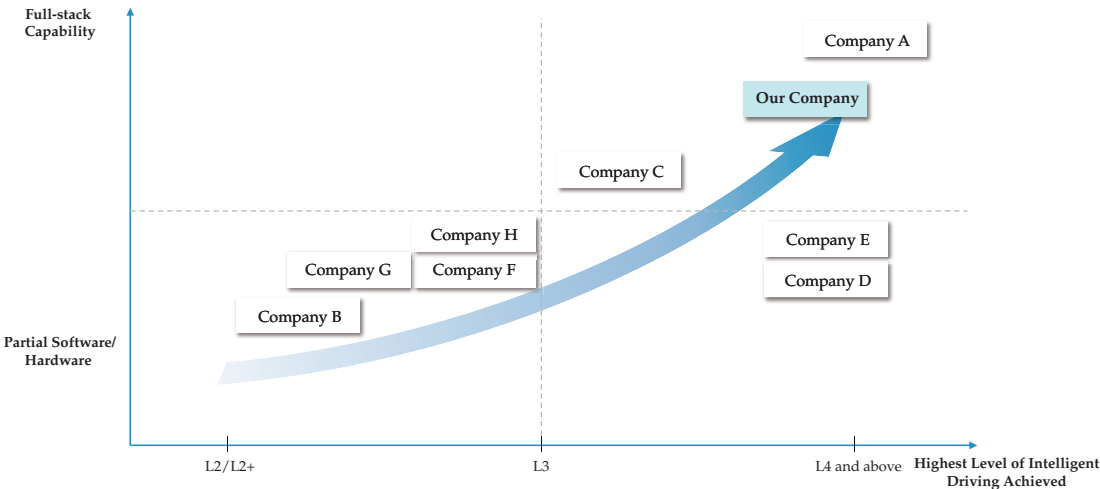
The AI mobility solutions market players can be categorized into four groups, i) OEMs, ii) traditional third-party solution providers, iii) AI-native solution providers, and iv) Robotaxi solution providers. OEMs capitalize on their manufacturing capabilities and sales networks to integrate intelligent driving and cockpit functionalities into production models; however, their relatively closed ecosystems constrain scalability and commercialization to specific vehicle models. Traditional third-party solution providers focus on algorithm development and system integration, offering flexible and customizable solutions to multiple OEMs; however, their limited vehicle engineering expertise and operational data access make them highly dependent on OEM partnerships.

AI-native solution providers are emerging as a key driving force in the industry. Equipped with full-stack capabilities across large models, algorithms, and computing platforms, they enable end-to-end model training, multimodal perception, and rapid software-hardware iteration. Their strength lies in scalability, adaptability, and cross-platform generalization, positioning them to lead the transition from function-defined to model-defined vehicles. Meanwhile, Robotaxi solution providers specialize in developing L4 intelligent driving solutions for fleet-level deployment, supported by advanced perception, remote operation, and data-driven fleet management, paving the way for the large-scale commercialization of autonomous mobility. However, the pure-play Robotaxi solution providers face challenges in achieving profitability due to their high R&D expenditures, limited operational zones, and stringent regulatory demands, all of which would lead to risks in large-scale deployment and sustainable business growth.

The Company has developed full-stack, model-centric “AI + Mobility” capabilities that covering manufacturing as well as R&D of AI, software and hardware. By mastering key components such as perception, planning, control, and multimodal large models, the Company enables rapid end-to-end iteration on intelligent driving solutions. Through deep collaboration with leading strategic partners, the Company has also established closed-loop data capabilities and a platform spanning early validation, large-scale deployment, and continuous optimization, thereby accelerating commercialization. Compared to closed ecosystems, the Company’s open and flexible intelligent driving solutions enable customized development to address the diverse needs of strategic partners.

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Comparative Analysis of Key AI Mobility Solutions Market Players, 2025



Source: CIC

Notes: Company A, established in 2024, headquartered in Guangdong, China, is an unlisted company providing smart cockpit and intelligent driving solutions for passenger vehicles.

Company B, established in 2016, headquartered in Beijing, China, is an unlisted company providing intelligent driving solutions.

Company C, established in 2015, headquartered in Beijing, China, listed on Hong Kong Stock Exchange providing chips for intelligent driving and related software solutions.

Company D, established in 2017, headquartered in Guangdong, China, listed on NASDAQ, providing intelligent driving solutions used for passenger vehicles and Robotaxi.

Company E, established in 2016, headquartered in Guangdong, China, listed on NASDAQ, providing intelligent driving solutions used for Robotaxi.

Company F, established in 2014, headquartered in Shanghai, China, listed on New York Stock Exchange and Hong Kong Stock Exchange, mainly providing R&D and manufacturing of BEVs, including sedans and SUVs.

Company G, established in 2014, headquartered in Guangdong, China, listed on New York Stock Exchange and Hong Kong Stock Exchange, mainly providing R&D and manufacturing of NEVs, including sedans, SUVs, and MPVs.

Company H, established in 2015, headquartered in Beijing, China, listed on NASDAQ and Hong Kong Stock Exchange, mainly providing R&D and manufacture of REEVs.

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The chart below illustrates the competitive analysis between the Company and its key competitors across the various performance dimensions.

Comparative Analysis of Product Matrix of Mainstream AI Mobility Solutions Market Players, 2025

Solution Providers	Our Company	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H
Intelligent Driving	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smart Cockpit	✓	✓	✕	✕	✕	✕	✓	✓	✓
Robotaxi	✓	□	□	□	✓	✓	✕	✕	✕
AI Native Capability	●	◐	◐	●	◐	◐	◐	◐	◐
Software and Hardware Integration	◐	●	◐	◐	◐	◐	◐	◐	◐
Engineering Capability	◐	●	◐	◐	◐	◐	◐	◐	◐
Ecosystem Openness	◐	◐	◐	◐	◐	◐	N.A.	N.A.	N.A.
Global Exposure	◐	○	◐	◐	◐	◐	◐	◐	◐

Notes: (1) ✓ refers to the company has relevant solution and ✕ does not, □ refers to the relevant solution yet to be verified.
(2) ● —> ○ indicates the relevant parameter from high to low

Source: CIC

Key Success Factors of AI Mobility Solutions Industry

- Continuously evolving AI capabilities.** In the intelligent driving domain, large models enable end-to-end capabilities across perception, planning, and control achieving human-like understanding environment and decision-making. This brings higher requirements for software-hardware integration and overall system stability to support scalable deployment. Meanwhile, AI-driven smart cockpits, supported by multi-modal large models and AI Agents, are evolving from simple interaction interfaces to service entry points, offering more natural, personalized, and context-aware in-vehicle experiences.
- Software-hardware integration and ecosystem resource coordination.** The successful deployment of intelligent driving solutions demands close collaboration between software and hardware. Companies that integrated software and hardware capabilities and effectively coordinate ecosystem resources can enhance system stability and scalability.

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- **Large-scale data accumulation and sufficient computing power.** Intelligent driving solutions rely on feedback collected through deployed agents, which can be used to continuously optimize algorithmic models. Companies with large-scale deployments can rapidly iterate models to maintain technological leadership. At the same time, processing large volumes of data requires adequate computing power to ensure smooth calculations and stable deployment of solutions.
- **Capability to build deep collaborations with strategic partners.** As intelligent driving solutions embody the core of vehicle intelligence, OEMs enhance rigorous standards on solution providers, requiring long-term and complex validation processes. Solution providers must cultivate deep partnerships with leading OEMs, engaging in joint development and continuous iteration, and leverage these collaborations to gain broader industry recognition and scale advantages.
- **Accumulation of industry know-how and expertise.** Success in the intelligent driving solutions industry requires deep cross-domain expertise in automotive engineering, AI algorithms, and large-scale operations. Companies with deep talent pools and accumulated expertise can more rapidly translate research into scalable applications, accelerate continuous innovation, and strengthen collaboration with OEM partners.

During the Track Record Period, the Company also manufactures and distributes passenger vehicles and motorcycles in China and globally, and therefore the following section covers overview of China’s Passenger Vehicle Market and China’s Motorcycles Market.

OVERVIEW OF CHINA’S PASSENGER VEHICLE MARKET

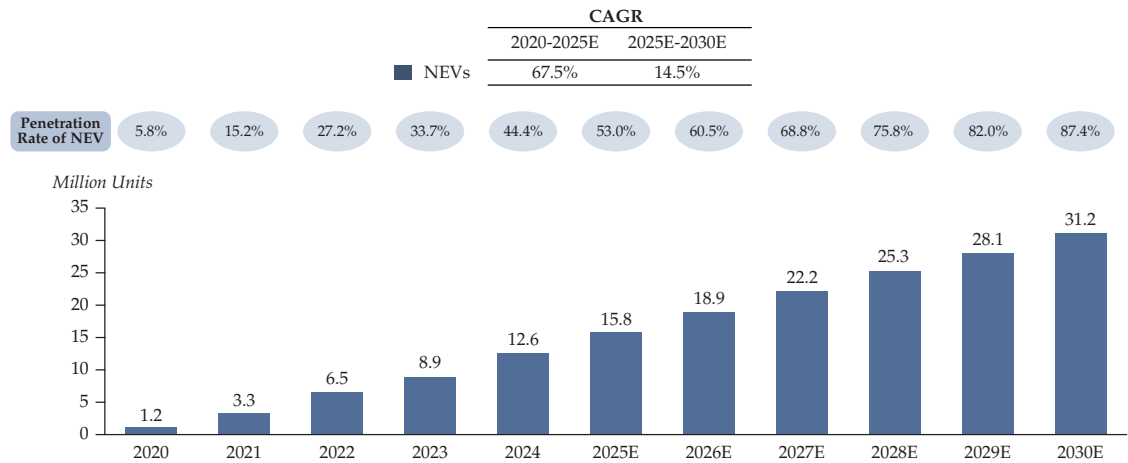
Market Size of China’s Passenger Vehicle Market

Since 2009, China has been the world’s largest passenger vehicle market. In 2025, passenger vehicle sales volume in China is expected to reach 29.9 million units, accounting for 37.5% of the global passenger vehicle market.

In recent years, the NEV penetration rate has been rising rapidly from 5.8% in 2020 to 53.0% in 2025, and is expected to further increase from 53.0% in 2025 to 87.4% by 2030. The sales volume of NEVs in China is expected to grow from 1.2 million units in 2020 to 15.8 million unit in 2025, reflecting a CAGR of 67.5% during this period. This structural change has been primarily driven by policy support with the goal of “carbon emission peaking and carbon neutrality”, continuous breakthroughs in core technologies such as batteries, as well as the rapid growth in consumer demand for intelligent and green mobility.

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Sales Volume of NEVs in China, 2020-2030E



Source: CPCA, CIC

Notes: (1) NEVs refer to new energy passenger vehicles, including battery electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs), and range-extended electric vehicles (REEVs). Given the relatively small volume of fuel cell vehicles in the passenger vehicle segment, they are not included in this data compilation. In this section, NEVs refer to new energy passenger vehicles.

Market Trends of China’s Passenger Vehicle Industry

- **Intelligent technologies are reshaping passenger vehicles.** With the rapid adoption of intelligent driving solution and smart cockpit solution, passenger vehicles are evolving into adaptive systems with intelligent perception, decision-making, and interaction capabilities. Intelligent driving and smart cockpit systems are fundamentally transforming vehicle design, R&D logic, and value distribution, accelerating the full transition toward “AI-powered terminals”.
- **Product offerings across different price ranges serve various consumer demands.** China’s passenger vehicle market is shifting from volume-driven growth to structural upgrading. The mid-range segment is emerging as the most dynamic space, well-aligned with high-frequency use cases such as household purchases and urban commuting. Meanwhile, the premium segment continues to focus on smart value-added features and brand pricing power.
- **Emergence of diversified mobility scenarios and shift toward platform-based transformation.** With the rise of ride-hailing and shared mobility, passenger vehicles are evolving into service-enabled platforms. Models featuring remote operation and intelligent service interfaces offer enhanced customer engagement and operational flexibility, positioning themselves as a key driver for automakers’ second growth curve.

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Competitive Landscape of China’s Passenger Vehicle market

In recent years, China NEV penetration rate has been rising rapidly from 5.8% in 2020 to 53.0% in 2025 and expected to further increase to 87.4% by 2030.

By price point, the mid-range segment — particularly the RMB100 thousand to RMB200 thousand price range — is the largest by volume and the fastest-growing within China’s NEV market. In 2024, the Company sold 24.5 thousand units of NEV, ranking 13th among domestic automakers whose self-owned-brand NEVs are priced between RMB100 thousand to RMB200 thousand in China.

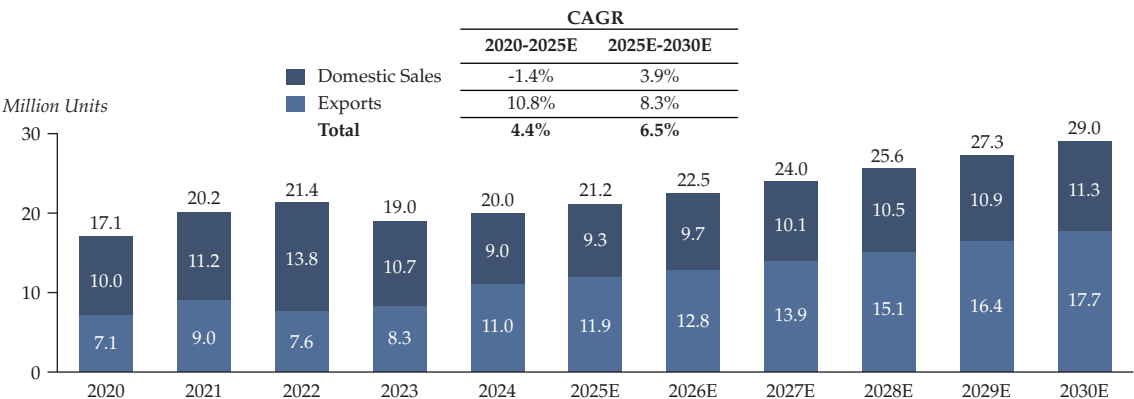
From the perspective of B2B ride-hailing sales, in 2024, the company’s NEV ride-hailing sales volume was 18.3 thousand units, ranking 8th in China.

OVERVIEW OF CHINA’S MOTORCYCLE MARKET

Market Size of China’s Motorcycle Market

The total sales (including domestic sales and export sales) of motorcycles in China has grown from 17.1 million units in 2020 to 21.2 million units in 2025, and is expected to grow to 29.0 million units in 2030, representing a CAGR of 6.5% during 2025 and 2030. China’s motorcycle industry is undergoing a transition from fuel-powered motorcycles to electric motorcycles, driven primarily by green policies, stricter environmental regulations, and rapid urbanization.

Market Size of Motorcycles in China, by Channel, 2020-2030E



Source: CCCM, CIC

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Market Trends of China's Motorcycle Market

- **Consumer demand is upgrading and becoming more diversified.** Beyond basic commuting, consumer demand is diversifying toward leisure, sports, touring, and personalized motorcycles. Mid- to high-end models are gaining traction, especially among younger consumers, boosting domestic brands' focus on design, performance, and brand identity.
- **Smart features and connectivity are reshaping user experience.** Motorcycles are incorporating more smart features such as IoT connectivity, navigation, app-based controls, and OTA upgrades. These innovations not only enhance user experience but also position motorcycles as integral players in the broader "intelligent mobility" ecosystem.
- **China's motorcycle exports show different patterns across global markets.** In developed regions, demand is increasingly shifting toward high-quality, environmentally friendly, and technologically advanced products, prompting Chinese brands to upgrade product offerings and elevate brand perception. Meanwhile, in many emerging markets, strong price sensitivity continues to drive demand for cost-effective models. This dual-market strategy allows Chinese manufacturers to strengthen global competitiveness by expanding across both value-driven and volume-driven markets.

Competitive Landscape of China's Motorcycle Market

The competitive landscape of China's motorcycle market is relatively fragmented in terms of sales volume, with leading enterprises in both the domestic and export markets maintaining a relatively stable position. In the domestic market, the top ten companies have remained largely stable, with limited changes in the overall landscape. The Company sold approximately 44,500 motorcycles in China's domestic market in 2024, ranking around 15th in the domestic motorcycle market.

For the export market, the concentration is relatively higher, with the top ten companies together accounting for approximately 60% of the market share. In 2024, the Company ranked 9th in exports.

SOURCE OF INFORMATION

We commissioned CIC to analyze and report on global and China's AI mobility solution market, China's passenger vehicle market and China's motorcycle market. CIC is a Hong Kong-based market research and consulting firm engaged in providing professional advisory services across various industries. We have agreed to pay CIC a fee of RMB430,000 for the preparation of the CIC Report. The data cited in this section, and other sections of this document, are intended to provide potential [REDACTED] with a more comprehensive understanding of the industry in which we operate. Unless otherwise stated, all information and forecasts in this section are derived from the CIC Report.

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The information and data collected by CIC have been analyzed, evaluated and verified using its internal analytical models and techniques. Primary research was conducted through interviews with key industry experts and leading market participants. Secondary research involved analyzing data from publicly available sources.

The market forecasts in the CIC Report are based on the following key assumptions: (1) during the forecast period, the overall social, economic and political environment in both global and Chinese markets is expected to remain stable; (2) during the forecast period, relevant key industry drivers are likely to continue driving the growth of the target market, such as technological advancement, policy support and increasing market acceptance; (3) during the forecast period, there will be no extreme force majeure events or unforeseeable industry regulations that could have a dramatic or fundamental impact on the market.

REGULATORY OVERVIEW

Our business operations are subject to extensive supervision and regulation from the PRC government. This section sets out a summary of the main laws and regulations applicable to our business in PRC.

REGULATIONS RELATING TO PRODUCTION ACCESS FOR ROAD MOTOR VEHICLES

Since January 1, 2001, the government authorities, from time to time, released the Announcement on Vehicle Manufacturer and Products (《車輛生產企業及產品公告》) (the "**Announcement**") to administer the production access of automobile and motorcycle manufacturers and products. The Ministry of Industry and Information Technology (the "**MIIT**") has been the authority in charge of the release of the Announcement since August 2008. Vehicles products shall pass compliance tests of various safety standards, technical specifications and environmental protection requirements to obtain the registration in the Announcement, after which the named manufacturers can produce and sell the products listed in the Announcement.

In order to optimize the admission administration of road motor vehicle manufacturers and products, the MIIT promulgated the Administrative Measures on the Admission of Road Motor Vehicle Manufacturers and Products (《道路機動車輛生產企業及產品准入管理辦法》) on November 27, 2018, which came into effect on June 1, 2019. These measures unify the admission regulations for all types of vehicle manufacturers and products, including passenger cars, trucks, buses, special-purpose vehicles, motorcycles, and trailers, and simplify the management procedures for the admission of vehicle manufacturing. Further, the MIIT promulgated various admission regulations for different types of vehicle manufacturers and products, such as the Administrative Rules on Admission of Passenger Vehicle Manufacturers and Products (《乘用車生產企業及產品准入管理規則》) which was promulgated on November 4, 2011 and took effect from January 1, 2012, and the Administrative Rules on Admission of New-Energy Vehicle Manufacturers and Products (《新能源汽車生產企業及產品准入管理規定》) which was promulgated on January 6, 2017, revised on July 24, 2020 and took effect from September 1, 2020.

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

According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**") promulgated by the MOFCOM and the NDRC on September 6, 2024 and effective from November 1, 2024, as well as the Catalogue of Industries for Encouraging Foreign Investment (2022) (《鼓勵外商投資產業目錄》(2022年版)) promulgated by the NDRC and the MOFCOM on October 26, 2022 and effective from January 1, 2023, the manufacturing of automobiles (including new energy vehicles, or "**NEVs**") and motorcycles is not a prohibited or restricted industry of foreign investment.

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

According to the Measures for the Administration of Automobile Sales (《汽車銷售管理辦法》) promulgated by the MOFCOM on April 5, 2017 and effective from July 1, 2017, automobile suppliers and dealers shall file the basic information through the national automobile circulation information management system operated by the competent commerce department within 90 days from the date of obtaining a business license. Where there is any change to the information, the updates shall be made within 30 days from the date of the change. Automobile suppliers and dealers shall sell automobiles, accessories, and other related products that comply with the relevant national regulations and standards, and shall expressly indicate the product quality assurance, warranty services, and other after-sales service policies that consumers need to know for the automobiles to be sold. The competent commerce department conducts supervision and inspection over the automobile sales and related service activities in accordance with the "double random" method, and collaborates with relevant departments to establish corporate credit records.

According to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on October 31, 1993, latest amended on October 25, 2013, and effective from March 15, 2014, business operators bear the obligation to ensure that the commodities or services they provide meet the requirements on personal and property safety. For commodities and services which may endanger personal or property safety, business operators shall provide consumers with truthful disclosure and clear warnings, as well as instructions and indications on the correct use of the commodities or services and methods to prevent the occurrence of hazards. Upon discovering any defect which may endanger personal or property safety in their provided commodities or services, business operators shall immediately report to the relevant administrative departments and inform consumers as well as take measures such as cessation of sale, issuance of warnings, recall, harmless disposal, destruction of products, and cessation of production or service. Business operators who fail to comply with consumer protection regulations shall bear civil or criminal liability in accordance with law.

REGULATIONS RELATING TO PRODUCT QUALITY AND RECALL OF DEFECTIVE AUTOMOBILE PRODUCTS

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, latest amended on December 29, 2018, and effective from the same date, production or sale of industrial products that do not meet the standards and requirements for the protection of human health and the safety of persons and property is prohibited. Producers shall be responsible for the quality of the products they produce, and the products shall not pose unreasonable danger to personal or property safety. The products shall have functional performance and the adopted product standards shall be indicated on the products or their packaging. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product.

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Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

According to the Administrative Provisions on the Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例》) promulgated by the State Council on October 22, 2012 and amended on March 2, 2019, manufacturers of automotive products are required to take measures to eliminate defects in the products they sell and recall all defective automotive products. The product quality supervision department of the State Council is responsible for the nationwide supervision and administration of recalls of defective automobile products, and may entrust provincial departments to undertake part of the work, relevant technical institutions to undertake specific technical work, and other relevant departments shall be responsible for relevant supervision and administration within the scope of their respective responsibilities, and establish an information sharing mechanism. Manufacturers who conceal defects or fail to recall defective automotive products in accordance with the relevant regulations will be subject to penalties, including fines. Any illegal income will be confiscated, and in severe cases, the relevant license will be revoked by the licensing authority.

According to the Implementation Rules on the Administrative Provisions on the Recall of Defective Automobile Products (《缺陷汽車產品召回管理條例實施辦法》) promulgated on November 27, 2015 by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (which was merged with the SAMR) and amended on October 23, 2020, the SAMR shall be responsible for the supervision and administration of the recall of defective automobile products nationwide. Producers implementing recall shall formulate recall plan and file such plan with the SAMR, as well as notify the business operator in an effective manner. Producers modifying the recall plan that has already been filed shall refile with the SAMR and submit explanatory materials. Producers shall publish information on defective automobile products and relevant information on recalls through newspapers, websites, radio, television, and other means that are easily accessible to the public, and inform car owners of the defects concerning the automobile products, emergency treating measures to avoid damage, and measures adopted by the producers to eliminate defects.

According to the Notice on Further Improving the Regulation of Recall of Automobile with OTA Technology (《關於進一步加強汽車遠程升級(OTA)技術召回監管的通知》) promulgated by the SAMR on November 23, 2020 and effective from the same date, automobile producers that provide technical services through Over-The-Air, or OTA, in respect of the vehicles sold, are required to complete filing with the SAMR. In addition, producers who use OTA to eliminate defects in automobile products and implement recalls shall formulate a recall plan and file it with the Quality Development Bureau of the SAMR. If the OTA method fails to effectively eliminate defects or causes new defects, producers shall take recall measures again.

According to the Guiding Opinions on Further Strengthening the Construction of Safety System for New Energy Vehicle Enterprises (《關於進一步加強新能源汽車企業安全體系建設的指導意見》) issued by the MIIT, the Ministry of Public Security (the "MPS"), the

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Ministry of Transport, the Ministry of Emergency Management, and the SAMR on March 29, 2022, enterprises shall comprehensively enhance their safety capabilities in safety management mechanism, product quality, operation monitoring, after-sales service, accident response and handling, as well as network security, improve the safety of NEVs, and promote the high-quality development of the NEV industry.

REGULATIONS RELATING TO COMPULSORY PRODUCT CERTIFICATION

According to the Administrative Regulations on Compulsory Product Certification (2022 Amendment) (《強制性產品認證管理規定(2022年修訂)》) promulgated by the SAMR on December 3, 2001, latest amended on September 29, 2022, and effective from November 1, 2022, the SAMR is in charge of the compulsory product certification nationwide. With respect to products which are subject to compulsory product certification, the uniform catalogue of products, uniform compulsory technical requirements, standards and compliance review procedures, uniform certification signs, and uniform fee-charging standards have been adopted. The motor vehicles and their safety accessories, motor vehicle tires, and safety glass in the absence of the compulsory product certificate and the mandatory certification mark of China shall not leave the factory, or be exported or put on sale.

FAVORABLE POLICIES ON AUTOMOBILES INDUSTRY IN CHINA

Government Subsidies for Automobile Purchasers

The Notice of Further Effectively Completing the Work Concerning Trade-in of Vehicles (《關於進一步做好汽車以舊換新有關工作的通知》) jointly issued by the MOFCOM and other six ministries and commissions on August 15, 2024 and effective from the same date, restates to raise the subsidy standard for automobile scrapping and replacement, increase the central financial support, optimize the review and fund allocation supervision procedures for automobile scrapping and replacement and strengthen supervision and management.

According to the Notice on Effectively Completing the Work Concerning Trade-in of Vehicles in 2025 (《關於做好2025年汽車以舊換新工作的通知》) jointly issued by the MOFCOM and other seven ministries and commissions on January 14, 2025 and effective from the same date, the subsidy for vehicle scrapping and replacement has been further expanded to the scenario of scrapping fuel vehicles meeting level IV national emission standards and subsequently purchasing passenger NEVs. Additionally, the subsidy standards for vehicle replacement have been improved. Individual consumers who transfer a passenger vehicle registered under their own name and purchase a new passenger NEV will be eligible for replacement subsidies up to RMB15,000 in 2025.

According to the Notice on Launching Pilot Reforms for Automobile Circulation and Consumption (《關於開展汽車流通消費改革試點工作的通知》) jointly issued by the MOFCOM and other seven ministries and commissions on January 20, 2025, and effective from the same date, pilot reforms for automobile circulation and consumption will be conducted during the period from 2025 to 2027. The initiative aims to stimulate vitality in the automotive consumer market and promote high-quality development of the

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automobile industry. The reforms primarily focus on five key areas: (i) stabilizing and expanding automobile consumption; (ii) facilitating efficient circulation of used vehicles; (iii) cultivating automotive cultural environment; (iv) enhancing the recycling system for end-of-life vehicles; (v) advancing the digitalization of automobile circulation and consumption.

Reduction and Exemption of Vehicle Purchase Tax

According to the Announcement on Continuing and Optimizing the Vehicle Purchase Tax Reduction and Exemption Policy for New Energy Vehicles (《關於延續和優化新能源汽車車輛購置稅減免政策的公告》) jointly promulgated by the Ministry of Finance (the "MOF"), the State Administration of Tax (the "SAT") and the MIIT on June 19, 2023 and came into effect from the same date, it is expressly stated that the purchase tax exemption period for purchase of NEVs was further extended to December 31, 2025, of which the tax exemption amount for each new energy passenger vehicle is not more than RMB30,000. For NEVs purchased between January 1, 2026 and December 31, 2027, the vehicle purchase tax shall be halved, of which the tax reduction amount for each new energy passenger vehicle is not more than RMB15,000.

Exemption of Vehicle and Vessel Tax

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

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

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

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Other Policies to Promote NEV Consumption

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

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

The Implementation Opinions on Accelerating the Construction of Charging Infrastructure to Better Support NEVs in Rural Areas and Rural Revitalization (《關於加快推進充電基礎設施建設更好支持新能源汽車下鄉和鄉村振興的實施意見》) implemented by the NDRC and the National Energy Administration on May 14, 2023 carries out multiple measures to (i) boost NEVs in the rural areas and to innovate the construction, operation and maintenance mode of rural charging infrastructure; (ii) support the purchase and use of NEVs in rural areas; and (iii) strengthen the publicity service management of NEVs in rural areas.

REGULATIONS RELATING TO INTELLIGENT CONNECTED VEHICLES AND AUTONOMOUS DRIVING

On July 27, 2021, the MIIT, the MPS and the Ministry of Transport issued the Norms on Administration of Road Testing and Demonstration Application of Intelligent Connected Vehicles (Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》), which came into effect on September 1, 2021, with the aim to regulate the road testing and demonstration application activities of intelligent connected vehicles. The norms stipulate that, among others, (i) the testing entity shall be an independent legal entity in China, with the capability of technology research and development, test evaluation and civil compensation, and has established protocol to test the performance of the autonomous driving system and is capable of conducting remote monitor; (ii) the demonstration application entity may be an independent legal entity or a consortium (requiring at least one member with operational capabilities), and shall execute a liability

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agreement; (iii) the driver must be a licensed driver for the relevant model with more than three years of driving experience and a track record of safe driving and is familiar with the testing protocol for autonomous driving system and proficient in operating the system; (iv) the tested vehicles include passenger vehicles, commercial vehicles and special function vehicles (excluding low-speed automobiles and motorcycles), which must be unregistered, pass some mandatory safety inspections, and equipped with a control system that can switch between autonomous driving mode and manual operation mode in a safe, quick, and simple manner and must ensure that the vehicle can be switched to manual operation mode in real-time under any circumstances; (v) the testing and demonstration application shall comply with the management requirements of the temporary driving vehicle license plate, operate in strict accordance with the scope of the declaration, and prohibit brake testing on public roads; and (vi) the entity shall report within 24 hours in the event of serious injury/death or vehicle damage and shall submit the accident analysis report within 5 working days after the accident determination. The policy promotes the development and application of intelligent connected vehicle technology by unifying test standards, expanding test scenarios (including highways) and strengthening safety supervision.

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

According to the Taxonomy of Driving Automation for Vehicles (GB/T 40429-2021) (《汽車駕駛自動化分級》) issued by the SAMR and the Standardization Administration of China on August 20, 2021 and implemented on March 1, 2022, driving automation functions of automobiles can be divided into: level 0 (emergency assistance), level 1 (partial driver assistance), level 2 (combined driver assistance), level 3 (conditionally automated driving), level 4 (highly automated driving), and level 5 (fully automated driving).

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REGULATIONS RELATING TO CYBERSECURITY, INFORMATION SECURITY, PRIVACY AND DATA PROTECTION

On May 28, 2020, the NPC promulgated the Civil Code, which came into effect on January 1, 2021. Pursuant to the Civil Code, the 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 security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public personal information of others.

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》), which became effective on November 1, 2021. Pursuant to the PRC Personal Information Protection Law, personal information shall be processed (including the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information) following the principles of lawfulness, legitimacy, necessity and good faith, and shall not be processed through misleading, fraudulent, coercive and other means. The PRC Personal Information Protection Law requires, among others, that the processing of personal information should have appropriate legal basis, a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not related to the processing purpose. The individual shall be sufficiently informed of the data processing activities before the data collection. Personal information processors shall be responsible for their personal information processing activities and take necessary measures to ensure the security of the personal information processed.

The Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《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》), or the Interpretations, was promulgated on May 8, 2017 and became effective on June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including "citizens' personal information," "violation of relevant national provisions," "provision of citizens' personal information" and "illegally obtaining any citizen's personal information by other methods." In addition, the Interpretations specify the standards for determining "serious circumstances" and "extraordinary serious circumstances" of this crime.

The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) which was promulgated by the MPS, National Administration of State Secrecy Protection (國家保密局) and State Cryptography Administration Office (國家密碼管理局) and the State Council Informatized Office (國務院信息化工作辦公室) on June 22, 2007, and came into effect on the same day, requires the entities that operate and use information systems in China to fulfill the obligation of the hierarchical protection of information security. The operator or user of information

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systems at Grade II or above shall, within thirty days since the date when its security protection grade is determined, complete the record filing procedures at the local public security authority at the level of city or above.

On July 1, 2015, the SCNPC issued the PRC National Security Law (《中華人民共和國國家安全法》), which became effective on the same day. The PRC National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, specific items and 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 November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which became effective on June 1, 2017. The PRC Cybersecurity Law provides that network operators shall meet their cyber security obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators shall not collect personal information irrelevant to the services they provide or collect or use personal information in violation of the provisions of laws or agreements concluded with users. Network operators shall strengthen management of information published by users, and when they discover information prohibited by laws and regulations from publication or dissemination, they shall immediately stop dissemination of that information, including taking measures such as deleting the information, preventing the information from spreading, saving relevant records, and reporting to the relevant governmental agencies. In addition, the PRC Cybersecurity Law requires critical information infrastructure operators ("CIIOs") shall store within the PRC the personal information and important data collected and produced during their operations in the PRC, and their purchase of network products and services that may affect national security shall be subject to national cybersecurity review. On September 12, 2022, the Cyberspace Administration of China (the "CAC") proposed a series of draft amendments to the PRC Cybersecurity Law, imposing more stringent legal liabilities for certain violations. Such draft amendments were released for soliciting public comments until September 29, 2022 and their final form, interpretation and implementation remain uncertain. On March 28, 2025, the CAC has released the Amendment to the PRC Cybersecurity Law (Second Draft for Public Consultation) (《中華人民共和國網絡安全法(修正草案再次徵求意見稿)》) for public comment. This draft amendment aims to enhance the coherence of legislation, and to make necessary adjustments regarding the types, scope, and severity of administrative penalties.

On September 22, 2020, the MPS released the Guiding Opinions on Implementing the Multi-level Cyber Security Protection System and Critical Information Infrastructure Security Protection System (《貫徹落實網絡安全等級保護制度和關鍵信息基礎設施安全保護制度的指導意見》) to further improve the national cyber security prevention and control system. On December 28, 2021, the CAC, together with certain other PRC governmental authorities, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, CIIOs that purchase network products and services, and network platform operators

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engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Cybersecurity Review Measures. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). The cybersecurity review will evaluate, among others, the risk of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk. The Cybersecurity Review Measures set out certain general factors which would be the focus on assessing the national security risk during a cybersecurity review.

On September 24, 2024, the State Council published the Cyber Data Security Regulations (《網絡數據安全管理條例》), which came into effect on January 1, 2025, the Cyber Data Security Regulations requires that if the network data processing activities have or may have an impact on national security, such activities should be subject to national security review in accordance with relevant laws and regulations. However, the Cyber Data Security Regulations do not provide any guidance for assessing the impact on national security in the context of network data processing. The Cyber Data Security Regulations also restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. Any failure to comply with such requirements may subject the data processors to, among others, suspension of services, fines, revocation of relevant business permits or business licenses and penalties.

On July 30, 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructures (《關鍵信息基礎設施安全保護條例》), which took effect on September 1, 2021 and provide that "critical information infrastructures" shall mean any important network facilities or information systems of important industries or fields such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, and any other important network facilities or information systems which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, relevant administration departments of each critical industry and sector, or Protection Departments (保護工作部門), shall be responsible for formulating eligibility criteria and determining the CIIOs in the respective industry or field. The operators shall be informed about the final determination as to whether they are categorized as CIIOs. The regulations further require CIIOs, among others, (i) to report to the competent Protection Departments in a timely manner when the identification result may be affected due to material changes in the critical information infrastructures; (ii) to plan, construct or put into use the security protection measures and the critical information infrastructures simultaneously; and (iii) to report to the competent Protection Departments in a timely manner in the event of merger division or dissolution, and deal with critical information infrastructures as required by the competent Protection Departments. Operators in violation of the regulations may be ordered to rectify, subject to warnings, fines and other administrative penalties or even criminal liabilities, and the directly responsible personnel in charge may also be imposed on fines or other liabilities.

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On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which became effective on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data activities and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. Appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities and the national core data is subject to stricter management. In addition, the PRC Data Security Law provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information.

On August 16, 2021, the CAC, together with the Ministry of Transport, the NDRC, the MIIT, and the MPS, promulgated Several Provisions on Regulation of Automobile Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》), or the Automobile Data Security Provisions, to regulate the processing of automobile data, which became effective on October 1, 2021. Automobile data processors, which is broadly defined as organizations engaging in activities related to the processing of automotive data, including automobile manufacturers, component and software providers, dealers, maintenance providers, etc., are required to process personal information and important data in accordance with applicable laws during the design, manufacture, sales, operation, maintenance and management of automobiles. According to the Automobile Data Security Provisions, any automotive data processor that process important data is required to submit a risk assessment report to the provincial cyberspace administration and other competent authorities, and to submit annual report with regards to data security management to the provincial cyberspace administration and other competent authorities. When important data needs to be transferred out of China for business purposes, a security assessment organized by the CAC with the relevant departments of the State Council is required, and an automotive data processor shall not transfer any important data overseas to the extent that such transfer is beyond the purpose, scope and method, type and scale of the data, and any other conditions submitted to the CAC for security assessment.

On December 8, 2022, the MIIT released the Administrative Measures for Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), or the MIIT Data Security Measures, which came into effect on January 1, 2023. The MIIT Data Security Measures stipulate that industrial and telecoms data processors shall implement hierarchical management of industrial and telecoms data, which are classified into three levels according to the relevant regulations: general data, important data and core data. The MIIT Data Security Measures also stipulate certain obligations of industrial and telecoms data processors in relation to the data lifecycle security management covering data collection, data storage, data usage, data transmission, data provision, data disclosure, data destruction, etc., as well as data security monitoring and emergency management, data security testing, certification and assessment management, etc.

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On July 7, 2022, the CAC promulgated the Outbound Data Transfer Security Assessment Measure (《數據出境安全評估辦法》), or the Security Assessment Measures, which took effect on September 1, 2022. Pursuant to the Security Assessment Measures, a data processor shall apply to competent authorities for security assessment prior to transferring any data abroad if the transfer involves (i) important data; (ii) personal information transferred overseas by a CIO and a data processor that has processed personal information of more than one million individuals; (iii) personal information transferred overseas by a data processor who has already provided personal information of 100,000 persons or sensitive personal information of 10,000 persons overseas since January 1 of the previous year; or (iv) other circumstances as requested by the CAC. Furthermore, on August 31, 2022, the CAC promulgated the Guidelines for Filing the Outbound Data Transfer Security Assessment (Version 1) (《數據出境安全評估申報指南(第一版)》), which provides that acts of outbound data transfer include (i) overseas transmission and storage by data processors of data generated during PRC domestic operations; (ii) the access to, use, download or export of the data collected and generated by data processors and stored in the PRC by overseas institutions, organizations or individuals; and (iii) other acts as specified by the CAC. On March 22, 2024 and June 27, 2025, the CAC promulgated the second and third version of the Guidelines for Filing the Outbound Data Transfer Security Assessment respectively, which provide more clarity on how to apply for the security assessment and extend the effective term of the security assessment.

In addition, on February 22, 2023, the Provisions on the Standard Agreement on Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》), or the Provisions on Standard Agreement were promulgated by the CAC, which took effect on June 1, 2023. The Provisions on Standard Agreement attach the standard template for cross-border data transfer agreement that could be used as an available option to satisfy the condition for cross-border transfer of personal information under Article 38 of the PRC Personal Information Protection Law. On May 30, 2023, the CAC promulgated the Guidelines for Standard Contract Filing for Outbound Transfer of Personal Information (Version 1) (《個人信息出境標準合同備案指南(第一版)》). On March 22, 2024, the CAC issued the second version of Guidelines for Standard Contract Filing for Outbound Transfer of Personal Information, which clarifies the revised threshold for contract filing and simplifies the report template for personal information protection impact assessment.

On December 8, 2023, the CAC issued the Administrative Measures for Cybersecurity Incident Reporting (Draft for Comment) (《網絡安全事件報告管理辦法(徵求意見稿)》), or the Draft Measures for Incident Reporting, and attached the Classification Guide for Cybersecurity Incidents (《網絡安全事件分級指南》), or the Classification Guide, and the Information Report Form for Cybersecurity Incidents (《網絡安全事件信息報告表》) for public comments. Pursuant to the Draft Measures for Incident Reporting, network operators who build, operate networks or provide services through networks in the PRC shall report incidents that endanger network security in accordance with the Draft Measures for Incident Reporting. Cybersecurity incidents refer to incidents that cause harm to the network and information systems or data therein and have an adverse impact on society caused by human factors, software or hardware defects or failures, natural disasters, etc. The Draft Measures for Incident Reporting classify cybersecurity incidents into four levels: general, serious, material or extremely material. Cybersecurity incidents

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of serious level or above must be reported to the regulators using the Information Report Form for Cybersecurity Incidents. If an operator fails to report a cybersecurity incident according to the Draft Measures for Incident Reporting, the cyberspace administration will impose penalties according to the relevant laws and administrative regulations. If material harmful consequences are caused due to the operator's delay in reporting, omission, false reporting, or concealment of cybersecurity incidents, the operator and the relevant liable persons will be subject to heavier punishments in accordance with applicable law. As of the Latest Practicable Date, this draft has not been formally adopted. Uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation thereof.

On May 10, 2024, the MIIT issued the Implementing Rules for the Risk Assessment of Data Security in the Field of Industry and Information Technology (Trial Implementation) (《工業和信息化領域數據安全風險評估實施細則(試行)》), which took effect on June 1, 2024. Such implementing rules apply to data security risk assessment activities conducted by important data or core data processors in the field of industry and information technology in China. General data processors may also refer to these rules to conduct data security risk assessment. The implementing rules establish data security risk assessment mechanisms at both ministerial and provincial levels, refine assessment obligations of processors of important data and core data, and clarify the mechanism and procedures for competent industrial authorities to supervise and administer such assessment activities.

On March 22, 2024, the CAC issued the Provisions on Promoting and Standardizing Cross-Border Data Flows (《促進和規範數據跨境流動規定》), which set forth the circumstances exempted from performing the security assessment or filing procedures for cross-border data transfer and further clarify the thresholds and scenarios for data processors to go through these procedures as stipulated under the aforementioned measures.

On February 12, 2025, the CAC issued the Administrative Measures for Personal Information Protection Compliance Audit (《個人信息保護合規審計管理辦法》), or the Personal Information Auditing Measures, which came into force on May 1, 2025. The Personal Information Auditing Measures stipulates the categories of audit initiated by the company or required by authorities, frequency, scope, procedures and methods for audit, with an annex of the key items to be covered in the audit.

REGULATIONS RELATING TO RESTRICTION IN VALUE-ADDED TELECOMMUNICATIONS SERVICES

According to the PRC Telecommunications Regulations (《中華人民共和國電信條例》) promulgated by the State Council on September 25, 2000, and latest amended and implemented on February 6, 2016 and the Catalogue of Telecommunications Services (《電信業務分類目錄》), the state establishes a licensing system for telecommunications services according to the different categories of the services. Telecommunications services are divided into two categories: basic telecommunications services and value-added telecommunications services. Basic telecommunications services refer to the provision of public network infrastructure, public data transmission, and basic voice communication

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services, while value-added telecommunications services refer to the provision of telecommunications and information services by utilizing the public network infrastructure. Anyone that intends to be engaged in basic telecommunications services shall obtain a Basic Telecommunications Business License (《基礎電信業務經營許可證》) issued by competent authorities. Anyone that intends to be engaged in value-added telecommunications business shall obtain a Value-added Telecommunications Business License (《增值電信業務經營許可證》) issued by competent authorities. An operator violating the laws due to failure in obtaining relevant business licenses will face penalties such as correction orders, warnings, fines, confiscation of illegal gains, and in case of severe circumstances, be ordered to suspend business for rectification.

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

According to the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on September 25, 2000, and latest amended and effective from December 6, 2024, internet information services refer to the provision of information through internet to web users. Internet information services are divided into two categories, including non-commercial internet information services and commercial internet information services. A commercial internet information service provider shall obtain a Value-added Telecommunications Business License (《增值電信業務經營許可證》) from relevant telecommunications administrative agencies. According to the Administrative Measures for the Licensing of Telecommunications Business Operations (《電信業務經營許可管理辦法》) promulgated by the MIIT on March 1, 2009, latest amended on July 3, 2017, and effective from September 1, 2017, the MIIT and provincial administrations of telecommunications are in charge of the review and approval of aforementioned business licenses.

According to the Provisions on the Administration of Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) promulgated by the CAC on June 28, 2016, and latest amended on June 14, 2022 and effective from August 1, 2022, information services providers of mobile internet applications are subject to these provisions, including acquiring relevant qualifications and being responsible for the management of information security.

Under the 2024 Negative List, the provision of value-added telecommunications services falls into the restricted category (except for e-commerce, domestic multi-party communications, store-and-forward, and call center services) and the foreign shareholding ratio shall not exceed 50%.

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

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and came into effect on January 1, 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection measures and procedures to control and properly handle waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities. Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the environmental protection related laws and regulations. Such penalties include warnings, fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make a recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises.

Environmental Impact Assessment

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, came into effect on September 1, 2003 and latest amended on December 29, 2018, the State implements classification management of the environmental of construction projects according to the degree of impact of the construction projects on the environment. The construction unit shall prepare an environmental impact report or an environmental impact form or complete an environmental impact registration form (the "**Environmental Impact Assessment Documents**") for reporting and filing purposes. Construction unit whose Environmental Impact Assessment Documents for a construction project have not been examined by the approving authority in accordance with the law or have not been approved after examination shall not commence construction.

In accordance with the Administrative Regulations on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, latest amended on July 16, 2017, and effective from October 1, 2017, the PRC practices a system that evaluates the environmental impact of a construction project. A construction unit should submit an environmental impact report or environmental impact statement before the commencement of the construction project for approval or submit the environmental impact registration form in accordance with the

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requirements of the environmental protection administrative department of the State Council for record. Besides, after the completion of the construction project for which the environmental impact report and the environmental impact statement are prepared, the construction unit should inspect and accept the environmental protection facilities for a project and prepare an acceptance report in compliance with the standards and procedures stipulated by the environmental protection administrative department of the State Council. For construction projects which are built in phases, put into production or use in phases, its corresponding environmental protection facilities shall be inspected and accepted in phases.

Pursuant to the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated on November 20, 2017 and came into effect on the same day, the construction unit is the responsible party for the acceptance of the environmental protection facilities for the completion of the construction project, and shall, in accordance with the procedures and standards stipulated in relevant regulations, organize the acceptance of the environmental protection facilities, prepare the acceptance report, disclose the relevant information, accept social supervision, ensure that the environmental protection facilities to be constructed for the construction project are put into operation or used at the same time as the main project, and be responsible for the truthfulness, accuracy and completeness of the acceptance content, conclusions and information disclosed, and shall not falsify the acceptance process. The major construction works of the construction project cannot be put into operation until the supporting facilities for environmental protection pass the inspection.

Pollutant Discharge Permit

According to the Catalogue of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued and implemented by the Ministry of Ecology and Environment on December 20, 2019, the State implements classified management over pollutant discharge entities, which are divided into key management, simplified management and registration management according to the volume of pollutants produced, the volume of emissions and the degree of environmental impact. A pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit, but only need to fill in its basic information and pollution prevention and control measures adopted on the management information platform of state pollutant discharge permits.

The State Council issued the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) on January 24, 2021 and implemented on March 1, 2021 to further strengthen the regulatory framework by requiring pollutant discharge entities to be subject to either key management or simplified management based on their emission scale and degree of environmental hazard. The regulations stipulate that the application, review and information disclosure for pollutant discharge permits shall be completed through a unified national information platform to ensure a transparent and efficient process. In addition, the pollutant discharge permit is valid for five years, and pollutant discharge entities shall submit a renewal application to the examination and approval authority 60 days before the expiration of the validity period to maintain their legal pollutant discharge qualification.

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REGULATIONS RELATING TO ENERGY CONSERVATION REVIEW

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) promulgated by the SCNPC on November 1, 1997, latest amended on October 26, 2018 and came into effect on the same day, the State shall implement an energy conservation assessment and review system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the construction entity shall not commence construction; where the construction is completed, the project shall not be put into production or use.

According to the Measures for the Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects (《固定資產投資項目節能審查和碳排放評價辦法》) promulgated by the NDRC on July 17, 2025 and came into effect on September 1, 2025 and replaced the Measures for the Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》) promulgated by the NDRC on November 27, 2016, amended on March 28, 2023 and came into effect on June 1, 2023, for an enterprise-invested project, the construction entity shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to the commencement of construction. For a project which has not undergone the energy conservation review or fails to pass the energy conservation review in accordance with these measures, the construction entity shall not commence construction, or the project shall not be put into production or use if it is already completed.

REGULATIONS RELATING TO WORK SAFETY

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

REGULATIONS RELATING TO FIRE SAFETY INSPECTION AND ACCEPTANCE

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, latest amended and effective from April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, latest amended on August 21, 2023 and became effective from October 30, 2023, the construction entity of a large-scale crowded venue (including a production and processing plant with a total floor area of over 2,500 square meters) and other special construction projects must apply for fire control design review with competent fire control authorities, and complete the inspection and acceptance procedures for fire control design review after the construction project is completed. The construction entity of other construction projects must complete

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the filing with the competent authorities responsible for the inspection and acceptance for fire control design review within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such construction project is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to orders to suspend the construction of projects, use of such projects, or operation of relevant business, and imposition of fines.

REGULATIONS RELATING TO REAL ESTATE

Self-owned Real Properties

According to the PRC Civil Code, properties referred to in this law include real property and personal property. The creation, alteration, alienation, or extinguishment of the property right of a real property shall become effective upon registration in accordance with law.

The certificate of ownership of real property shall be evidence of the right holder's entitlement in the real property. The right to use a land parcel for construction purposes may be created by way of grant, allocation or by other means. A person who has the right to use a land parcel for construction purposes shall make reasonable use of the land parcel and may not change its planned purpose of use.

According to the PRC Land Administration Law (《中華人民共和國土地管理法》), adopted by the SCNPC on June 25, 1986, and latest amended on August 26, 2019, the State formulates an overall land utilization plan to stipulate land use, classifying land into agricultural land, construction land, or unused land. Entities or individuals must use the land strictly in accordance with the purposes of land use determined in the overall land utilization plan.

Leasing

According to the Administrative Measures for Commercial Housing Leases (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective from February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with local property administration authority. Failure to complete the relevant lease registration may subject the parties to the lease agreement a fine between RMB1,000 to RMB10,000. However, according to the PRC Civil Code, failure to register and file with the authority in accordance with the provisions of laws, administrative rules and regulations would not prejudice the validity of the lease agreement.

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Project Construction

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), which was promulgated by the State Council on May 19, 1990 and latest amended and came into effect on November 29, 2020, China adopts a system of assignment and transfer of the right to use state-owned land. A land user must pay land premiums to the State as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage, or otherwise commercially exploit the land within the term of use. Under the regulations and the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate that evidences the acquisition of land use rights.

Pursuant to the Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and latest amended on April 23, 2019 and implemented on the same date, a construction work planning permit must be obtained by a construction unit from the relevant competent urban and rural planning authority for the construction of any structure, fixture, road, pipeline, or other construction project within the planning zone of a city or town.

Pursuant to the Administrative Measures on Construction Permit of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999, latest amended on March 30, 2021, and effective from the same date, for the construction, renovation, and decoration of all kinds of buildings within China and the auxiliary facilities thereof, after obtaining a construction work planning permit aforementioned, the construction unit shall apply for a construction permit from the construction authority under the local people's government at the county level or above. For a construction project with investment less than RMB300,000 or construction area less than 300 square meters, the construction unit is not required to apply for a construction permit.

According to the Provisions on Inspection and Acceptance upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by the Ministry of Housing and Urban-Rural Development on December 2, 2013, and effective from the same date, upon the completion of a construction project, the construction unit must apply to the competent government department at the county level or above where the project is located for examination upon completion of the building and for filing purpose, and to obtain the filing form for acceptance and examination upon completion of the construction project.

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REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patents

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

Copyrights

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

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, latest amended on January 30, 2013 and effective from March 1, 2013, computer software must be developed independently by the developer and must be already in a material form. Chinese citizens, legal persons, or other organizations own copyright for the software developed by them (whether published or not) under the regulations. Copyright owners of software may complete the registration with a software registration agency recognised by the copyright authority of the State Council. The registration certificates issued by the software registration agency serve as the preliminary proof of the registered matters.

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According to the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) (partially amended in 2004) issued and implemented by the National Copyright Administration on February 20, 2002, the applicant for the registration of software copyright shall be the copyright owner of the said software and the natural person, legal person or other organisation that inherits, acquires or receives the software copyright. The National Copyright Administration is in charge of the management of software copyright registration nationwide, and the National Copyright Administration recognizes the Copyright Protection Center of China as a software registration institution.

Trademarks

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

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

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Domain Names

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

REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

The principal regulations governing foreign currency exchange in the PRC are the Administrative Regulations on Foreign Exchange of the People's Republic of China (《中華人民共和國外匯管理條例》), or the Foreign Exchange Administrative Regulation, which were promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008 (which became effective on August 5, 2008), respectively, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC, on June 20, 1996 and became effective on July 1, 1996. Under these regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate governmental authorities or the designated banks is required where RMB is to be converted into foreign currency and remitted outside of mainland China to pay capital account items such as the repayment of foreign currency-denominated loans, direct investment overseas and investments in securities or derivative products outside of mainland China. FIEs are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in mainland China.

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or SAFE Circular 59, which was promulgated by SAFE on December 19, 2012 and amended on May 4, 2015, substantially amends and simplifies the current foreign exchange procedure. Pursuant to SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In 2013, SAFE specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration, and that banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. On February 13, 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《關於進一步簡化和改進直接投資

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外匯管理政策的通知)), or SAFE Circular 13. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

On March 30, 2015, SAFE promulgated the Notice on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, which took effect on June 1, 2015 and was further revised in 2019 and on March 23, 2023. SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. SAFE Circular 19 replaced both the Circular of the SAFE on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), or SAFE Circular 142, and the Circular of the SAFE on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises in Certain Areas (《關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》), or SAFE Circular 36. SAFE Circular 19 allows all foreign invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use RMB converted from foreign currency denominated capital for equity investments, and removes certain other restrictions that had been provided in SAFE Circular 142. However, SAFE Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises.

On June 9, 2016, SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which was recently amended on December 4, 2023. The SAFE Circular 16 unifies the discretionary foreign exchange settlement for all the domestic institutions. The Discretionary Foreign Exchange Settlement refers to the foreign exchange earnings on capital account (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) which have been confirmed by the relevant policies to implement discretionary foreign exchange settlement can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties in accordance with the Foreign Exchange Administrative Regulation and relevant provisions.

Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of the enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used

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for the following purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations; (iii) used for granting loans to non-affiliated enterprises, unless otherwise permitted by its business scope; and (iv) used for the construction or purchase of real estate that is not for self-use (except for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which was recently amended on December 4, 2023. The SAFE Circular 28 stipulates that non-investment FIEs may use capital to carry out domestic equity investment in accordance with the law under the premise of not violating the negative list and the projects invested are true and in compliance with laws and regulations. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments, without providing authenticity certifications to the relevant banks in advance for those domestic payments.

On April 10, 2020, SAFE issued the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or the SAFE Circular 8. The SAFE Circular 8 provides that under the condition that the use of funds is genuine and compliant with current administrative provisions on use of income relating to capital account, enterprises are allowed to use income under capital account such as capital funds, foreign debts and overseas listings for domestic payment, without submission to the bank prior to each transaction of materials evidencing the veracity of such payment.

REGULATIONS RELATING TO OVERSEAS DIRECT INVESTMENT

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the SAFE on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas investment, an enterprise in mainland China shall apply for foreign exchange registration for its overseas direct investments. According to SAFE Circular 13, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management.

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Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US\$300 million or above invested by local enterprise in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in mainland China is less than US\$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

REGULATIONS RELATING TO IMPORTS AND EXPORTS

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002, and was recently amended on March 10, 2024 with effect on May 1, 2024, the import and export of goods are generally allowed by the mainland China government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law (《中華人民共和國對外貿易法》) of the PRC promulgated by the SCNPC, on May 12, 1994 which came into effect on July 1, 1994 and most recently amended with immediate effect on December 30, 2022, unless otherwise provided by laws and regulations, the mainland China government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

Pursuant to the Customs Law (《中華人民共和國海關法》) of the PRC promulgated by the SCNPC, on January 22, 1987 which came into effect on July 1, 1987 and last amended on April 29, 2021, and the Administrative Provisions of the Record-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 of the PRC (中華人民共和國海關總署) on November 19, 2021 which came into effect on January 1, 2022, unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers that have been registered with the customs and such declaration shall be made by filing with the customs.

On April 26, 2024, the SCNPC promulgated the Tariff Law of the PRC (《中華人民共和國關稅法》), which took effect on December 1, 2024 and replaced the Regulations on Import and Export Tariffs (《中華人民共和國進出口關稅條例》) promulgated by the State

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Council on November 23, 2003 and most recently amended on March 1, 2017. The Tariff Law stipulated that goods permitted to be imported or exported, and inbound articles, are subject to tariffs levied by the Customs in accordance with the provisions of the Tariff Law and the relevant laws and administrative regulations. The Tariff Law also stipulated that consignees of imports, consignors of exports and carriers or recipients of inbound articles shall pay tariffs and e-commerce platform operators, logistics enterprises and customs declaration enterprises engaging in cross-border e-commerce retail importation, as well as organizations and individuals obligated to withhold or collect tariffs pursuant to the provisions of laws and administrative regulations, are withholding obligors for tariffs.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax (EIT)

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) amended by the SCNPC and came into effect on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) amended by the State Council and came into effect on January 20, 2025, an enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. Preferential enterprise income tax is granted to industries and projects that are supported and encouraged by the country. For high and new technology enterprises that need key support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

Value-added Tax (VAT)

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

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into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%. On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which will become effective from January 1, 2026, and the Interim Regulations on Value-added Tax of the PRC will be abolished.

Urban Maintenance and Construction Tax and Educational Surcharges

According to the Urban Maintenance and Construction Tax Law of the PRC (《中華人民共和國城市維護建設稅法》) (Order No. 51 of the President of the PRC), which became effective from September 1, 2021, the payers of excise tax and VAT are taxpayers of urban maintenance and construction tax, and shall pay urban maintenance and construction tax in accordance with the provisions of this Law. The tax rates shall be: 7% for taxpayers the domiciles of which/who are in urban areas; 5% for taxpayers the domiciles of which/who are in county or township centers or; 1% for taxpayers the domiciles of which/whom are in places other than urban areas, county and township centers.

According to the Interim Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) (Order No. 588 of the State Council of the PRC), which became effective from July 1, 1986 and was latest amended and implemented on January 8, 2011, taxpayers of consumption tax, VAT and business tax shall pay educational surcharges. The tax rate of education surcharges shall be 3% of the actual amount of VAT, business tax and consumption tax paid by the entities and individuals and paid at the same time respectively along with the VAT, business tax and consumption tax. It also provides that all education surcharges paid by enterprises shall be paid out of sales revenue (or business income).

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) (Order No. 89 of the President of the PRC), which became effective from July 1, 2022, the entities and individuals that conclude taxable certificates, or conduct securities transactions shall be taxpayers of stamp duty. Taxable certificates include written contracts (loan contracts, financial lease contracts, purchase and sale contracts, contract for contracting, construction contracts, transportation contracts, technology contracts, leasing contracts, warehousing contracts, custodial contracts, property insurance contracts, etc.), certificates of property rights transfer, business account books, securities transactions, etc.

Consumption Tax

Pursuant to Interim Regulations on Consumption Tax of the PRC (《中華人民共和國消費稅暫行條例》) enacted by the State Council on December 13, 1993, and amended on November 10, 2008 and implemented on January 1, 2009, organization or individual engaging in production, commissioned processing and import of the consumer goods listed under this regulation, and other organizations and individuals prescribed by the State Council selling consumer goods listed under this regulation, shall be liable to pay consumption tax pursuant to this regulation.

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REGULATIONS RELATING TO LABOR AND EMPLOYMENT

According to the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), or the Labor Contract Law, promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), or the Implementation Rules of the Labor Contract Law, promulgated by the State Council on September 18, 2008, a written employment contract shall be concluded in the establishment of an employment relationship. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract. Employers in most cases are also required to provide severance payment to their employees after their employment relationships are terminated.

Employers in the PRC are required to contribute, for and on behalf of their employees, to a series of social insurance funds, including funds for pension, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, and housing fund. These payments are made to local administrative authorities and employers who fail to contribute may be fined and be ordered to make up for the outstanding contributions. The various laws and regulations that govern the employers' obligations to contribute to the social insurance funds include: the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and amended with immediate effect on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999, and amended with immediate effect on March 24, 2019, the Regulations on Work-related Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on April 27, 2003 and amended on December 20, 2010, and the Regulations on Management of the Housing Fund (《住房公積金管理條例》), which was promulgated on April 3, 1999, and was most recently amended with immediate effect on March 24, 2019.

According to the Notice Concerning the Safe and Orderly Collection and Administration of Social Insurance Premiums (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the State Administration of Taxation (國家稅務總局辦公廳) on September 13, 2018, the tax authorities will collect all social insurance premiums uniformly from January 1, 2019. Before the completion of the reform of the social insurance collection agency, the relevant local authorities shall continuously optimize the payment service and ensure the continuous improvement of the business environment, and shall not organize and carry out the previous year's arrears check without permission.

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REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

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

REGULATIONS RELATING TO FILING OF OVERSEAS LISTING BY DOMESTIC ENTERPRISES

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

The Trial Measures for the Administration of Overseas Securities Offering and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the “**Trial Measures for the Administration of Overseas Listing**”) and its relevant supporting implementation rules, issued by the CSRC on February 17, 2023, and implemented on March 31, 2023, implements unified filing management for direct and indirect overseas issuance and listing of securities by domestic enterprises, and the issuer shall perform filing procedures and report relevant information to the securities regulatory authorities under the State Council. Issuers directly listed overseas shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. It is also stipulated that in the following circumstances, domestic enterprises shall not issue securities and be listed overseas: (1) it is clearly prohibited from listing for financing by laws, administrative regulations, or relevant provisions of the PRC; (2) overseas issuance or listing of securities may jeopardize national security as reviewed and determined by the relevant competent authorities of the State Council in accordance with the law; (3) the domestic enterprises or their controlling shareholders, de facto controllers have committed corruption, bribery, embezzlement of property, misappropriation of property, or criminal offences that disrupted the socialist market economic order within the last three years; (4) domestic enterprises are being investigated in accordance with the law due to suspected criminal or major illegal activities, and there is no clear conclusion or opinion yet; (5) there is a significant ownership dispute over the equity held by the controlling shareholders or shareholders controlled by the controlling shareholders or de facto controllers.

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a disruptive technology leader delivering closed-loop “AI + Mobility” solutions to strategic customers worldwide.

Our history dates back to 1992 when we started to operate our motorcycle business. On December 28, 2007, our Company was converted into a joint stock company with limited liability and renamed as Lifan Industry (Group) Co., Ltd.* (力帆實業(集團)股份有限公司). In November 2010, our A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 601777). In August 2020, the Company commenced the Judicial Restructuring as a result of adjudicated bankruptcy. During the Judicial Restructuring, Azolla Fund has become our controlling shareholder under relevant PRC laws and regulations since then. Azolla Fund is jointly set up by Liangjiang Fund Management, which is ultimately wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會) and Geely Group. See “— Corporate Development and Major Changes in Share Capital and Shareholdings” for more details.

Throughout our journey, we have cultivated a culture rooted in innovation. In September and November 2024, respectively, Mr. Yin Qi (印奇), a leading figure in the AI field, with over a decade of deep experience in AI vision and a proven track record as a serial entrepreneur in AI, invested in and joined our Company as the chairman of our Board. Under Mr. Yin’s leadership, our core management team sets the direction for our “AI + Mobility” strategy, while the unique combination of our cutting-edge AI technology team and engineering team enables us to transform technical breakthroughs into values for our customers. In September 2025, our Company rebranded and was renamed strategically to its current name, Chongqing Afari Technology Co., Ltd. (重慶千里科技股份有限公司).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT MILESTONES

The following table shows a summary of our key business development milestones since our inception.

Year	Event
1997	Our Company was officially established in the PRC.
2003	We launched our automobile business.
2007	Our Company was converted into a joint stock company with limited liability under the laws of the PRC.
2010	Our Company’s A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 601777).
2021	We completed the Judicial Restructuring, and Azolla Fund became the controlling shareholder under relevant PRC laws and regulations and a single largest shareholder of the Company since then.
2022	“LIVAN” brand was launched and LIVAN Auto, a subsidiary of our Company, was jointly established by our Company and Geely Automobile. LIVAN X3 Pro, a compact SUV model, was launched.
2023	LIVAN 7, an executive rear wheel drive coupe SUV model, was launched.
2024	Mr. Yin, a leading figure in the AI field, invested in and joined the Group as the chairman of our Board. LIVAN 8, an all-electric, seven-seat MPV model, was launched.
2025	We rebranded and were renamed to our current English name of “Chongqing Afari Technology Co., Ltd.” and Chinese name of “重慶千里科技股份有限公司”. Our smart cockpit solution business was launched. We rebranded and were renamed to our current name Chongqing Afari Technology Co., Ltd.* (重慶千里科技股份有限公司). The preview version of the Smart Cockpit Agent OS system was released by Afari Intelligent Drive in the World Artificial Intelligence Conference (WAIC).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
	We invested in Afari Intelligent Drive, which was consolidated by us and became our subsidiary.
	We initiated robotaxi solutions.
	Benz Digital Tech entered into share transfer agreements with our existing Shareholder, Lifan Holding, and made investment in our Company.

OUR MAJOR SUBSIDIARIES

As of the date of this Document, we conducted our business operations through 59 subsidiaries. Details of each of our Major Subsidiaries which made a material contribution to our results of operations during the Track Record Period are set out below.

Name of subsidiary	Place of incorporation	Date of incorporation and commencement of business	Voting rights controlled by the Company and/or its subsidiary	Principal business activities
Afari Intelligent Drive	PRC	June 27, 2025	60% ⁽¹⁾	Intelligent driving
LIVAN Auto	PRC	January 24, 2022	55% ⁽²⁾	Sales of products
Chongqing LIVAN Automobile Sales Co., Ltd.* (重慶睿藍汽車銷售有限公司)	PRC	December 22, 2021	100%	Sales of products
Chongqing LIVAN Automobile Manufacturing Co., Ltd.* (重慶睿藍汽車製造有限公司)	PRC	December 31, 2005	100%	Manufacturing of products
Chongqing LIVAN Automobile Research Institute Co., Ltd.* (重慶睿藍汽車研究院有限公司)	PRC	June 8, 2022	100%	Research and development
Chongqing LIVAN Automobile Import and Export Co., Ltd.* (重慶睿藍汽車進出口有限公司)	PRC	July 25, 2016	100%	Sales of products
Lifan Motorcycle Production and Sales	PRC	May 27, 1996	100%	Manufacturing of products

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Date of incorporation and commencement of business</u>	<u>Voting rights controlled by the Company and/or its subsidiary</u>	<u>Principal business activities</u>
Chongqing Lifan Ruichi Motorcycle Co., Ltd.* (重慶力帆瑞馳摩托車有限公司) . . .	PRC	December 16, 2019	100%	Manufacturing of products
Chongqing Lifan Industry (Group) IMP. & EXP. Co., Ltd.* (重慶力帆實業(集團)進出口有限公司)	PRC	March 8, 2000	100%	Sales of products
Chongqing Lifan Industry (Group) Sales Co., Ltd.* (重慶力帆實業集團銷售有限公司)	PRC	August 9, 2002	100%	Sales of products
Chongqing Lifan Power Co., Ltd.* (重慶力帆內燃機有限公司)	PRC	July 17, 2001	100%	Manufacturing of products
Chongqing Runtian Real Estate Development Co., Ltd.* (重慶潤田房地產開發有限公司) . . .	PRC	August 30, 2012	50% ⁽³⁾	Real Estate
Lifan Group Chongqing Wanguang New Energy Technology Co., Ltd.* (力帆集團重慶萬光新能源科技有限公司)	PRC	April 1, 2004	100%	Manufacturing of products

Notes:

- (1) For more details, see “— Major Acquisitions, Disposals and Mergers” in this section.
- (2) As of the Latest Practicable Date, LIVAN Auto was owned as to 45% by Zhejiang Geely Qizheng Automotive Technology Co., Ltd.* (浙江吉利啟征汽車科技有限公司), an indirect wholly-owned subsidiary of Geely Holding, a company ultimately and beneficially wholly owned by Mr. Li Shu Fu and his associates. Each of Chongqing LIVAN Automobile Import and Export Co., Ltd.* (重慶睿藍汽車進出口有限公司), Chongqing LIVAN Automobile Sales Co., Ltd.* (重慶睿藍汽車銷售有限公司) and Chongqing LIVAN Automobile Research Institute Co., Ltd.* (重慶睿藍汽車研究院有限公司) is wholly owned by LIVAN Auto.
- (3) The remaining interests were held by two Independent Third Parties. See “— Shareholding and Corporate Structure Immediately Prior to the [REDACTED]” below for more details.

Except for Afari Intelligent Drive, which was established in June 2025 and consolidated by the Company as a subsidiary in October 2025, the Major Subsidiaries had remained subsidiaries of the Company throughout the Track Record Period. For further details of these subsidiaries, see “— Shareholding and Corporate Structure Immediately Prior to the [REDACTED]” in this section.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT AND MAJOR CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS

Early development of our Company

In 1992, we started to operate our motorcycle business. In December 1997, our Company was officially established under the name of Chongqing Lifan Hongda Industry (Group) Ltd.* (重慶力帆轟達實業(集團)有限公司), and then was renamed as Lifan Industry (Group) Ltd.* (力帆實業(集團)股份有限公司) in April 1999. It was wholly owned by four individuals (the “**Initial Shareholders**”).

In 2003, the Initial Shareholders established Chongqing Lifan Holdings Co., Ltd.* (重慶力帆控股有限公司) (“**Lifan Holdings**”) as their investment holding vehicle, and transferred 99% of the equity interests that they collectively held in the Company to Lifan Holdings. Upon completion of the equity transfer in November 2003, the Company was held as to 99% by Lifan Holdings and 1% by the Initial Shareholders.

Conversion into a joint stock limited company and listing on the Shanghai Stock Exchange

On December 28, 2007, our Company was converted into a joint stock limited company with an initial registered share capital of RMB650,000,000. Upon completion of the Company’s conversion into a joint stock limited company, the Company was owned as to approximately 98.17% by Lifan Holdings.

In November 2010, we completed the listing of our A Shares on the Shanghai Stock Exchange (stock code: 601777) (the “**A Share Listing**”). Following the A Share Listing, Lifan Holdings remained as our Company’s largest shareholder, owning approximately 65.02% of our Company’s then share capital.

Private Placement of A Shares in January 2015

In January 2015, as approved by the CSRC, we successfully conducted a private placement of our A Shares, raising gross proceeds of approximately RMB1,700 million to optimize the Company’s capital structure and strengthen its automobile business. A total of 242,857,142 A Shares were issued at a price of RMB7.00 per Share to seven investors, who are Independent Third Parties. Following the completion of the private placement, the Company’s total issued share capital increased to 1,257,624,029 A Shares.

As of the Latest Practicable Date, there were no other outstanding options, warrants, or convertible securities that could potentially affect the shareholding structure of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Judicial Restructuring in 2020

In light of the then structural transformation of the automobile and motorcycle industries in the PRC, together with intensified market competition and management issues, the Group’s traditional automobile business suffered from continuous losses and liquidity constraints. As a result, by mid-2020 the Group had encountered substantial debt risks and financial distress, was unable to satisfy its due debts, and became insolvent. In June and July 2020, certain creditors of the Group applied to the Fifth Intermediate People’s Court of Chongqing (重慶市第五中級人民法院) (the “**Court**”) for the declaration of bankruptcy and restructuring of the Company and certain of its subsidiaries on the grounds that the Company is unable to pay its due debts and lack of solvency. In August 2020, the Court formally commenced judicial restructuring proceedings (the “**Judicial Restructuring**”) in respect of the Company and several of its wholly-owned subsidiaries, and appointed a restructuring administrator to assume control over the restructuring process and manage the operations of the Group during the process of Judicial Restructuring. The Court further ordered that the Company and the relevant subsidiaries could continue their operations under the supervision of the administrator.

The shareholding structure of our Company immediately before the Judicial Restructuring was as follows:

<u>Name of Shareholder</u>	<u>Number of A Shares held</u>	<u>Approximate percentage of ownership</u>
Lifan Holdings	618,542,656	47.08%
Other Shareholders	695,214,923	52.92%
Total	<u>1,313,757,579</u>	<u>100.00%</u>

As part of the Judicial Restructuring, after a public recruitment process, Geely Maijie Investment Co., Ltd. (吉利邁捷投資有限公司) (“**Geely Maijie**”) and Liangjiang Fund Management were identified as potential investors for the Judicial Restructuring and entered into an investment agreement with Liangjiang Fund Management, Geely Maijie and Geely Technology (being the holding company of Geely Maijie) at the relevant time on November 6, 2020, pursuant to which the administration of the investment for the Judicial Restructuring shall be conducted by (i) Azolla Fund, a fund jointly set up by Liangjiang Fund Management and Geely Maijie, and (ii) Geely Maijie, Geely Technology or other companies controlled as to at least 70% by them (the “**Industry Investor**”). On November 30, 2020, the Court approved the plan for the Judicial Restructuring (the “**Plan**”) formulated and submitted by the administrator. According to the Plan, new A Shares were issued to Azolla Fund and Industry Investor, Chongqing Jianghehui, and other Shareholders to repay the outstanding debts then owed by the Company to its creditors.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In February 2021, the Court declared the completion of the Judicial Restructuring. As of the Latest Practicable Date, the Company was not subject to any regulatory measures previously imposed under the A share listing rules as a result of the Judicial Restructuring. None of the current Directors and senior management of the Company was involved in the Judicial Restructuring. The shareholding structure of our Company immediately after the completion of the Judicial Restructuring was as follows:

Name of Shareholder	Number of A Shares held	Approximate percentage of ownership
Azolla Fund ⁽¹⁾	1,349,550,000	29.99%
Chongqing Jianghehui ⁽²⁾	900,000,000	20.00%
Lifan Holdings ⁽³⁾	618,542,656	13.75%
Other Shareholders	1,631,907,344	36.26%
Total	4,500,000,000	100.00%

Notes:

- (1) Azolla Fund is a limited partnership incorporated in the PRC on December 14, 2020. The general partner of Azolla Fund is Azolla EM, which is held as to 51% and 49% by Liangjiang Fund Management and Geely Technology, respectively. Liangjiang Fund Management is wholly owned by Liangjiang Industrial Development, which is in turn wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會), a PRC government body. Geely Technology is held as to 55% and 45% by Ningbo Ruima Enterprise Management Partnership (L.P)* (寧波銳馬企業管理合夥企業(有限合夥)) and Zhejiang Jidi Technology Co., Ltd.* (浙江濟底科技有限公司), respectively, which in turn are each held as to 78.17% and 91.00% by Mr. Li Shu Fu (李書福).
- (2) Chongqing Jianghehui is a limited liability company incorporated in the PRC on October 29, 2020. At the time of the Judicial Restructuring, Chongqing Jianghehui was wholly owned by Geely Technology. See “— Transfers of equity or partnership interests in substantial Shareholders in 2024” below for details of changes in the shareholding of Chongqing Jianghehui after the Judicial Restructuring.
- (3) Lifan Holdings is a limited liability company incorporated in the PRC on November 19, 2003. As part of the Plan, all equity interests held by Lifan Holdings were transferred by the Initial Shareholders to Chongqing Huiyang Holding Co., Ltd.* (重慶匯洋控股有限公司) (“**Chongqing Huiyang**”), and all equity interests in Chongqing Huiyang were contributed as trust assets to establish a trust plan (the “**Trust Plan**”) with CCB Trust Co., Ltd.* (建信信託有限責任公司) acting as the trustee to manage the Trust Plan. Pursuant to the Trust Plan, except for the debts repaid by cash directly, relevant trust products were issued and the corresponding beneficial interests would be distributed to certain creditors of the Company to repay the due debts owed by Lifan Holdings to its creditors.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Transfers of equity or partnership interests in substantial Shareholders in 2024

In 2024, certain equity transfers took place in respect of the equity interests of Chongqing Jianghehui and the partnership interests of Azolla Fund.

Pursuant to an equity transfer agreement dated July 1, 2024, Geely Technology transferred 100% of its equity interests in Chongqing Jianghehui to Chongqing Jianghe Shunsui Enterprise Management Co., Ltd.* (重慶江河順遂企業管理有限公司) (“**Jianghe Shunsui**”) at a consideration of RMB2.43 billion. Jianghe Shunsui is a limited liability company incorporated in the PRC on July 1, 2024 and it is wholly owned by Hainan Jianghe Anlan Investment Partnership (Limited Partnership)* (海南江河安瀾投資合夥企業 (有限合夥)) (“**Jianghe Anlan**”).

Pursuant to property share transfer agreements dated July 1, 2024 entered into between five limited partners of Azolla Fund, including Chongqing Jianghehui and Liangjiang Industrial Development, and Zhejiang Geely Industrial Investment Holding Co., Ltd.* (浙江吉利產投控股有限公司) (“**Geely Industrial**”), Geely Industrial acquired a total of approximately 50.94% limited partnership interests in Azolla Fund at a consideration of approximately RMB1.95 billion in aggregate. The relevant business registration procedures were completed in September 2024. Geely Industrial is a limited liability company wholly owned by Geely Holding. Both companies are affiliates of Geely Technology.

Investment of Benz Digital Tech in 2025

On September 25, 2025, Lifan Holdings entered into a series of share transfer agreements with, among others, Mercedes-Benz Digital Tech Ltd. (“**Benz Digital Tech**”), pursuant to which, Lifan Holdings transferred 135,633,002 A Shares in aggregate, representing approximately 3.00% of the then total issued share capital, to Benz Digital Tech, at a consideration of RMB9.87 per A Share, with the price determined at 75% of the closing price of the Company’s A Shares on the trading date immediately preceding the date of the share transfer agreements. As of the Latest Practicable Date, such share transfer was still in the process of completing the relevant registration procedures.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholding structure as of the Latest Practicable Date

As of the Latest Practicable Date, the Company was held by the following Shareholders:

Name of Shareholder	Number of A Shares held	Approximate percentage of ownership
Azolla Fund ⁽¹⁾	1,349,550,000	29.85%
Chongqing Jianghehui ⁽²⁾	900,000,000	19.91%
Lifan Holdings ⁽³⁾⁽⁴⁾	618,559,784	13.68%
Other A Shareholders	1,652,990,287	36.56%
Total	4,521,100,071	100.00%

Notes:

- (1) As of the Latest Practicable Date, Azolla Fund had five partners, including (i) Azolla EM as the sole general partner, holding 0.03% partnership interest; (ii) Geely Industrial, as a limited partner, holding 50.94% partnership interest, which was ultimately controlled by Mr. Li Shu Fu; (iii) Liangjiang Industrial Development, which was in turn wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會), a PRC government body, and (iv) two other limited partners, holding 12.85% partnership interests, who were Independent Third Parties.

Azolla EM, the sole general partner of Azolla Fund, was held as to 51% and 49% by Liangjiang Fund Management and Geely Technology, respectively.

- (2) As of the Latest Practicable Date, Chongqing Jianghehui was indirectly wholly owned by Jianghe Anlan. As of the Latest Practicable Date, the partners of Jianghe Anlan, included (a) the general partner, Hainan Qianli Zhiqi Investment Co., Ltd.* (海南千里智騏投資有限公司) holding approximately 0.41% partnership interest, which was held as to 67.03% and 32.97% by Mr. Yin Qi (印奇), the chairman of our Board and an executive Director, and Mr. Bao Yi (鮑毅), a non-executive Director, respectively, (b) Mr. Yin Qi (印奇) as a limited partner holding 53.00% partnership interests, (c) Mr. Bao Yi (鮑毅), as a limited partner, holding 26.10% partnership interest, and (d) an Independent Third Party, as a limited partner, holding approximately 20.49% partnership interests.

- (3) As of the Latest Practicable Date, Lifan Holdings was wholly owned by Chongqing Huiyang, whose entire equity interests were held as trust assets of the trust managed by CCB Trust Co., Ltd. (建信信託有限責任公司).

- (4) On September 25, 2025, Lifan Holdings entered into a series of share transfer agreements with, among others, Benz Digital Tech, pursuant to which Lifan Holdings agreed to transfer 135,633,002 A Shares, representing approximately 3.00% of the then total issue Shares to Benz Digital Tech. As of the Latest Practicable Date, Benz Digital Tech was a subsidiary of Mercedes-Benz Group AG, a company listed on the Frankfurt Stock Exchange (stock code: MBG.DE), which was an Independent Third Party except for the interests in the Company. As of the Latest Practicable Date, the share transfer from Lifan Holdings to Benz Digital Tech is still in the process of completing the relevant registration procedures. For more details, see “— Investment of Benz Digital Tech in 2025” above.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed below, we had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

Consolidation of Afari Intelligent Drive

In June 2025, the Company established Afari Intelligent Drive in the PRC, as a joint venture with the third parties detailed below:

Shareholders	Registered capital subscribed	Corresponding equity interest in Afari Intelligent Drive
Jianghe Qixing (江河啟興) ⁽¹⁾	RMB60 million	30.00%
Maichi Zhixing (邁馳智行) ⁽²⁾	RMB60 million	30.00%
Zhejiang Jirun (浙江吉潤) ⁽³⁾	RMB60 million	30.00%
Zhijiang Zhongwang (智江眾旺) ⁽⁴⁾	RMB10 million	5.00%
Lotus Robotics ⁽⁵⁾	RMB10 million	5.00%
Total	RMB200 million	100.00%

Notes:

- (1) Chongqing Jianghe Qixing Corporate Management Partnership Enterprise (Limited Partnership)* (重慶江河啟興企業管理合夥企業(有限合夥)) (“**Jianghe Qixing**”), is a limited partnership established in the PRC in June 2025. The general partner of Jianghe Qixing is Chongqing Zhiqi Xinwang Enterprise Management Co., Ltd.* (重慶智騏鑫旺企業管理有限公司) (“**Zhiqi Xinwang**”), a wholly-owned subsidiary of the Company, holding 13.33% partnership interests. Jianghe Qixing has three limited partners, among which (a) two limited partners are ultimately controlled by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會) and Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會), each holding 33.33% limited partnership interests and (b) an Independent Third Party holds 20% partnership interest. In September 2025, pursuant to the amended partnership agreement of Jianghe Qixing dated September 27, 2025, Jianghe Qixing has been consolidated into the Company’s financial statements.
- (2) Maichi Zhixing (Chongqing) Technology Co., Ltd.* (邁馳智行(重慶)科技有限公司) (“**Maichi Zhixing**”), a company held as to 56.57% by Atomix (Chongqing) Information Technology Co., Ltd.* (原力聚合(重慶)信息技術有限公司), an Independent Third Party, while Mr. Yin, our chairman and executive Director, held minority interest therein.
- (3) Zhejiang Jirun Automobile Co., Ltd.* (浙江吉潤汽車有限公司) (“**Zhejiang Jirun**”) is a company established in the PRC, controlled by Geely Holding.
- (4) Chongqing Zhijiang Zhongwang Corporate Management Consulting Partnership (Limited Partnership)* (重慶智江眾旺企業管理諮詢合夥企業(有限合夥)) (“**Zhijiang Zhongwang**”) is a limited partnership, established as the employee incentive platform of Afari Intelligent Drive, whose general partner is a company held as to 75% by Mr. Yin.
- (5) Ningbo Lotus Robotics Co., Ltd.* (寧波路特斯機器人有限公司) (“**Lotus Robotics**”) is a company indirectly controlled by Geely Holding.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Consolidation of Jianghe Qixing

Jianghe Qixing is a limited partnership established in the PRC in June 2025. The sole general partner of Jianghe Qixing is Zhiqi Xinwang, a wholly-owned subsidiary of the Company, holding approximately 13.33% partnership interest. In September 2025, the partners of Jianghe Qixing have unanimously agreed to amend the partnership agreement of Jianghe Qixing, resulting in Zhiqi Xinwang’s control of the key corporate matters of Jianghe Qixing. As a result, the results of Jianghe Qixing were consolidated into the Company’s financial statements.

Voting proxy arrangement in relation to Afari Intelligent Drive

With a view to enhancing the Company’s “AI + Mobility” solutions, and to securing the control over Afari Intelligent Drive, Jianghe Qixing entered into a shareholder voting proxy agreement (the “**Proxy Agreement**”) on September 28, 2025, with Maichi Zhixing. Pursuant to the Proxy Agreement and the Shareholders’ approval dated October 15, 2025, (i) Maichi Zhixing irrevocably authorized Jianghe Qixing to exercise the relevant shareholders’ rights attached to the shares it held in Afari Intelligent Drive, including, among others, voting rights in the shareholders’ meeting of Afari Intelligent Drive on major corporate matters in relation to daily operations (the “**Shareholders Entrusted Matters**”), and (ii) with no prejudice to the directors’ fiduciary duties, the directors nominated by Maichi Zhixing shall act in concert with the directors nominated by Jianghe Qixing when exercising their directors’ rights over certain corporate matters on the board meetings of Afari Intelligent Drive (the “**Board Entrusted Matters**”). The Proxy Agreement shall be effective for so long as Maichi Zhixing holds shares in Afari Intelligent Drive. According to the articles of association of Afari Intelligent Drive, the board of directors of Afari Intelligent Drive shall comprise seven directors, of which each of Jianghe Qixing and Maichi Zhixing has the right to nominate three and two directors, respectively.

The Shareholders Entrusted Matters include: (a) reviewing and approving proposals in relation to the business plan and daily operational matters of Afari Intelligent Drive, including but not limited to its acquisition of fixed assets, investments, and intangible assets; (b) reviewing and approving the annual budget plan proposed by the board of Afari Intelligent Drive, except for the proposed budget for related party transaction(s) of Afari Intelligent Drive with a value of RMB20 million or above whether individually or on an aggregated basis; and (c) reviewing and approving the annual financial statements and accounts of Afari Intelligent Drive.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The Board Entrusted Matters include: (a) executing the shareholders’ resolutions of Afari Intelligent Drive; (b) formulating the business plan and operational proposals (including acquisition or disposal of fixed assets, investments, and intangible assets) of Afari Intelligent Drive; (c) preparing annual budget proposal of Afari Intelligent Drive; (d) preparing the annual final account plan of Afari Intelligent Drive; (e) formulating internal management structures of Afari Intelligent Drive; (f) approving for the appointment or removal of the chief executive officer and chief financial officer and their respective remuneration; and (g) formulating principal management policies of Afari Intelligent Drive.

Consolidation of Afari Intelligent Drive

As a result of the above, the Company controls more than 50% of the voting rights in Afari Intelligent Drive and exercises effective control over its board of directors, through Jianghe Qixing. Accordingly, Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since October 15, 2025 (the “**Consolidation of Afari Intelligent Drive**”). As of the date of this Document, the above consolidation of results has been properly and legally completed and all necessary regulatory approvals have been obtained.

The Consolidation of Afari Intelligent Drive represents a critical step in the Company’s strategic implementation and industry deployment in the field of intelligent driving technology, and is of significant importance to the realization of the Company’s overall strategy. Upon completion, the Company will achieve unified strategic deployment and comprehensive coordinated management of its intelligent driving business, further integrate ecosystem partner resources, advance the application and development of “AI + Mobility” solutions, and enhance its overall competitiveness and market influence.

Given that the Consolidation of Afari Intelligent Drive has been properly and legally completed in October 2025, it constitutes an acquisition after the Track Record Period of the Company. As the highest percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) for the Consolidation of Afari Intelligent Drive is more than 5%, the Consolidation of Afari Intelligent Drive constitutes an acquisition of a major subsidiary under Rule 4.28 of the Hong Kong Listing Rules. Accordingly, pursuant to Rule 4.04(2) and (4), Rule 4.28 and Rule 4.29 of the Hong Kong Listing Rules, (a) the audited financial information of Afari Intelligent Drive from the date of its establishment to June 30, 2025, has been prepared in accordance with the International Financial Reporting Standards as set out in Appendix IB to this Document; and (b) the pro forma financial information of the enlarged Group has been prepared in accordance with Rule 4.28 and Rule 4.29 of the Listing Rules as set out in Appendix IIB to this Document. See “— Major Acquisitions, Disposals and Mergers” in this section and “Financial Information — Financial Information of Afari Intelligent Drive” for more details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT AND [REDACTED]

To the best knowledge and belief of our Directors and on the basis of the current shareholding structure, it is expected that, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and the [REDACTED] except for the [REDACTED]), a total of [REDACTED] H Shares, representing approximately [REDACTED]% of our total issued share capital, will be held by the public and counted towards the public float as required under Rule 19A.13A(2) of the Hong Kong Listing Rules. With respect to the indicative [REDACTED] of HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED] (being the low-end, mid-point and the upper-end of the [REDACTED], respectively), the expected [REDACTED] of the Company's H Shares will be approximately HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED].

[REDACTED]

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

Our A Shares have been listed on the Shanghai Stock Exchange since November 2010. Our Directors confirmed that, as of the Latest Practicable Date and during the Track Record Period, we have had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange during the Track Record Period.

Our PRC Legal Adviser has advised us that, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by securities regulatory authorities in the PRC, and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects, and the above confirmation of our Directors with regard to our compliance record during the Track Record Period and up to the Latest Practicable Date is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Adviser's view, nothing has come to the Sole Sponsor's attention that would cause it to cast doubt on our Directors' confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange in any material respect.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our Company is seeking a [REDACTED] of its H Shares on the Hong Kong Stock Exchange in order to advance our Company’s global strategic deployment, to accelerate the expansion of its overseas operations, to enhance its international brand presence, to provide further capital for the development and expansion of our Company’s business and to further strengthen our core competitiveness. For more details, see “Business” and “Future Plans and Use of [REDACTED]” in this Document.

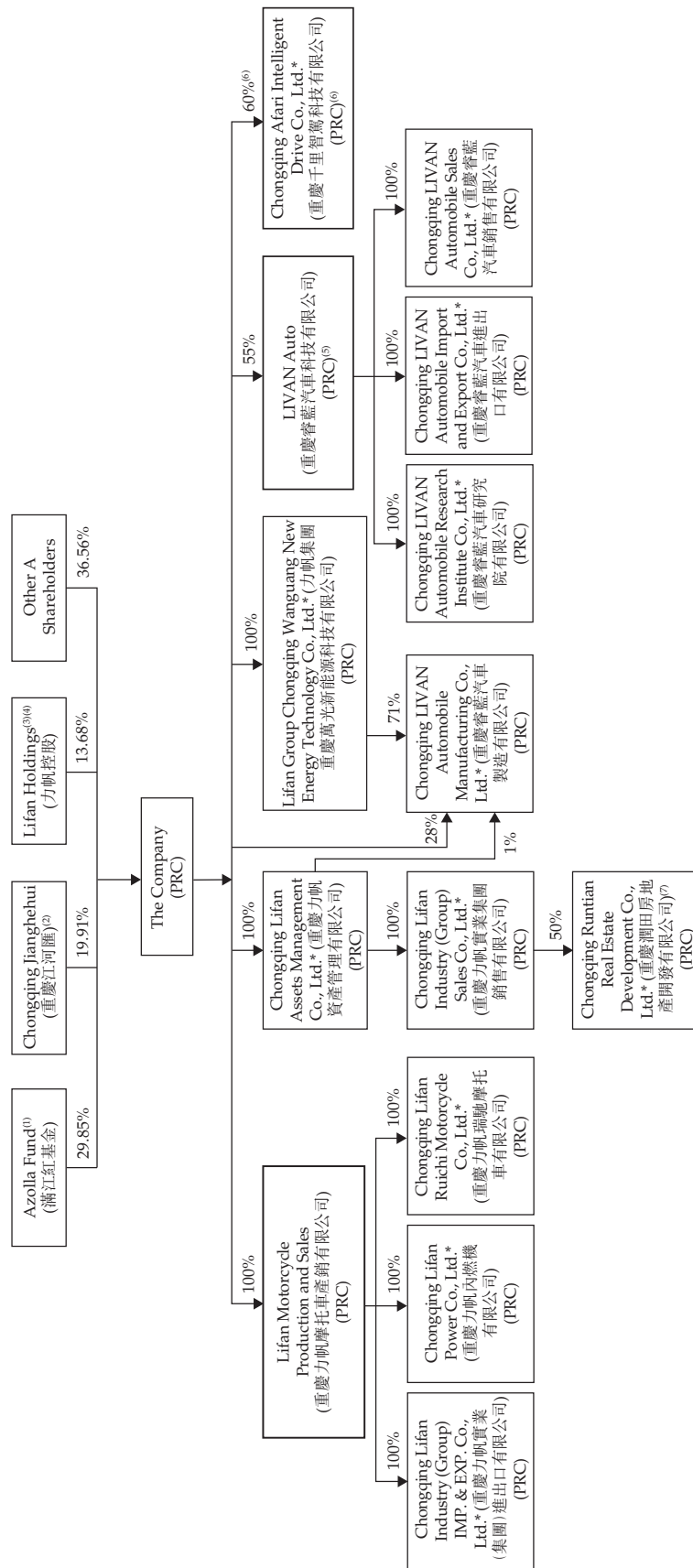
OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Azolla Fund will be able to exercise approximately [REDACTED]% voting rights in our Company. Azolla Fund and Azolla EM, the general partner of Azolla Fund, are considered as the single largest shareholder group of the Company under Hong Kong Listing Rules and pursuant to Chapter 1.1C of the Guide for New Listing Applicants, on the following basis: (a) the exercise of the voting rights attached to the Shares held by Azolla Fund is controlled by Azolla Fund’s investment committee, the power of which is delegated by Azolla EM as the general partner of Azolla Fund; (b) the decision-making by such investment committee is not controlled by any of Liangjiang Industrial Development, Geely Technology or any other limited partners of Azolla Fund; (c) Azolla EM is not under the common control of Liangjiang Fund Management and Geely Technology, nor under the statutory control of either of them individually; and (d) such identification is consistent with the long-established A Share public filings and compliance with A Share listing rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

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



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

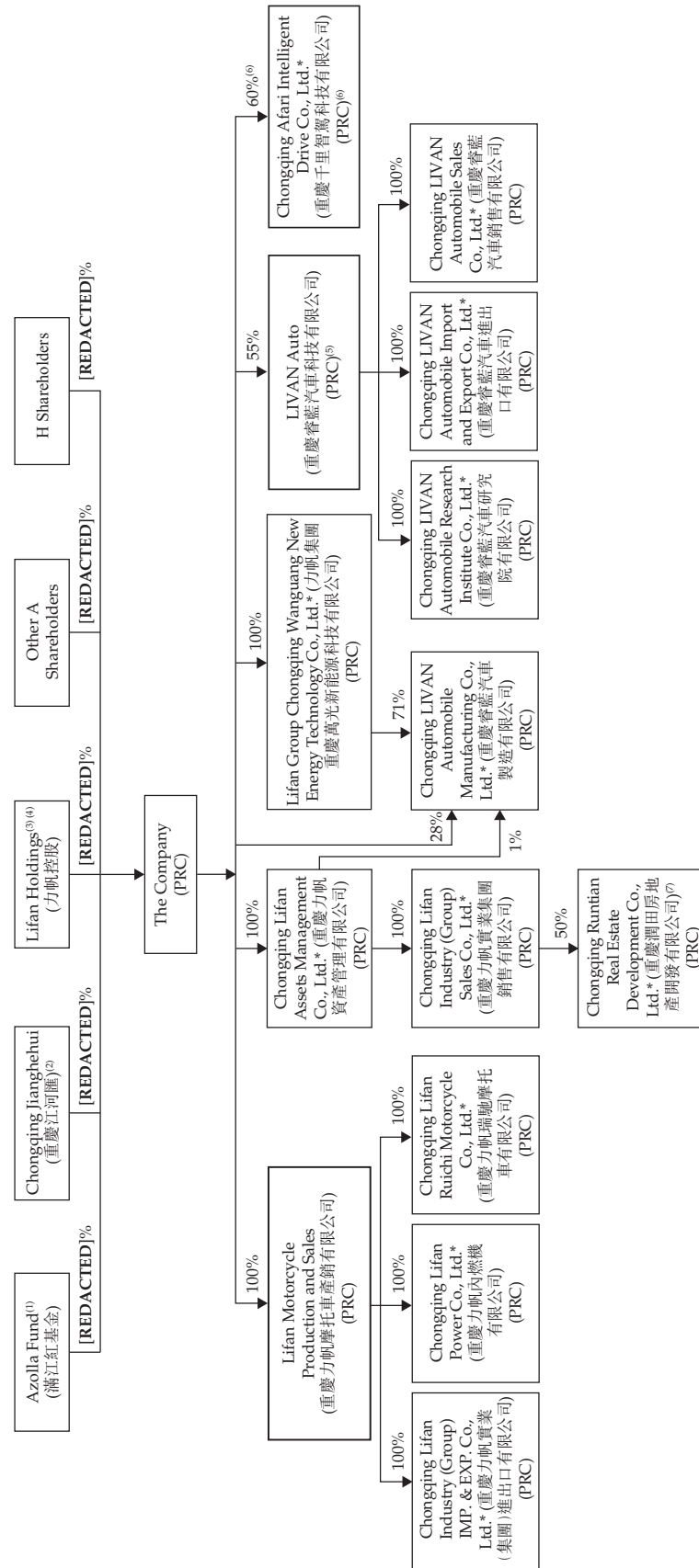
Notes:

- (1) Azolla Fund is a limited partnership incorporated in the PRC on December 14, 2020. As of the Latest Practicable Date, the general partner of Azolla Fund is Azolla EM, which is held as to 51% and 49% by Liangjiang Fund Management and Geely Technology, respectively. For more information, see “— Corporate Development and Major Changes in Share Capital and Shareholdings” in this section.
- (2) As of the Latest Practicable Date, Lifan Holdings is wholly owned by Chongqing Huiyang, whose entire equity interests was held as trust assets of the Trust managed by CCB Trust Co., Ltd.* (建信信託有限公司). For more information, see “— Corporate Development and Major Changes in Share Capital and Shareholdings” in this section.
- (3) As of the Latest Practicable Date, Chongqing Jianghehui is indirectly wholly owned by Jianghe Anlan. As of the Latest Practicable Date, the partners of Jianghe Anlan, included (a) the general partner, Hainan Qianli Zhiqi Investment Co., Ltd.* (海南千里智駢投資有限公司) holding approximately 0.41% partnership interest, which is held as to approximately 67.03% and 32.97% by Mr. Yin Qi (印奇), the chairman of our Board and an executive Director, and Mr. Bao Yi (鮑毅), a non-executive Director, respectively, (b) Mr. Yin Qi (印奇) as a limited partner holding approximately 53.00% partnership interests, (c) Mr. Bao Yi (鮑毅), as a limited partner, holding approximately 26.10% partnership interest, and (d) an Independent Third Party, as a limited partner, holding approximately 20.49% partnership interests. For more information, see “— Corporate Development and Major Changes in Share Capital and Shareholdings” in this section.
- (4) On September 25, 2025, Lifan Holdings entered into a series of share transfer agreements with, among others, Benz Digital Tech, pursuant to which Lifan Holdings agreed to transfer 135,633,002 A Shares, representing approximately 3.00% of the then total issue Shares to Benz Digital Tech. As of the Latest Practicable Date, Benz Digital Tech was an indirect wholly-owned subsidiary of Mercedes-Benz Group AG, a company listed on the Frankfurt Stock Exchange (stock code: MBG.DE), which was an Independent Third Party except for the interests in the Company. As of the Latest Practicable Date, the share transfer from Lifan Holdings to Benz Digital Tech is still in the process of completing the relevant registration procedures. For more details, see “— Corporate Development and Major Changes in Share Capital and Shareholdings” in this section.
- (5) As of the Latest Practicable Date, LIVAN Auto was owned as to 45% by Zhejiang Geely Qizheng Automotive Technology Co., Ltd.* (浙江吉利啟征汽車科技有限公司), an indirect wholly-owned subsidiary of Geely Holding, a company ultimately and beneficially wholly owned by Mr. Li Shu Fu and his associates.
- (6) As of the Latest Practicable Date, Afari Intelligent Drive was beneficially owned as to 30% by each of Jianghe Qixing, Maichi Zhixing, and Zhejiang Jirun, respectively, and 5% by each of Zhijiang Zhongwang and Lotus Robotics, respectively. Pursuant to the Proxy Agreement entered into by Jianghe Qixing and Maichi Zhixing, Maichi Zhixing irrevocably authorized Jianghe Qixing to exercise certain shareholders’ rights attached to the shares that it holds in Afari Intelligent Drive, representing 30% of its equity interests. As a result, the Company controls more than 50% of the voting rights in Afari Intelligent Drive and exercises effective control over its board of directors, through Jianghe Qixing. For more details of Afari Intelligent Drive, see “— Major Acquisitions, Disposals and Mergers” in this section. Pursuant to the relevant capital increase agreement and shareholder agreement of Afari Intelligent Drive entered into among Jianghe Qixing, Zhejiang Jirun, Maichi Zhixing, Lotus Robotics and Zhijiang Zhongwang, and the articles of associations of Afari Intelligent Drive, shareholders of Afari Intelligent Drive, have certain customary special rights in Afari Intelligent Drive. Such special rights are limited to Afari Intelligent Drive and none of them entitles its shareholders to obtain any Shares or any share in other subsidiaries of the Company.
- (7) Chongqing Runtian Real Estate Development Co., Ltd.* (重慶潤田房地產開發有限公司) is held by the Company as to 50%, Chongqing Yuqinke Commercial Management Partnership (Limited Partnership)* (重慶渝擎科商業管理合夥企業(有限合伙)) as to 35%, and an Independent Third Party as to 15%. Chongqing Yuqinke Commercial Management Partnership (Limited Partnership)* (重慶渝擎科商業管理合夥企業(有限合伙)) is controlled by its general partner which is ultimately controlled by Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

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



Notes (1) to (7): Please refer to the details contained in the preceding page.

BUSINESS

OVERVIEW

We are a disruptive technology leader delivering closed-loop “AI + Mobility” solutions to strategic customers worldwide.

Our Strategic Transformation and AI Journey

During the Track Record Period, we primarily generated revenue from the manufacturing and sales of vehicles and motorcycles, accounting for over 85% of our total revenue in each year/period during the Track Record Period. We believe that AI technologies are poised to revolutionize the mobility landscape, and therefore we took a strategic transformation and evolved to be an AI-centric enterprise through technology and industry resource consolidation. By embedding advanced AI technologies in our business operations, we have developed our full-stack, model-centric “AI + Mobility” capabilities encompass manufacturing, AI capabilities, and R&D of software and hardware.

We believe that the intelligent driving, smart cockpit and robotaxi are the core of “AI + Mobility”, as these solutions capture where AI delivers the greatest functional, commercial and strategic value in modern transportation. Therefore, we took our first step in our AI transformation by building a comprehensive portfolio of intelligent driving solutions. We progressively expand our solutions to smart cockpit and robotaxi.

With AI, we go far. Our journey reflects a dedicated, ongoing transformation — combining cutting-edge AI technologies with solid engineering and manufacturing capabilities to stay at the forefront of intelligent mobility.

Who We Are and What We Offer

We have evolved from our roots in manufacturing to become an AI-centric pioneer. This transformation was accelerated by upgrading our manufacturing and engineering capabilities for NEVs, integrating an AI-native R&D team, and consolidating expertise in engineering, manufacturing and AI to drive end-to-end innovation.

With decades of experience, we have accumulated proven engineering and manufacturing capabilities. Over the years, we have designed and operated production facilities for vehicles and motorcycles, maintaining rigorous standards for quality, safety, and efficiency. We have further upgraded our manufacturing capabilities for NEVs, and have developed robust in-house capabilities in automobile design and engineering, covering key aspect from vehicle design and platforms, battery-swapping solutions, electric drive systems, and intelligent connectivity. Moreover, our vehicle and motorcycle products have experienced steady growth and are expected to continue to be an important driver for our future growth. During the Track Record Period, we sold 196.9 thousand vehicles and 1.3 million motorcycles.

BUSINESS

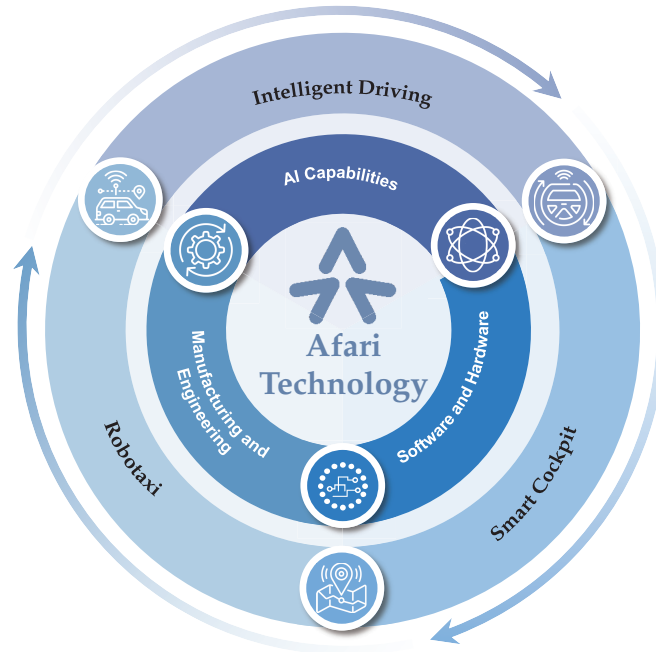
In the “AI+” era, we have developed our unique, market-leading AI-native capabilities, which empower us to lead the industry and establish our competitive moat. Our core team brings together pioneers across the “AI+” industry, including seasoned experts in AI technology development and application, intelligent manufacturing, and industrial operations. Many of our team members have successfully led teams at top global technology companies. Under their leadership, we possess deep insights into the transformation of the “AI+” industry, enabling us to anticipate and respond swiftly to market needs, ensuring our continued leadership through the ongoing AI revolution. As a result, we now possess leading capabilities in vertical AI models, forming the foundation of our solutions. For example, we have developed a distinctive RLM (Reinforcement Learning — Multimodal) model for intelligent driving. According to CIC, we are the first company to achieve large-scale deployment of an end-to-end RLM model in intelligent driving scenarios. In addition, we have developed advanced Multimodal Interaction Model, enabling rich multimodal interactions with a general understanding of the real world, AI-powered personalized recommendations and in-cabin emotion recognition. According to CIC, we have developed the industry’s first AGI L3 agent-level smart cockpit system.

Today, we offer innovative and model-driven “AI + Mobility” solutions that primarily include intelligent driving, smart cockpit, robotaxi solutions. Leveraging our AI-native capabilities and expertise in vehicle engineering, we have built a comprehensive portfolio of intelligent driving solutions. Our offerings encompass vertical AI models, software, hardware, and closed-loop data systems to enable L2 to L4-level autonomous driving in complex traffic scenarios. Our smart cockpit solutions are powered by a proprietary Multimodal Interaction Model and an AI-native Agent OS. As a result, we deliver a natural user interface (NUI) experience an intuitive interaction system that enables users to communicate with the vehicle through natural modalities including voice and vision. By integrating L4 autonomous driving, smart cockpit solutions and comprehensive operational support platform, we offer end-to-end robotaxi solutions for robotaxi service providers. During the Track Record Period, we did not generate revenue from these solutions yet, but we expect such solutions to be significant drivers of our future growth. See also “Risk Factors — Risks Related to Our Business and Industry — Slower-than-expected growth or lack of market acceptance of our “AI + Mobility” solutions could materially harm our prospects and operations.”

BUSINESS

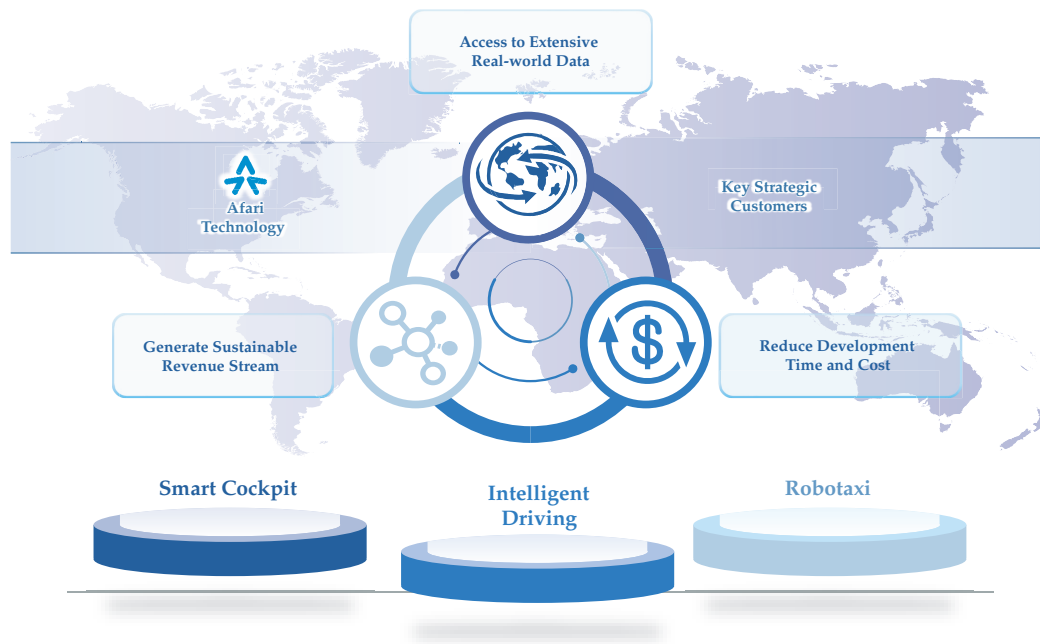
Why Us

At the core of our “AI + Mobility” business are three powerful closed loops that set us apart in the industry:



- **Full-Stack Capability:** Our full-stack capabilities spanning from manufacturing and engineering, to AI capabilities, and software and hardware R&D. Our engineering and manufacturing capabilities provide us with a unique advantage as we integrate AI technologies into our portfolio.
- **Full-Suite Solution:** We provide a comprehensive suite of AI-powered offerings, including intelligent driving solutions, smart cockpit solutions, and robotaxi solutions. Our closed-loop solution is well-positioned to meet the evolving needs of strategic customers by enhancing user experience and improving cost control.

BUSINESS



- Full-Collaboration Customers:*** We establish full-collaboration with key strategic customers, primarily global leading OEMs, which enable us to generate sustainable revenue streams and establish long-term strategic relationship. A deep partnership with large OEMs allows us to offer solutions in a platform-based approach that can be integrated into multiple vehicles models of such OEM, significantly reducing incremental development time and customization costs. Moreover, our strategic partnerships with major OEMs give us access to extensive real-world data, allowing us to continuously refine and strengthen our data-driven models.

OUR STRENGTHS

Unique, Market-leading Full-Stack AI-Native Capabilities

We believe that our unique, market-leading AI-native capabilities empower us to lead the new “AI+” era and establish our competitive moat. Our AI-native capabilities are supported by our strong R&D team, and illustrated by our leading capabilities in vertical AI models.

We have a core team with AI-native expertise, shaping R&D and product design from an AI-native perspective. Our core team brings together pioneers across the “AI+” industry, including seasoned experts in AI technology development and application, intelligent automotive manufacturing, and industrial operations. Most of them have over a decade of experience in AI technologies, and many have successfully led teams at leading global technology companies. The comprehensive experience and deep technological expertise of our AI R&D team enable us to gain critical insights into the transformation of the “AI+” industry, enabling us to and respond swiftly to anticipate market needs, ensuring our continued leadership through the ongoing AI revolution.

BUSINESS

Moreover, we believe that robust capabilities in AI models are critical in the "AI+" era, and are key to standing out in the industry and form the foundation of our core strengths. For our intelligent driving solutions, we have developed a distinctive RLM model. According to CIC, we are the first company to achieve large-scale deployment of an end-to-end RLM model in intelligent driving scenarios. Our intelligent driving vertical model leads the market in both performance and R&D efficiency, which have been recognized by various global awards, such as International Conference on Computer Vision awards, European Conference on Computer Vision awards, the Waymo Open Sim Agents Challenge, nuScenes awards, etc. The RLM model learns from both visual and textual data, enhancing situational awareness and decision-making accuracy. This enables our system to potentially outperform experienced drivers, handle complex road conditions, and effectively manage long-tail scenarios. Additionally, RLM's adaptive learning process allows the model to personalize driving behavior according to individual user habits, supporting a more comfortable and tailored driving experience.

For our smart cockpit, we developed our Multimodal Interaction Model and redefined cockpit operating system. Our Multimodal Interaction Model is deployed both in-vehicle and in the cloud to deliver a seamless intelligent experience. As a result, we enable rich multimodal interactions with a general understanding of the real world, AI-powered personalized recommendations and in-cabin emotion recognition. According to CIC, our smart cockpit system is the industry's first AGI L3 agent-level cockpit system.

Based on our advanced vertical AI models, we are able to seamlessly connect hardware modules, environmental perception, vehicle perception, and in-cabin perception software functions. This organically integrates intelligent driving systems and smart cockpit, enabling deep synergies between driving and cockpit experiences, and upgrading the vehicle from a mere "means of transportation" to an "intelligent mobility space."

Full-Suite of AI-Powered Integrated Solutions to Meet Evolving Customer Needs

We provide a comprehensive suite of AI-powered offerings, including intelligent driving solutions, smart cockpit solutions, and robotaxi solutions. Our closed-loop solution is well-positioned to meet the evolving needs of strategic customers by enhancing user experience and improving cost control.

We believe that delivering only an algorithm or software, or only a single component, rarely meets customer demands for both cost and performance competitiveness. With a holistic approach to provide integrated solutions, we are able to offer advanced options that deliver superior performance at lower cost. We also customize hardware to best fit our solutions, minimizing efficiency losses caused by software-hardware mismatches. This enables us to extend our solutions to broader scenarios and apply our technology to lower-priced vehicle models, providing more people the access to intelligent driving solutions.

BUSINESS

In addition, we are committed to building an open and collaborative ecosystem bringing advanced and reliable technologies to our customers. For example, by incorporating vehicle domain controllers, and chassis steering and breaking controllers developed by industry's leading suppliers, we were able to reduce latency of our intelligent driving system by 20% and significantly improving its safety. We also infuse AI capabilities into chassis control and other vehicle systems, enhancing overall driving performance.

Our collaborative ecosystem extends across both domestic and overseas markets, enabling us to support global customers with scalable solutions. By embracing openness and collaboration, we are able to rapidly adapt, innovate, and advance smart mobility.

Full-Collaboration with Key Strategic Customers across the Globe

We focus on full-collaboration with key strategic customers across the globe, which enable us to generate sustainable revenue streams and establish long-term strategic relationship.

We provide comprehensive intelligent driving and smart cockpit solutions across various vehicle models of key strategic customers. For example, partnering with a major OEM enables us to equip our solutions on multiple models across that OEM's lineup, securing recurring revenue streams and cross-sell opportunities as the OEM launches new models. Our partnerships with leading OEMs include joint ventures, strategic investments, and other collaborations, allowing us to focus development efforts and achieve large-scale mass production. We offer solutions in a platform-based approach that can be integrated into multiple vehicles models of such OEM, significantly reducing incremental development time and customization costs. As of the Latest Practicable Date, we have secured design-wins for 49 designated models, with eight already in mass production. These collaborations ensure stable revenue growth and mutual benefits.

Moreover, our strategic partnerships with major OEMs give us access to extensive real-world data, allowing us to continuously refine and strengthen our data-driven models. In particular, as model-driven development becomes the core trend in intelligent driving, the value of data is becoming increasingly vital. Moreover, our extensive deployment experience allows us to gather large-scale, real-world data and feedback, which in turn drives continuous AI optimization and iteration. This ongoing improvement ensures our technology remains practical, responsive to user needs, and adaptable across all scenarios envisioned in our "AI + Mobility" strategy.

BUSINESS

Global Vision and Service Capabilities

Leveraging our core strengths, we have established ourselves as a global enterprise. Our global strategy positions us to capture substantial opportunities across international markets. For example, we have entered into strategic collaborations with global industry leaders such as Geely. We are also exploring collaboration opportunities with other international OEMs including a world-class German OEM. Our global vision is also reflected in our team: many members of our senior management and our AI and core technology teams have overseas education or work experience. We have already reached important milestones in collaborating with global clients and expanding our global footprint. Notably, we have begun working with partners such as Geely and Volvo to jointly pursue new opportunities in overseas markets, further strengthening our global competencies.

A Core Management and R&D Team Driving Continuous Innovation

Throughout our journey, we have cultivated a culture rooted in innovation. Our core management team sets the direction for our “AI + Mobility” strategy, while the unique combination of our cutting-edge AI technology team and engineering team enables us to transform technical breakthroughs into values for our customers.

Our chairman, Mr. Yin Qi, is a leading figure in the AI field, with over a decade of deep experience in AI vision and a proven track record as a serial entrepreneur in AI. Mr. Yin plays a pivotal role in shaping our overall strategic direction and articulating our unique market positioning. Our vice chairman, Mr. Bao Yi, brings more than 20 years of experience in global capital markets and industrial and technology investment, offering keen insights into corporate strategy and industry trends. Our president, Mr. Zhou Zongcheng, has over 20 years of experience in the automotive and manufacturing sectors, driving the engineering implementation and intelligent manufacturing evolution of our motorcycle and automotive businesses. Our co-president, Mr. Wang Jun, possesses over 30 years of experience in the communications and intelligent vehicle industries, leading the development and deployment of our intelligent driving and smart cockpit solutions.

We have assembled a market-leading team of AI technology specialists and engineering experts. According to CIC, we are among the few technology companies capable of seamlessly integrating AI-native teams with engineering teams. Our AI technology team is composed of graduates from top universities worldwide, with an average of over 10 years of experience in intelligent driving, smart cockpit, or related AI fields. In our “AI+” journey, the perfect synergy of our elite talent pools has enabled us to deliver solutions with market-leading safety and exceptional user experiences.

BUSINESS

STRATEGIES

Continuously Advancing AI Capabilities and Solutions

Our “AI+” strategy centers on the ongoing enhancement of fundamental AI capabilities, positioning technology iteration as the core driver of our growth. Building on our AI-native capabilities, we are committed to sustained investment in AI R&D to further expand our competitive advantage. We plan to implement expanded incentive programs to attract and retain world-class AI talent, particularly those with deep expertise in intelligent driving, smart cockpits, and robotaxi. Our focus extends across algorithm development, software engineering, and hardware innovation.

For future autonomous driving, we will continue to invest in the iterative upgrade of our RLM models, optimizing algorithms to improve both performance and efficiency. In smart interaction, we will focus on the development of Multimodal Interaction Model, laying the technical groundwork for superior user experiences and cost-effective solutions. In addition, we will leverage advances in AI models to continuously upgrade system capabilities and ensure the high-quality deployment of a comprehensive product portfolio.

Moreover, we are integrating of our core AI technology stack in both autonomous driving and smart cockpit, our operational support platform, as well as our vehicle engineering and manufacturing expertise to further enhance our robotaxi solutions. We intend to accelerate the commercialization of our robotaxi solutions through our collaboration with strategic partners.

Driving Industry Chain Integration

We are committed to serving as an integrator within the industry ecosystem, building an open, collaborative, and deeply integrated industry chain. To this end, we will continue to enhance our manufacturing, engineering, and software capabilities, supporting the ongoing integration of the entire supply chain. Our vision is to build an open platform and ecosystem, integrating core components for greater synergy. We plan to achieve this through joint ventures, strategic investments, collaborative R&D, and joint product validation. We will continue to enhance and expand strategic partnerships with key upstream component suppliers. We aim to enhance vertical integration capabilities across the industry chain, enhancing solution performance, and cost efficiency.

BUSINESS

Enhancing Our Full-Collaboration with Key Strategic Customers

We remain committed to our key customer-focused strategy, leveraging successful partnership models to deepen collaboration with leading OEMs globally. By dedicating our core strategic resources to key strategic customers and partners, we ensure comprehensive, results-driven cooperation. Our goal is to further strengthen relationships with key strategic customers by continually enhancing our ability to deliver complete, customized solutions that improve user experience, reduce costs, and increase adaptability. Through long-term, in-depth cooperation, we aim to build a resilient commercial ecosystem with stable, recurring growth.

Our vision is to establish a “Afari Alliance” in collaboration with our customers, reshaping the industry chain and transforming the industry ecosystem as a whole. Rather than offering just a single component, this alliance brings together leading expertise, resources, and innovations, creating a powerhouse capable of delivering comprehensive, integrated solutions. By fostering deeper collaboration and synergy across the ecosystem, the Afari Alliance aims to set new industry standards and unlock unprecedented value for all stakeholders.

Accelerating International Expansion

We will adopt targeted overseas market strategies, focusing on regions with established or rapidly growing markets and expanding our presence accordingly, while also increasing our reach in other key global regions. To support our overseas growth, we will establish local teams, covering technical support, marketing, and after-sales service to respond swiftly to customer needs. We also plan to integrate local resources to accelerate AI model iteration for overseas vehicle models.

Expanding to “AI + Robotics”

Our long-term vision extends beyond “AI + Mobility” to encompass “AI + Robotics.” The ongoing accumulation of our core capabilities will enable us to address a broader range of scenarios. We believe robotics represent markets with great long-term growth potential where AI will fundamentally improve productivity and reshape the industry. In this regard, we intend to leverage our AI-native capabilities and manufacturing advantages to offer superior solutions in a cost-efficient manner. By closely monitoring the commercialization trends in robotics, we plan to launch robotics products and capture additional market opportunities.

BUSINESS

OUR PRODUCTS AND SOLUTIONS

Overview

During the Track Record Period, we generated revenue primarily from sale of automobiles, motorcycles, and others, such as general-purpose machinery. As of the date of this Document, we have launched our technology solutions, primarily include intelligent driving, smart cockpit and robotaxi solutions. The following table sets forth a breakdown of our revenues for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Automobiles	5,776,593	66.8	3,694,618	55.2	4,175,891	60.0	1,739,594	58.9	2,599,205	62.6
Motorcycle	2,124,977	24.6	2,028,767	30.3	2,135,725	30.7	951,753	32.2	1,276,924	30.8
Others										
– General-Purpose Machinery . . .	337,882	3.9	400,252	6.0	428,136	6.1	198,160	6.7	203,672	4.9
– Miscellaneous . . .	397,147	4.7	574,685	8.5	224,100	3.2	65,466	2.2	69,137	1.7
Total	8,626,599	100.0	6,698,322	100.0	6,963,852	100.0	2,954,973	100.0	4,148,938	100.0

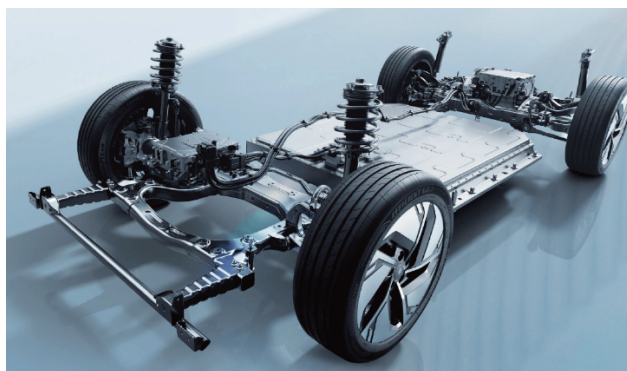
Our Products

Automobiles — The “LIVAN” Brand

Built on our expertise in vehicle development, design and manufacturing, we released LIVAN Auto (“睿藍汽車”), jointly established by us and Geely. Under the brand “LIVAN”, we offer both internal-combustion and electric models. On the new energy vehicle (NEV) side, we offer a broad range of vehicle models, including our consumer-oriented LIVAN 7 (RL 7) and LIVAN 8 (RL 8), and ride-hailing-focused models such as the LIVAN Maple 60S and LIVAN Maple 80V. We strategically focus on building an operating model anchored in the battery-swapping ecosystem. Our NEV product portfolio leverages our partners’ existing battery swap stations to create a coordinated “vehicle-station” network, enabling us to gain competitive edge in B-end markets. In addition, we also offer ICE vehicles, such as our LIVAN X3 pro, targeted at small families and first-time buyers seeking practical mobility, it is positioned as an A0 passenger vehicle.

BUSINESS

Our LIVAN vehicles integrated the GBRC Crystal Architecture, an innovative vehicle platform developed specifically for battery swapping, built on a fully integrated chassis designed for this purpose. As a dedicated battery-swapping architecture, it supports both charging and swapping modes, including fast DC charging and home charging, providing flexible charging options for users. The platform is also highly adaptable and can be expanded to accommodate various vehicle types, supporting front-wheel drive and rear-wheel drive configurations, as well as both independent and non-independent suspension systems. Additionally, the architecture incorporates an advanced ultra-low temperature heat pump system that ensures energy efficiency even in extremely cold environments. With comprehensive safety features and robust performance, the GBRC Crystal Architecture sets a new standard for smart, flexible, and reliable battery-swapping vehicle platforms.



Our NEV models

LIVAN 7 (RL 7)

Our LIVAN 7 model offers high value for money, enhanced safety, advanced intelligent technology, and the convenience of both charging and battery swapping.

The LIVAN 7 offers strong performance, accelerating from 0 to 50 km/h in 2.8 seconds. Its digital brake-by-wire system ensures smooth and efficient braking and reduces nosedive during braking, with a braking distance of just 35.85 meters from 100 km/h. In terms of driver assistance, the LIVAN 7 features over 20 intelligent functions, including navigation-assisted driving, memory-based intelligent parking, and lane change assistance (LCA). These features support driving on highways, in urban areas, and during parking, offering practical assistance for everyday use. Inside the cabin, the vehicle is equipped with a large interactive display and an intelligent voice assistant, making it easier for drivers and passengers to interact with the vehicle's features. We are committed to further enhancing our LIVAN 7 platform to support advanced intelligent systems. In addition, we offer the CC60, a specialized variant of the LIVAN 7, designed specifically for the ride-hailing industry, featuring a customized interior as well as distinctive front and rear designs.

BUSINESS

LIVAN8 (RL 8)

Our LIVAN 8 model is equipped with intelligent, seamless battery-swapping technology, enabling flexible transitions between fast charging and battery swapping. LIVAN 8 supports a wide range of energy replenishment scenarios, making the model well-suited for taxis and other operational applications.

The LIVAN 8 is an all-electric, seven-seat MPV equipped with a 68.03 kWh battery for premium edition, providing a pure electric driving range of up to 515 kilometers on a single charge. Developed on Geely's proven automotive platform, the LIVAN 8 emphasizes reliability and safety, meeting the highest standards for quality and security, making it a dependable choice for both daily use and long-distance travel. Furthermore, LIVAN 8 has expanded into right-hand drive markets, with simultaneous sales in Indonesia and other international regions.

For intelligent assisted driving features, at speeds above 60 km/h, the system automatically activates based on user settings to continuously monitor lane positioning. If the vehicle begins to drift out of its lane without driver intent, the system provides immediate alerts through both the instrument display and audible warnings, helping drivers stay aware and maintain safe driving practices.

Our ICE model — LIVAN x3 Pro

The LIVAN x3 Pro is positioned as a compact SUV designed for small families and first-time car buyers seeking practical mobility solutions. Powered by a 1.5L engine delivering a maximum output of 83 kW and peak torque of 143 N·m, it is available with either a 5-speed manual or a CVT transmission. The chassis features a front MacPherson independent suspension paired with a rear longitudinal arm non-independent suspension for balanced ride comfort.

Safety features of LIVAN x3 Pro include driver and front passenger airbags, and active safety systems such as ABS and EBD. Convenience is further enhanced by features such as one-touch electric windows for all four doors, an electrically operated anti-pinch sunroof, electrically heated and defogging exterior mirrors and cruise control (CCS) with LIM electronic speed limiter.

LIVAN x3 Pro's exterior boasts a waterfall-style front grille paired with eagle-eye headlights, and a rear design featuring a full-width chrome strip and spoiler, ensuring a dynamic and modern appearance. The LIVAN x3 Pro maintains a strong value proposition and competitive edge in China's compact SUV market. In addition, the model is now available in overseas markets, including the Middle East, Africa, and Southeast Asia.

BUSINESS

Vehicle Delivery

The following table sets forth our cumulative vehicle delivery data as of the end of the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
NEVs	41,097	24,576	24,525	9,712	19,364
ICE vehicles . . .	15,674	17,732	33,252	14,251	19,364
Total	56,771	42,308	57,777	23,963	38,728

Vehicle Design and Engineering

We have developed robust in-house capabilities in automobile design and engineering, covering key aspect from original styling to complete vehicle platforms, battery-swapping solutions, electric drive systems, and intelligent connectivity. We are dedicated to full-vehicle R&D, particularly on developing NEVs and advancing battery-swapping technologies.

Our technology platform offers high integration and modularization, efficient battery-swapping solutions, and intelligent cloud management. The GBRC crystal architecture enables ultra-fast 60-second battery swaps and features a heat pump system, ensuring efficient operation even at temperatures as low as -30°C, making the battery-swapping experience comparable to traditional refueling. The capsule battery packs integrated within the GBRC architecture combine high energy density, long cycle life, and safety and reliability, with available capacities ranging from 40kWh to 85kWh.

Our vehicle R&D and design processes adhere to the NPDS development system, typically progressing through the following stages:

- Product definition is completed based on market demand and feasibility studies;
- Project approval is advanced by validating investment requirements, vehicle functionalities, and styling development;
- Product design and engineering drive the establishment of the supply chain system, as well as the development and testing of hardware and software;
- Prototype manufacturing and comprehensive reliability testing, including high and low temperature evaluations, are conducted on both vehicles and components;
- The process culminates in mass production of the vehicle model.

BUSINESS

Generally, the time from the start of R&D to vehicle delivery is 18 to 24 months. Most products are designed with a lifecycle of three or five years, or updated every two years depending on the specific model. Our development workflow is rigorously standardized to ensure product quality and alignment with market requirements.

Motorcycles

We offer both traditional fuel and new energy motorcycles and we launched mid-to-large displacement models such as the Starship 6, Starship 4, and V400. In the fuel-powered segment, we are advancing our expertise in lightweight design, short-wheelbase CVT powertrains, mild hybrid systems, and proprietary electronic fuel injection (EFI) technology and to further refine our industry-leading EFI calibration platform. Leveraging the "user-motorcycle-cloud" architecture, we have integrated advanced features such as Bluetooth digital keys, remote vehicle control, intelligent anti-theft systems, advanced interactive cockpits, driver assistance features (BSD, LCA, RCW), and high-definition wide-angle driving recorders with parking surveillance. Together, these innovations enhance riding safety, convenience, and entertainment. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we sold a total of 382.4 thousand, 336.6 thousand, 388.6 thousand, 161.1 thousand and 236.2 thousand motorcycles, respectively.

Our product portfolio now covers a diverse range of categories such as touring bikes, street bikes, cruiser bikes, underbone bikes, scooters, choppers, sport bikes, and dirt bikes. In terms of engine displacement, our offerings span from 50cc to 600cc, meeting a wide array of market demands.

Utility Motorcycles

X-MACH125

The X-MACH125 stands out in the utility motorcycle segment with three key strengths: high fuel efficiency, durability, and quick acceleration. Its robust performance makes it ideal for commuting, cargo transport, and long-distance travel.

Fuel efficiency and reliable engine: With a 16-liter tank, the X-MACH125 achieves up to 70 km per liter, minimizing refueling stops and meeting the needs of urban and intercity riders. Powered by the reliable CBS125 engine, a single-cylinder, air-cooled, four-stroke unit, it delivers 7kW at 7,500rpm and 10N·m of torque at 5,500rpm. The optimized intake and combustion system boosts low-end torque for strong starts and efficient mid-range power.

Durability and comfort: The X-MACH125 has been upgraded to include aluminum alloy wheels with wear-resistant tires, a smooth-shifting five-speed gearbox, and an extended 1,242mm wheelbase for added legroom. The high-resilience, thick-foam seat ensures comfort on long rides.

BUSINESS

Commuter Motorcycles and Recreation Motorcycles

KPT 250

The KPT250, the latest in Lifan Moto's KP series, is built for both daily commuting and long-distance touring. Its lightweight frame, efficient powertrain, and great value make it a versatile adventure touring bike.

Powered by Lifan's NRF250-B liquid-cooled, four-stroke single-cylinder engine, the KPT250 delivers 20.5 kW and 23.5 N·m of torque. It offers quick throttle response for city rides and stable power for highway travel, with fuel consumption under 354g/(kW·h) for excellent efficiency.

Durability is enhanced with a four-valve cylinder, DLC-coated piston ring, and dual oil filtration system, while modular design simplifies maintenance and reduces costs.

Starship 6

Paifang Starship 6 redefines luxury touring in the large cruiser segment. Positioned as the luxury option in the Paifang Startship product line, the Star 6 carries a 573cc V-twin, liquid-cooled engine, paired with a six-speed international gearbox, slipper clutch, and state-of-the-art belt drive. The dual 20L fuel tanks ensure extended touring range, with fuel consumption as low as 4.5L/100km.

In addition, the Starship 6 features a triple-screen cockpit including a central 7-inch TFT with split-screen navigation and tire pressure monitoring, plus auxiliary displays for key data. Advanced safety is delivered through 77GHz millimeter-wave radar on premium edition for blind-spot monitoring and collision warnings, adaptive headlights, NFC keyless start, dual dashcams, and powered luggage locks.

Motorcycle Design and Engineering

We have established a comprehensive system for design, R&D, and testing for motorcycles. Our R&D capabilities are evidenced by multiple official recognitions, such as a National-level Technology Center, a National Industrial Design Center, and a CNAS-accredited laboratory. Supported by a stable and specialized R&D team, we drive technological advancement through a full-process R&D system for motorcycles and engines, with capabilities spanning styling design, motorcycle platforms, powertrains, electric drive systems, and intelligent connectivity.

Centered on a "human-vehicle-cloud" intelligent architecture, our motorcycles offer features such as a Bluetooth digital key, remote vehicle control, intelligent anti-theft, a highly interactive smart cockpit, advanced driver-assistance (BSD — Blind Spot Detection; LCA — Lane Change Assist; RCW — Rear Collision Warning), and a high-definition wide-angle dashcam with parking surveillance — all designed to improve riding safety, handling convenience, and in-vehicle entertainment.

BUSINESS

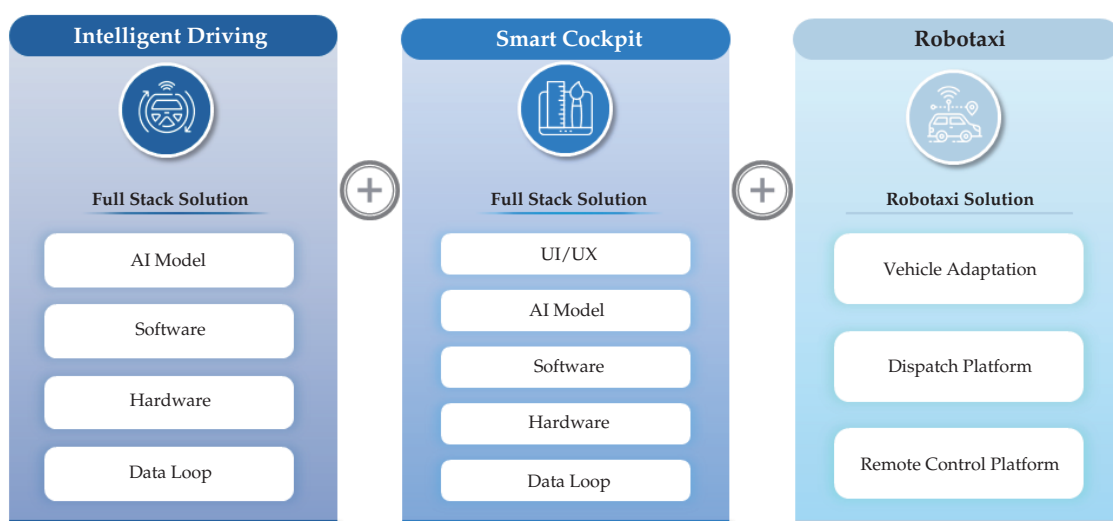
Others

In addition, we also generated revenue from other products and services, which primarily included sales of general-purpose machinery. Our main general-purpose machinery products include generator sets, water pumps, and pressure washers.

These products are widely used in various scenarios, such as landscaping, agriculture, construction, and others. We are committed to innovation in areas such as electronic fuel injection, clean fuels, and enhanced power output per liter.

Our Technology Solutions

Driven by AI innovation at the core, we offer three AI-native technology solutions:



- Intelligent Driving:** We offer full-stack intelligent driving solutions powered by a distinctive RLM (Reinforcement Learning — Multimodal) model. Our offerings encompass vertical AI models, software, hardware, and closed-loop data systems to enable L2 to L4-level autonomous driving in complex traffic scenarios.
- Smart Cockpit:** Powered by a proprietary Multimodal Interaction Model and an AI-native Agent OS, our smart cockpit solutions could deliver a natural user interface (NUI) experience — an intuitive interaction system that enables users to communicate with the vehicle through natural modalities including voice and vision. Our smart cockpit solution also incorporates advanced hardware, including high-definition displays, premium audio systems, and other state-of-the-art hardware. This human-like, intelligent environment interacts with passengers in a natural and emotionally responsive manner, recognizing emotions and customized to individual preferences. By combining intelligence with emotional awareness, our smart cockpit delivers a truly personalized and engaging in-vehicle experience for passengers.

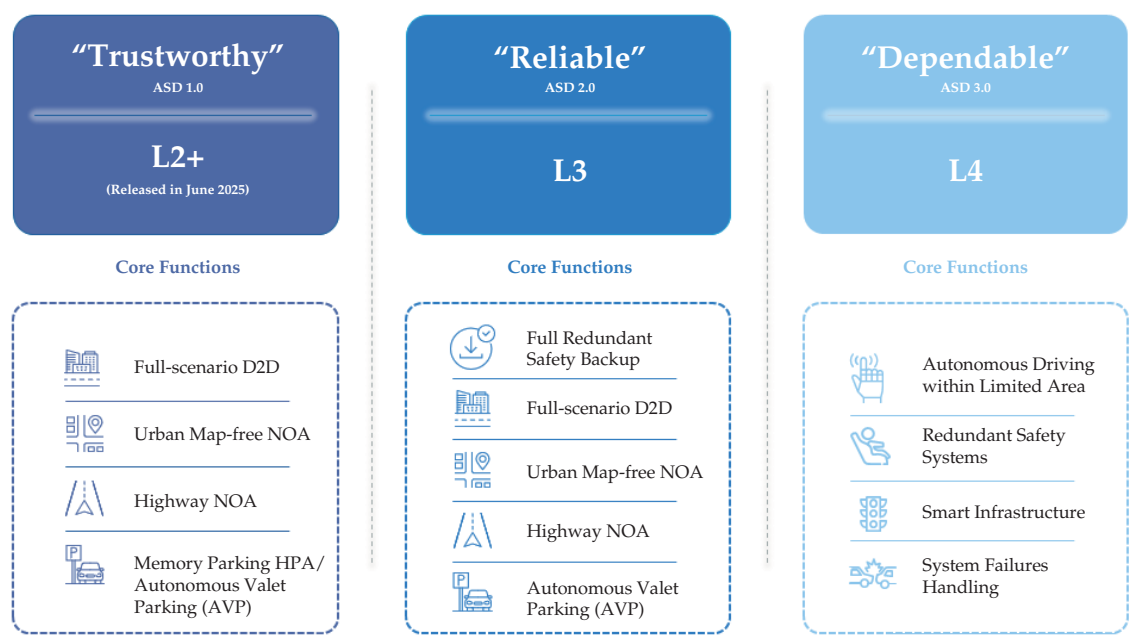
BUSINESS

- *Robotaxi:* By integrating L4 autonomous driving, smart cockpit solutions and comprehensive operational support platform, we offer end-to-end robotaxi solutions for robotaxi service providers. Leveraging our closed-loop data capabilities, our platform supports safe, reliable, and scalable robotaxi operations in complex urban environments.

During the Track Record Period, we did not generate revenue from our technology solutions yet.

Intelligent Driving Solutions

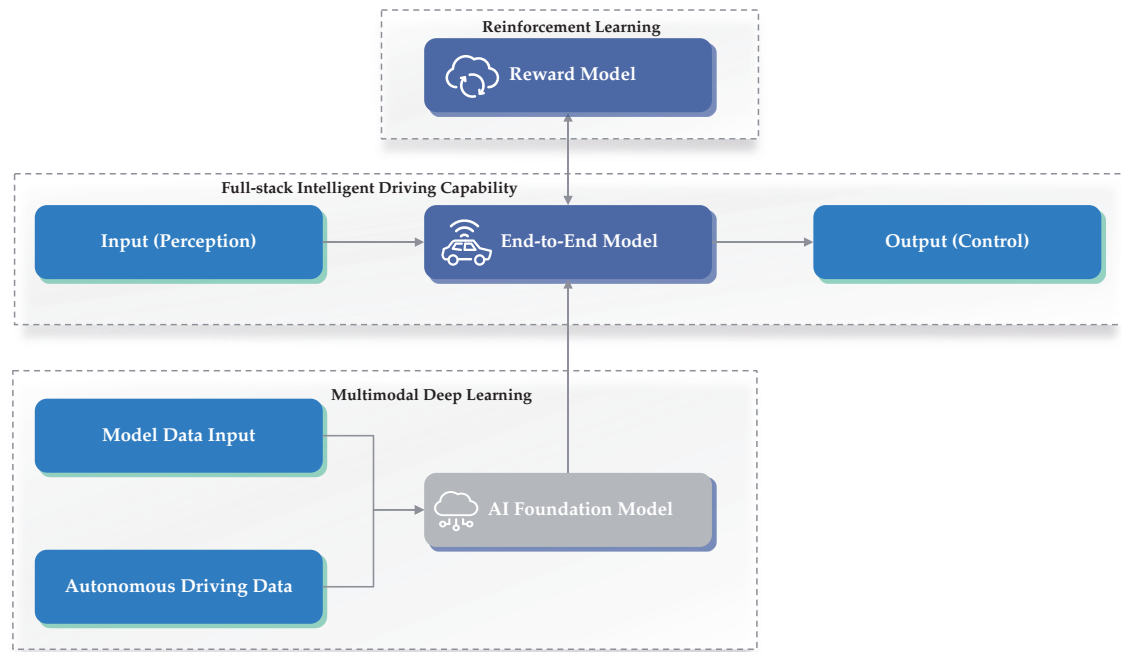
Powered by our RLM models, we offer a full-stack end-to-end intelligent driving solution, encompassing L2 to L4-level autonomous driving. In June 2025, we released “Afari Self-Driving System (“ASD”) 1.0”, delivering L2 intelligent driving capabilities including urban map-free NOA, highway NOA, autonomous valet parking (AVP), and full-scenario door-to-door (D2D) coverage. Moving forward, in our pipeline are “ASD 2.0,” featuring a top-tier, fully redundant L3 architecture, and “ASD 3.0,” which will enable fully L4 driverless robotaxi operations.



Our intelligent driving solutions have been rigorously validated and customized for our key strategic partner. They are designed to meet a wide range of needs, from entry-level to high-end intelligent driving and based on different hardware set, and they can deliver robust, reliable performance and elevates the driving experience across different vehicle lineup.

BUSINESS

Our intelligent driving solutions are powered by our RLM model, a vertical model that has been trained with real-world driving data and further optimized through reinforcement learning, resulting in an expert-level intelligent driving model.



Our RLM-based approach combines two core technologies: multimodal learning and reinforcement learning. Multimodal learning enables the model to process and integrate different modalities of data, such as video (images) and language (text). This allows the system to interpret complex driving environments by combining visual and contextual information, similar to the way humans perceive and understand the world.

Reinforcement learning is a machine learning paradigm where the model learns optimal decision-making through trial and error, guided by a system of rewards and penalties. Rather than relying solely on large volumes of labeled data or direct imitation of human drivers, reinforcement learning allows the model to develop its own strategies by interacting with simulated driving environments. This approach supports greater adaptability and robust performance in unpredictable real-world scenarios.

BUSINESS

Our intelligent driving solutions, powered by the RLM model, offer several key advantages. First, the RLM model learns from both visual and textual data, enhancing situational awareness and decision-making accuracy. This enables our system to potentially outperform experienced drivers, handle complex road conditions, and effectively manage long-tail scenarios. Additionally, RLM’s adaptive learning process allows the model to personalize driving behavior according to individual user habits, supporting a more comfortable and tailored driving experience. Second, by leveraging reinforcement learning, the model achieves significant performance improvements with less engineering code and reduced reliance on labeled data, resulting in higher iteration efficiency and lower development costs.

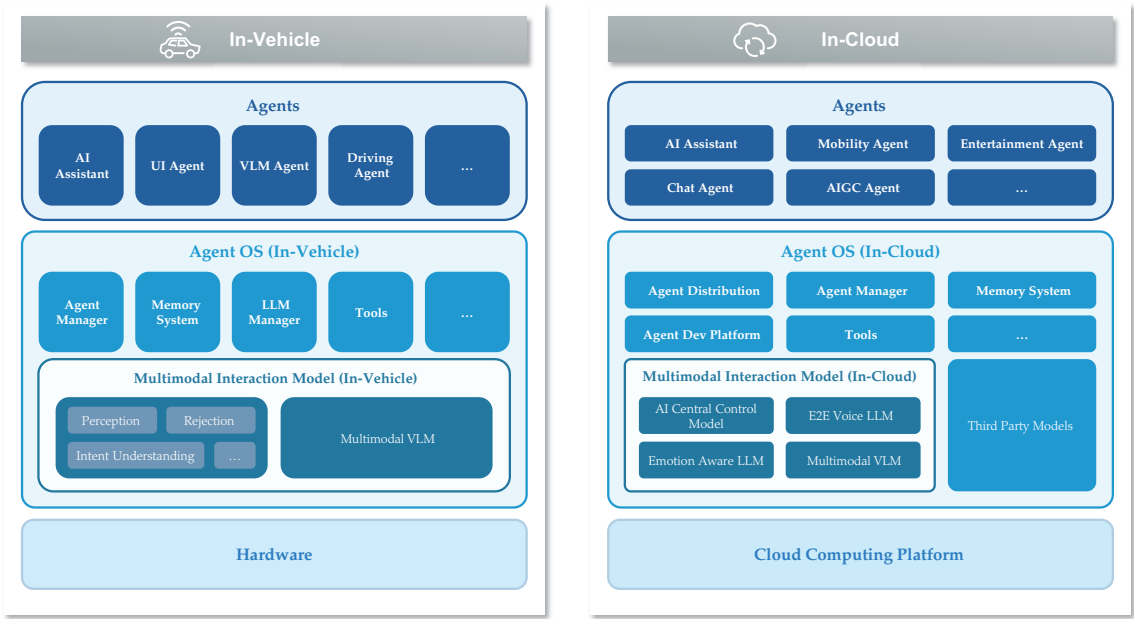
Smart Cockpit Solutions

Product Package Offerings	Standard Version	Flagship Version
Voice Interaction	• Full-vehicle voice control • Human-like understanding, distribution and recognition capabilities (powered by cloud-based large models/ System Agent) • Customized words & TTS voice cloning	+ Fully offline foundational language model (does not rely on internet connectivity) + GUI Agent interface + Have memory, emotions, and customizable personality
Multimodal Interaction	• General world understanding and generation: Powered by cloud-based VLM + in-vehicle small models	+ Cloud VLM + In-vehicle VLM: supports ultra-low latency and privacy protection
2D / 3D Fusion – Lane-level Navigation Support	• Perception SR at 30Hz	• Perception SR at 60Hz + Full fusion (need advanced intelligent driving model) 60Hz + Lane-level positioning (need at least basic intelligent driving model)

We are developing a comprehensive smart cockpit solution. To address a wide range of customer requirements and vehicle segments, we offer both Standard and Flagship versions of our smart cockpit solutions, each empowered with advanced AI Agent capabilities. The Standard version features comprehensive voice control and human-like intent recognition, ensuring an intuitive user experience. The Flagship version further allows for in-vehicle deployment of our Multimodal Interaction Model and agents, delivering ultra-low latency and sophisticated multimodal interaction. It also sets a new benchmark in system-level rendering of the entire display with the frame rates reaching 60Hz, the highest in the industry, offering an exceptionally responsive and immersive in-cabin experience.

BUSINESS

We believe that our smart cockpit solutions are enabled by two core technologies: Multimodal Interaction Model and Agent OS.



Multimodal Interaction Model: Our Multimodal Interaction Model is deployed both in-vehicle and in the cloud to deliver a seamless intelligent experience. The in-vehicle AI model supports advanced perception and intent understanding and a powerful multimodal Vision-Language Model (VLM). In the cloud, our AI interactive suite includes a central control model, an end-to-end voice model, and an emotion-aware model. Working together, these models enable rich multimodal interactions with a general understanding of the real world, AI-powered personalized recommendations and in-cabin emotion recognition.

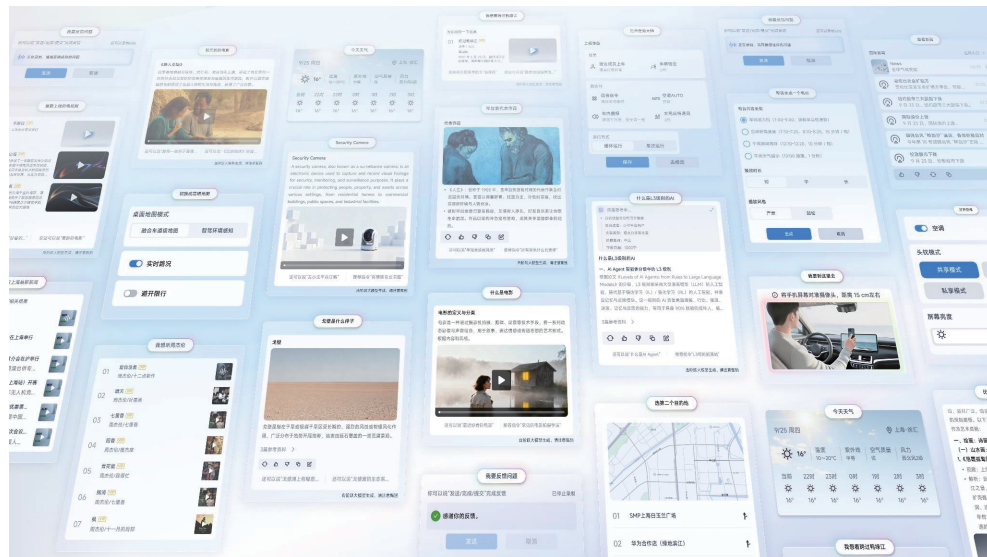
Agent OS: To deliver a truly comprehensive smart cockpit experience, we have deployed multiple specialized agents both in-vehicle and in the cloud, including a comprehensive AI assistant agent, enabling a wide range of functions such as driving, chat, and entertainment. Each agent is optimized for its specific domain, working together to ensure intelligent support for every aspect of the user journey. At the core of this ecosystem is Agent OS, which acts as the unified platform orchestrating all agents and managing their interactions. Agent OS intelligently coordinates resources, data, and services across both local and cloud environments, enabling multimodal interaction, adaptive personalization, and a consistently responsive in-cabin experience.

BUSINESS

The mainstream smart cockpit solutions in the industry today typically expand cloud-based AI capabilities on top of operating systems such as Android. In contrast, our AI Agent OS is an operating system designed specifically for agents, supporting both in-vehicle agent development and deployment as well as in-vehicle model deployment.

Our smart cockpit solutions enable a natural, human-like, and emotionally intelligent in-cabin interaction — aiming for intelligence that surpasses humans and emotional intelligence that matches them. We believe that our smart cockpit solutions stand out with the following strengths:

- (i) *Multimodal Natural UI*: Moving beyond traditional buttons, touchscreens, or mechanical voice controls, our system leverages foundation models with the ability to “understand” the interactions and “think” and to capture user states and intentions in real time. This enables human-like comprehension, memory, proactive interaction, and emotional expression, for example, infusing visual cues and voice dialogues with nuanced emotions like joy, anger, sorrow, or delight tailored to different scenarios.



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- (ii) *Integrated Edge-Cloud Memory*: Our holistic, self-learning memory system underpins personalized AI companions by autonomously identifying, remembering, and managing both user- and vehicle-specific data. Each Agent could store information gathered through user interactions in this memory system, as well as to retrieve relevant insights from it, thereby deepening its understanding of individual preferences. In essence, the memory system functions as a library of personal preferences, enabling Agents to deliver adaptive, context-aware services uniquely tailored to each user.

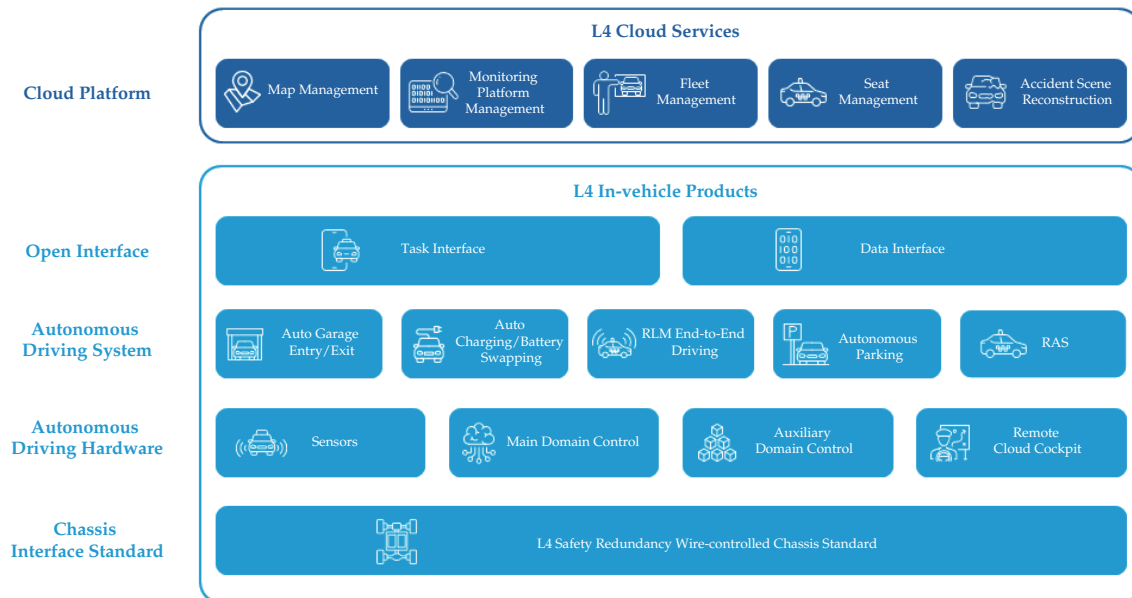


- (iii) *In-vehicle Living Space*: The smart cockpit becomes more than just a driving environment, it evolves into a versatile in-vehicle living space that supports entertainment, content creation, gaming, social interaction, and more. The cockpit agent serves as a personal life assistant, autonomously handling tasks according to the user's preferences and habits, and enabling a highly individualized in-cabin experience.



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Robotaxi Solutions



We offer end-to-end full-stack robotaxi solutions that are built upon three pillars. First, our RLM-powered L4 autonomous driving system enables reliable and smooth operation in complex urban environments, including rush hours and corner cases. Second, we offer a smart cockpit specifically tailored for robotaxi scenarios: even in the absence of a human driver, passengers benefit from human-like interaction and immersive in-cabin entertainment experiences powered by dedicated entertainment Agents. Third, we provide comprehensive operational support platform for robotaxi service providers, including vehicle and cabin monitoring, remote assistance, and advanced closed-loop data analytics tools to ensure safety and operational efficiency.

We are well positioned to lead the development of advanced robotaxi solutions, supported by our extensive vehicle engineering experience, enabling us to design and manufacture both the hardware and the complete vehicle platform for robotaxis in-house. This integrated capability allows us to deliver a comprehensive solution, streamlining the process from concept to deployment and ensuring that all components are optimized for autonomous mobility. We have recently established strategic collaborations in Chengdu, China for the deployment of autonomous mobility solutions in multiple application scenarios, including commuting, ride-hailing, logistics, delivery, municipal operations, and other applications. Starting from Southwest China, our collaborations in Chengdu marked a key milestone to the commercialization of our robotaxi solutions.

We believe that our robotaxi solution also stands out for its safety and efficiency. We employ a comprehensive multi-layer safety architecture that spans hardware and software redundancy across the vehicle, cloud, cockpit, and operational platforms, ensuring stable and secure performance even in complex urban environments. Our intelligent driving system has undergone rigorous validation processes and possesses proven experience from closed testing to commercial deployment, providing reliable assurance for L4-level autonomy. The human-like interactions enabled by our smart cockpit solution could also foster a sense of security and reassurance for passengers

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during fully driverless robotaxi journeys. In terms of efficiency, our solutions leverage AI-driven task scheduling and cloud-based collaboration to optimize traffic flow, maximize fleet utilization, and enhance passenger services. Features such as autonomous parking, automated charging and battery swapping, and remote cockpit management together support a fully unmanned operational loop. This holistic approach significantly improves transportation efficiency, operational effectiveness, and service responsiveness, enabling robotaxi service providers to deploy robotaxi fleets at large-scale.

RESEARCH AND DEVELOPMENT

Research and development is the core of our innovation. We are committed to an innovation-driven approach to stay at the forefront of the advancements in AI and mobility solutions. By prioritizing in-house technological R&D, we continually refine our products and solutions, driving forward our vision of “AI + Mobility.” This commitment empowers us to leverage AI as a technological engine, fostering a diversified portfolio of “AI + Mobility” solutions. Through sustained investment in R&D, we not only elevate our product and solution offerings but also position ourselves at the forefront of the fast-evolving AI and mobility industry, ready to capture emerging opportunities and deliver cutting-edge, high-quality products and solutions to our customers.

Our R&D is led by a strong team with over 2,450 experienced R&D professionals as of the date of this Document, among whom 1,605 R&D personnel focused on the development of our technology solutions. As an industry pioneer, we have attracted and retained a highly qualified R&D team. A substantial portion of our R&D staff is equipped with extensive knowhow and expertise in vehicle manufacturing, AI, intelligent driving, smart cockpit, among others.

We have built a strong technological foundation through sustained investment in R&D, reinforced by deep expertise in vehicle and motorcycle design and the strength of a world-class AI research team. Building on this foundation, we are applying AI to create a smart mobility solution portfolio, including intelligent driving solutions, smart cockpit, and robotaxi solutions. This AI-driven approach enables us to develop a matrix of advanced products and solutions tailored to evolving industry requirements. Our established expertise in vehicle design and AI differentiates us in a competitive and rapidly changing market. This positions us to respond effectively to emerging trends and support future growth.

In 2022, 2023, 2024 and for the six months ended June 30, 2025, we had R&D expenses of RMB90.7 million, RMB214.8 million, RMB406.6 million and RMB287.6 million, respectively. Our R&D expenses as a proportion of operating expenses reached 8.0%, 1.6%, 1.8% and 2.0% in 2022, 2023, 2024 and for the six months ended June 30, 2025, respectively.

R&D Process

We have established an R&D system that encompasses technology reserve and frontier exploration, technological breakthroughs, and preparation for mass production. This integrated system significantly accelerates the pace of R&D efforts, ensuring seamless transitions from innovation to implementation and driving rapid advancements in product and solution development and market success.

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The process of our R&D system is continuously adjusted in response to market demands. Our R&D process typically consists of several key stages: initially, product definition is carried out based on market needs, followed by preliminary research. Afterward, the project is formally established and proceeds through the necessary approval procedures before entering the development phase. During development, products advance according to the established stage-gate process, leading to the SOP (Start of Production) and the commencement of manufacturing.

INTELLECTUAL PROPERTY

We consider our patents, copyrights, trademarks, domain names, trade secrets, and other intellectual property rights to be essential to our business operations and integral to our success and competitiveness. Accordingly, we dedicate substantial time and resources to developing and safeguarding our intellectual property. Since our inception, we have developed a variety of proprietary intellectual property rights. As of the Latest Practicable Date, we have 300 granted patents, 1,664 copyrights, as well as 1,255 trademarks both in China and overseas. See “Appendix V — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights” for details of our material intellectual property rights.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. See “Risk Factors — Risks Related to Our Business and Industry — We may not be able to adequately protect our intellectual property rights and may be subject to infringement of intellectual property rights, or misappropriation claims, by third parties.”

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings regarding intellectual property rights with third parties.

SUPPLY CHAIN MANAGEMENT

Our suppliers during the Track Record Period included automotive parts suppliers, raw material suppliers, battery suppliers, among others. We have implemented a rigorous supplier management and quality control system to ensure the highest standards of quality throughout our supply chain.

Supplier selection is jointly determined by our R&D and procurement departments, with preliminary management overseen by a dedicated Supplier Quality Engineer (SQE) team. The SQE team is responsible for assessing the quality capabilities of suppliers and conducting on-site quality control and inspection. The onboarding process for new suppliers involves a series of steps, including product durability testing or review of durability reports, as well as specific requirements for product dimensions and raw materials. Supplier evaluations are carried out jointly by our quality, procurement, and R&D departments. Together, these teams assess the supplier’s R&D competence, production capacity, and pricing to ensure alignment with our standards and business needs. During the product delivery process, the SQE team continuously monitors quality to ensure all products meet our standards. Upon arrival, all components undergo

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incoming quality control (IQC) inspections, and a comprehensive workshop inspection is conducted before assembly. Key components are subject to rigorous quality tests, including salt spray, aging, and high-temperature testing. These tests not only comply with industry standards but are also held to stricter internal requirements, ensuring the reliability and stability of component quality.

Top Five Suppliers

In 2022, 2023 and 2024 and for the six months ended June 30, 2025, the aggregate purchase amounts from our five largest suppliers for each period were RMB4,902.2 million, RMB3,859.4 million, RMB2,355.9 million and RMB1,312.4 million, representing 61.4%, 57.0%, 35.2% and 37.1% of our total purchase amount, respectively. The purchase amounts from our largest supplier in the same periods were RMB4,021.9 million, RMB3,386.9 million, RMB1,963.4 million and RMB1,049.1 million, representing 50.4%, 50.1%, 29.3% and 29.7% of our total purchase amount, respectively.

To the best of our knowledge, save for Supplier A, an affiliate of us, during the Track Record Period and up to the Latest Practicable Date, our five largest suppliers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. During the Track Record Period and up to the Latest Practicable Date, each of our five largest suppliers are independent from each other.

<u>Rank</u>	<u>Supplier</u>	<u>Major Type of Purchase</u>	<u>Credit Terms</u>	<u>Year of Commencing Business Relationship</u>	<u>Purchase Amount</u> (RMB'000)	<u>% of Total Purchase Amount</u> %
<i>For the year ended December 31, 2022</i>						
1 . . .	Supplier A	CBUs, knock-down kits and automobile components	30 to 75 days	2021	4,021,874	50.4
2 . . .	Supplier B	Automobile parts	30 days	2022	429,738	5.4
3 . . .	Supplier C	Automobile parts	60 days	2022	338,767	4.2
4 . . .	Supplier D	Automobile parts	30 days	2007	58,650	0.7
5 . . .	Supplier E	Automobile parts	30 days	2022	53,138	0.7

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<u>Rank</u>	<u>Supplier</u>	<u>Major Type of Purchase</u>	<u>Credit Terms</u>	<u>Year of Commencing Business Relationship</u>	<u>Purchase Amount</u> (RMB'000)	<u>% of Total Purchase Amount</u> %
<i>For the year ended December 31, 2023</i>						
1 . . .	Supplier A	CBUs, knock-down kits and automobile components	30 to 75 days	2021	3,386,923	50.1
2 . . .	Supplier B	Automobile parts	30 days	2022	306,867	4.5
3 . . .	Supplier E	Automobile parts	30 days	2022	72,582	1.1
4 . . .	Supplier D	Automobile parts	30 days	2007	50,189	0.7
5 . . .	Supplier F	Construction	Payment shall be made according to the project milestones stipulated in the contract	2017	42,829	0.6
<i>For the year ended December 31, 2024</i>						
1 . . .	Supplier A	CBUs, knock-down kits and automobile components	30 to 75 days	2021	1,963,371	29.3
2 . . .	Supplier C	Automobile parts	60 days	2022	158,506	2.4
3 . . .	Supplier E	Automobile parts	30 days	2022	114,976	1.7
4 . . .	Supplier F	Automobile parts	Payment shall be made according to the project milestones stipulated in the contract	2017	64,022	1.0
5 . . .	Supplier D	Automobile parts	30 days	2007	54,979	0.8
<i>For the six months ended June 30, 2025</i>						
1 . . .	Supplier A	CBUs, knock-down kits and automobile components	30 to 75 days	2021	1,049,114	29.7
2 . . .	Supplier E	Automobile parts	30 days	2022	99,493	2.8
3 . . .	Supplier C	Automobile parts	60 days	2022	74,918	2.1
4 . . .	Supplier G	Automobile parts	30 days	2022	48,362	1.4
5 . . .	Supplier H	Automobile parts	45 days	2023	40,509	1.1

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We enter into supply agreements with our suppliers. The summary of the salient terms of our supply agreements are set forth as below.

Procurement amount: Under our supply agreements, we typically enter into monthly procurement plans.

Pricing: Prices are determined according to the technical specifications and specific configurations of the products.

Settlement: We shall settle payments on a monthly basis.

Acceptance and delivery: Supplied products will be accepted only after successfully passing our quality control procedures.

Inventory Management

Our inventory primarily consists of finished goods or merchandise held for sale in the ordinary course of business, work-in-progress in the course of production, and materials or supplies to be consumed in the production process or in the rendering of services. We believe that we have effectively managed our supply chain during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material supply chain issues.

To ensure our products consistently meet evolving market demands, we have implemented comprehensive measures to optimize inventory levels. These initiatives are aimed at minimizing backlogs and enhancing the overall efficiency of our inventory management processes. Additionally, we have established standardized internal procedures for purchase order submission and approval, streamlining logistics and ensuring a consistent approach to procurement.

We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid overreliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

Logistics and Warehouse

We operate our warehouses for storing our finished goods and certain components and raw materials. We engage third-party logistics service providers for the delivery of all our finished goods from our warehouses to the distributors. Raw materials and components are delivered to our warehouses directly by suppliers and then to our production facilities through third-party logistics service providers engaged by us.

BUSINESS

SALES, MARKETING AND DISTRIBUTION OF OUR PRODUCTS

We engage distributors who possess extensive sales experience and a strong market presence. For the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025, our total sales to distributors amounted to RMB7,895.4 million, RMB5,747.3 million, RMB6,323.3 million and RMB3,878.0 million, respectively, accounting for 91.5%, 85.8%, 90.8% and 93.4%, respectively, of our revenue for the corresponding periods.

The following table sets forth the total number and movement of our distributors during the Track Record Period.

	Years Ended December 31,			Six months ended June
	2022	2023	2024	30, 2025
Distributors				
Beginning of the period	874	1,567	1,794	1,694
Additions	1,003	696	502	354
Terminations ⁽¹⁾	310	469	602	547
Number of distributors at the end of the period	<u>1,567</u>	<u>1,794</u>	<u>1,694</u>	<u>1,501</u>

Note (1): Terminated distributors are distributors with whom we did not have any sales in the period indicated but had sales in the preceding period.

During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, save for Geely Group, an affiliate of us, distributors were Independent Third Parties, and there was no employment, financing or family relationship between our distributors and us.

We enter into distribution agreements with our distributors. The summary of the salient terms of our distribution agreements are set forth as below.

Duration: Typically one year.

Pricing: Pricing will be determined based on the product type, model, configuration, specifications, and condition.

Acceptance and delivery: Upon receipt of our goods, the distributor shall inspect and verify the shipment. In the event of any shortage or damage, the distributor must notify us immediately after inspection. If there is no shortage or damage, the distributor shall sign the delivery note to confirm receipt. Should any quality issues be identified, the distributor must submit a written objection to us within the specified period for acceptance of goods.

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Payment and credit terms: We typically grant the distributor a stocking quota. For any amount exceeding this quota, payment must be made in advance, and delivery will be arranged upon receipt of payment. The stocking quota must be settled in a one-time payment by the agreed deadline, and any overdue payments will be subject to an annual interest rate.

Product return and warranty: We will assist the distributor in handling after-sales services in PRC. The distributor is responsible for after-sales service in its designated sales region and is required to possess adequate after-sales service capability. After-sales service shall be carried out in accordance with applicable regulations and our relevant “Three Guarantees” policy. In the event of major or batch quality issues, we will be responsible for repair, replacement, and return, and will bear the actual costs incurred for repair, replacement, or return of goods.

Intellectual property: All intellectual property rights owned by us, including trademarks and company names, are protected. Without our permission, the distributor shall not use them in advertising, promotional activities, or for any other purpose.

Termination: We typically set sales target for distributors, and we reserve the right to terminate the agreement in advance if such target is not met.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material product returns or indemnification claims from our distributors, nor had we made any provisions on any product returns or potential indemnification.

OUR CUSTOMERS

Top Five Customers

In 2022, 2023 and 2024 and the six months ended June 30, 2025, the aggregate revenue generated from our five largest customers for each period were RMB4,145.6 million, RMB2,783.3 million, RMB2,919.3 million and RMB1,760.2 million, representing 48.1%, 41.5%, 41.9% and 42.4% of our revenue, respectively. Revenues generated from our largest customer in the same periods were RMB3,422.5 million, RMB2,249.3 million, RMB2,144.4 million and RMB1,377.7 million, representing 39.7%, 33.6%, 30.8% and 33.2% of our revenue, respectively.

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To the best of our knowledge, save for Customer A, an affiliate of us, during the Track Record Period and up to the Latest Practicable Date, our five largest customers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers. During the Track Record Period and up to the Latest Practicable Date, each of our five largest customers are independent from each other.

<u>Rank</u>	<u>Customer</u>	<u>Major Type of Sales</u>	<u>Year of Commencing Business Relationship</u>	<u>Revenue</u> (RMB'000)	<u>% of Total Revenue</u> %
<i>For the year ended December 31, 2022</i>					
1	Customer A	Vehicles	2021	3,422,493	39.7
2	Customer B	Motorcycles	2005	354,730	4.1
3	Customer C	Vehicles	2021	161,786	1.9
4	Customer D	Motorcycles	2014	104,246	1.2
5	Customer E	Motorcycles	2011	102,384	1.2
<i>For the year ended December 31, 2023</i>					
1	Customer A	Vehicles	2021	2,249,335	33.6
2	Customer B	Motorcycles	2005	194,380	2.9
3	Customer E	Motorcycles	2011	150,398	2.2
4	Customer F	Motorcycles	2005	100,648	1.5
5	Customer G	Vehicles	2023	88,496	1.3
<i>For the year ended December 31, 2024</i>					
1	Customer A	Vehicles	2021	2,144,417	30.8
2	Customer H	Automobile parts	2022	310,844	4.5
3	Customer B	Motorcycles	2005	181,574	2.6
4	Customer E	Motorcycles	2011	141,432	2.0
5	Customer C	Vehicles	2021	141,000	2.0
<i>For the six months ended June 30, 2025</i>					
1	Customer A	Vehicles	2021	1,377,687	33.2
2	Customer B	Motorcycles	2005	142,330	3.4
3	Customer E	Motorcycles	2011	88,747	2.1
4	Customer I	Motorcycles	2023	81,799	2.0
5	Customer J	Motorcycles	2018	69,677	1.7

BUSINESS

Third-Party Payment Arrangement

During the Track Record Period, we accepted payments made by third parties to settle the amounts that certain distributors and end customers owed to us in connection with their purchases of our products. In 2022, 2023 and 2024 and for the six months ended June 30, 2025, the aggregate amount settled through such Third-Party Payment Arrangements was RMB571.8 million, RMB639.8 million, RMB832.9 million and RMB455.1 million, respectively, representing 6.6%, 9.6%, 12.0% and 11.0% of our total revenue for the same year/period, respectively. The number of distributors and end customers who settled payments through third-party channels, referred to as "Third-Party Settled Customers," was 76 in 2022, 76 in 2023, 69 in 2024 and 64 for the six months ended June 30, 2025. We confirm that we had not proactively initiated any Third-Party Payment Arrangements. Based on the representations of the Third-Party Settled Customers and to the best knowledge of our Directors, the Third-Party Settled Customers utilized Third-Party Payment Arrangements primarily due to convenience and flexibility. For instance, some of our overseas clients often rely on third parties to facilitate cross-border transactions, offering greater payment convenience and faster processing times. As a result, we have to accept the Third-Party Payment Arrangements. The third parties who made the payments to us under these Third-Party Payment Arrangements during the Track Record Period, referred to as "Third-Party Payers," consisted of persons affiliated with the Third-Party Settled Customers, such as their beneficial owners, beneficial owners' employees and business partners. We confirm that all Third-Party Payers are independent of our Group. During the Track Record Period and up to the Latest Practicable Date, (i) we had not encountered any disputes with, nor received any refund request from, any Third-Party Settled Customer or Third-Party Payer, (ii) we had not been subject to any administrative penalties by any government authorities with respect to the Third-Party Payment Arrangements, (iii) the pricing, payment and other salient terms of the agreements we entered into with the Third-Party Settled Customers were in line with our other customers not involved in the Third-Party Payment Arrangements, and (iv) we had not provided any discount, commission, rebate or other benefits to any of the Third-Party Settled Customers or the Third-Party Payers to facilitate or encourage the Third-Party Payment Arrangements. As advised by our PRC Legal Adviser, our acceptance of payments through the Third-Party Payment Arrangements do not contravene any prohibitive provisions under PRC laws and regulations.

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We have enhanced our internal control to manage the risks associated with the Third-Party Payment Arrangements. Our sales team is required to inform every customer that third-party payments are not acceptable, except where tripartite agreements are entered that clearly specify the obligations of relevant parties thereof, such as the customers and the designated payors undertake that they shall be jointly and severally liable to us for all their respective obligations and responsibilities. Since third-party payments account for only an insignificant proportion of our total revenue, we believe that the short-term impact on our financial condition and results of operations will be limited. Moreover, as income from technology solutions business continues to grow, this impact will become even less significant. Going forward, our Directors will continue to oversee the effectiveness of the aforementioned enhanced internal control on the Third-Party Payment Arrangements.

See also “Risk Factors — Risks Related to Our Business and Industry — Risks Related to Our Business and Industry — We are subject to risks relating to the Third-Party Payment Arrangements”.

RELATIONSHIP WITH GEELY GROUP

Geely Group, an affiliate of us, is our important strategic business partner. In each period during the Track Record Period, Geely and its affiliates, on an aggregate basis, have been our largest supplier and our largest customer. Specifically, we primarily procured CBUs, knock-down kits and automobile components from certain affiliates of Geely and sold vehicles to certain other affiliates of Geely. The aggregate purchase amounts from Geely Group in 2022, 2023 and 2024 and for the six months ended June 30, 2025 were RMB4,021.9 million, RMB3,386.9 million, RMB1,963.4 million and RMB1,049.1 million, representing 50.4%, 50.1%, 29.3% and 29.7% of our total purchase amount, respectively. In the same periods, revenues generated from Geely Group were RMB3,422.5 million, RMB2,249.3 million, RMB2,144.4 million and RMB1,377.7 million, representing 39.7%, 33.6%, 30.8% and 33.2% of our revenue, respectively. Moreover, we also expect to provide intelligent driving solutions to Geely Group. Our Directors have confirmed that none of our sales to and purchases from Geely Group during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction. We negotiate the transactions with Geely Group on an arm’s-length basis with reasonable and fair pricing terms. For details of our relationship and transactions with Geely Group, please see “Connected Transactions.”

During the Track Record Period and up to the Latest Practicable Date, we maintained a stable relationship with Geely Group and there was no material interruption or dispute in respect of our cooperation with Geely Group. We expect to continue to maintain our relationship with Geely Group. For risks involved in our relationship with Geely Group, see “Risk Factors — Risks Related to Our Business and Industry — Failure to maintain the relationships with our major business partners could adversely impact our business, operation results and financial conditions.”

BUSINESS

MANUFACTURING

We are dedicated to establishing leading intelligent factories for NEVs and motorcycles. We have established five production bases in China as of the Latest Practicable Date.

Our existing LIVAN manufacturing facility is located in Chongqing. It is primarily responsible for the four main production lines. The LIVAN factory is now capable of supporting production of multiple models. We also procured CBUs and knock down kits from Geely Group. For details, please see “Connected Transactions.”

Location	For the year ended December 31,									For the six months ended June 30,		
	2022			2023			2024			2025		
	Production Utilization			Production Utilization			Production Utilization			Production Utilization		
	Capacity	Volume	Rate ⁽¹⁾	Capacity	Volume	Rate ⁽¹⁾	Capacity	Volume	Rate ⁽¹⁾	Capacity	Volume	Rate ⁽¹⁾
	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)
Chongqing	100,000	34,706	34.7%	100,000	30,498	30.5%	100,000	37,446	37.4%	50,000	26,406	52.8%

Notes:

- (1) The utilization rate is equal to the production volume divided by the designed capacity during the same period.

We currently operate two factories for the production of motorcycles, one in Guangdong and one in Chongqing. Our Guangdong facility has three production lines, while our Chongqing facility has four, with a combined annual capacity of approximately 500,000 units. We are currently upgrading our production lines, primarily to meet the manufacturing requirements of larger-displacement products. We currently have no plans to expand factory capacity.

Location	For the year ended December 31,									For the six months ended June 30,		
	2022			2023			2024			2025		
	Production Utilization			Production Utilization			Production Utilization			Production Utilization		
	Capacity	Volume	Rate ⁽¹⁾	Capacity	Volume	Rate ⁽¹⁾	Capacity	Volume	Rate ⁽¹⁾	Capacity	Volume	Rate ⁽¹⁾
	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)
Guangdong and Chongqing	500,000	365,635	73.1%	500,000	334,489	66.9%	500,000	384,782	77.0%	250,000	244,092	97.6%

Notes:

- (1) The utilization rate is equal to the production volume divided by the designed capacity during the same period.

BUSINESS

QUALITY CONTROL

We have established robust quality control systems at every stage of our operations, including R&D, mass production, supplier management, and customer services, to ensure consistently high product quality. We strictly follow regulatory and industry standards on product quality and safety.

To ensure the highest standards of product quality, we have established comprehensive quality management policies for the acceptance of outsourced and procured components. These policies are designed to guarantee the quality of externally sourced parts, prevent the unintended use of non-conforming components in production, and clarify inspection requirements and procedures for handling quality issues. We have also developed procedures for the evaluation of final products to ensure that all finished vehicles and motorcycles meet technical specifications and standards before entering inventory. Furthermore, we have implemented a systematic process for the management of repair, which standardizes workflows and provides effective oversight. These measures ensure that the quality of reworked or repaired vehicles and motorcycles is controlled and compliant with our strict quality requirements.

Our product return and recall policy is in accordance with relevant laws. We typically approve returns of vehicles from distributors where significant quality issues are found. Our product recall process emphasizes rapid response, accurate tracking, and proper handling to ensure efficiency and effectiveness. Due to our rigorous quality control measures and high manufacturing standards, during the Track Record Period, we have not issued any material vehicle recalls or liability claims with our distributors.

DATA PRIVACY AND INFORMATION TECHNOLOGY SYSTEMS

We are committed to complying with data privacy laws and safeguarding the security of customer information. In the course of selling and marketing our vehicles and motorcycles, we collect certain personal data from users based on the services they select, primarily relating to their usage of our products. We are dedicated to managing and utilizing this information in accordance with all applicable laws, and we take reasonable measures to prevent unauthorized use, loss, or leakage of user data. We will not disclose sensitive user information to any third party without the user's prior consent, except as required by law or under specific circumstances outlined in the customer consent.

We have established a comprehensive set of information management policies, including the *Information Security Management Measures*, *Network Security Management Standards*, *Information Security Compliance Management Standards*, *Access Control Management Measures* and *System Security Management Standards*. These policies clearly define responsibilities, control measures, and response mechanisms for data security, network security, and system operation management, ensuring that our daily operations comply with relevant laws and regulations.

BUSINESS

Our Information Management Department is responsible for information security, network security, and privacy protection controls. The department guides all business units in formulating and implementing appropriate network security management strategies, supervises and inspects the network security management activities across the group, and develops and conducts security training programs, including evaluating their effectiveness.

All sensitive information is managed under a tiered authorization system: employees may only access information necessary for their job responsibilities and are required to maintain confidentiality, with strict prohibitions against unauthorized disclosure of confidential information. We employ technical measures such as access control, access logging, encrypted transmission, and storage to prevent unauthorized access, disclosure, or misuse. We also conduct regular information security and compliance training to enhance employees’ awareness of confidentiality, and we ensure the effective execution of our information management procedures through internal audits and accountability mechanisms.

During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party’s right to data and privacy protection as provided by any applicable laws and regulations in the PRC. See “Risk Factors — Risks Related to Our Business and Industry — Our business is subject to extensive laws, regulations, rules, policies and other obligations relating to cybersecurity, privacy, data protection and information security. Any failure to comply with these requirements, or any loss, unauthorized access to or disclosure of confidential information or personal data, could result in significant reputational, financial, legal and operational harm to our results of operations.”

During the Track Record Period and up to the Latest Practicable Date, we did not experience significant IT system failures or outages that adversely affected our business operations.

COMPETITION

Competition in the global and Chinese new energy passenger vehicle and motorcycle markets is intense, fueled by rapid technological advancements and evolving consumer preferences. Price competition, innovation cycles, brand reputation, and speed to market are critical factors shaping the competitive landscape. For details, see “Industry Overview.”

The “AI + Mobility” sectors are also competitive, attracting major global technology companies and traditional automotive industry players. These competitors may possess significant financial resources, advanced R&D capabilities, diverse product portfolios, and well-established customer bases. Success in this space depends on continuous innovation in AI, and product development.

In this landscape, we remain focused on strengthening our core competitiveness in vehicle engineering and AI and continue delivering value to our customers. See “Industry Overview.” See “Risk Factors — Risks Related to Our Business and Industry — We may not be able to successfully compete in China’s mobility market.”

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EMPLOYEES

As of December 31, 2022, 2023, 2024 and June 30, 2025, we had an aggregate of 5,768, 5,178, 4,927 and 6,429 full-time employees, respectively. The following table sets forth a breakdown of the number of our employees as of June 30, 2025 by work function.

Function	Number	% of total
Manufacturing	4,373	68.0%
Research and development	845	13.1%
Sales and marketing	469	7.3%
Finance	123	1.9%
Management	194	3.0%
General and administration	425	6.6%
Total	<u>6,429</u>	<u>100%</u>

The majority of our employees are based in the PRC. Our success depends on our ability to attract, retain and motivate qualified personnel, and we have adopted high standards and strict procedures in our recruitment, including campus recruitment, online recruitment and internal referral. We recruit employees based on their educational background, relevant experience in similar positions and professional qualifications, as well as job vacancies. We offer competitive compensation for our employees. In addition, we provide bonus regularly to employees with outstanding work. We also enhance the development of corporate culture and employee engagement by organizing various activities and trainings to enrich employee's professional skills, boost morale, and improve the work environment.

We entered into confidentiality agreements with all employees and non-compete agreements with almost of our employees. These agreements stipulate that employees must maintain lifelong confidentiality regarding the Company's trade secrets and that intellectual property created by employees during their tenure belongs to the Company. When necessary, we also have the authority to enforce non-compete clause with employees with access to the Company's core technologies and trade secrets. Under this clause, employees are prohibited from joining competing companies operating in the same industry chain for a period of typically no more than two years after their departure. During this non-compete period, the Company provides monthly compensation.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund.

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We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

SEASONALITY

In general, our vehicle sales tend to peak in the fourth quarter, which is traditionally the busiest season for the automotive industry. This seasonal increase is primarily driven by a rise in vehicle purchases toward the end of the year.

INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We also purchase supplemental employer’s liability insurance to cover generic risks that may arise from our ordinary course of business and property insurance to safeguard our property and mitigate risks of various accidental losses.

See the section headed “Risk Factors — Risks Related to Our Business and Industry — We may be subject to product liability claims, and if we are unable to successfully defend against or obtain sufficient insurance coverage for such claims, our financial conditions and liquidity could be materially and adversely affected.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We adhere to the sustainable development concept of green and low-carbon, and are committed to creating a sustainable ESG impact through cooperation with customers, suppliers, and all stakeholders. Our management attaches great importance to ESG matters, actively develops and optimises our operational processes, and focuses on continuous improvement in this area. We are well aware of the importance of sound ESG policies and practices in achieving our corporate mission and purpose, which in turn will bring lasting benefits to our stakeholders. In the future, we will continue to deepen ESG management, and fulfill our responsibilities and commitments to stakeholders while pursuing business excellence.

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ESG Management Framework

Our board of directors is ultimately responsible for our ESG performance and is committed to supervising and guiding the management to effectively implement ESG strategies and measures.

ESG

Our ESG governance structure mainly consists of three levels: the board of directors, the Strategy and ESG Committee, and the ESG Working Group.

ESG management structure	
Structure	Work functions
Strategy and ESG Committee . .	• Conduct research on our ESG strategies, goals, and major issues, identify ESG risks and opportunities related to us, review our ESG-related reports, and put forward suggestions; • Review the operation of the ESG management structure and provide organizational, personnel, and financial support for the operation of the ESG system • Listen to the reports of the ESG Working Group (including goal implementation, report disclosure, risk management and control, etc.)
ESG Working Group	• Develop ESG work plans; • Identify and manage compliance matters regarding the latest ESG requirements; • Set ESG goals, supervise and promote the achievement of these goals; • Disclose ESG information and respond to investors and rating agencies; • Communicate with ESG stakeholders (governments, investors, suppliers, customers, etc.)

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In addition, we are also committed to creating a sustainable ESG impact through cooperation with customers, suppliers, and all stakeholders. We firmly believe that through effective communication with major stakeholders, we can more comprehensively understand their expectations and concerns regarding our ESG performance. We regularly coordinate with the following major stakeholder groups:

- Shareholders and investors: Through general meetings of shareholders, investor meetings, performance briefings, and daily communication, we understand their expectations regarding our ESG strategy, risk management, and performance disclosure.
- Employees: We collect employees' opinions on the working environment, career development, compensation and benefits, and corporate culture through internal communication platforms, employee satisfaction surveys, and trade union representative meetings.
- Customers: Through customer satisfaction surveys, customer service hotlines, and product feedback mechanisms, we understand customers' multi-faceted needs for product quality, safety, and service.
- Suppliers: We ensure the sustainability and compliance of the supply chain through supplier conferences, signing of supplier codes of conduct, and supplier audits.
- Regulatory authorities and the government: We actively participate in industry associations and regularly communicate with regulatory authorities to ensure that our operations comply with the latest laws, regulations, and disclosure requirements.
- Communities and the public: Through community activities, public welfare projects, and media communication, we understand community needs and public expectations of us.

Through these diverse coordination channels, we can systematically collect stakeholders' feedback and incorporate it into the evaluation process of material issues to ensure that the identified issues are widely representative and material.

ESG Issues

We regard the identification and management of ESG material issues as the core part of our sustainable development strategy. By establishing a sound governance structure and management process, we ensure the effective identification, prioritization, and continuous improvement of key ESG issues.

We identify potential ESG issues related to our business by referring to international sustainable development standards (such as GRI, SASB, TCFD).

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At the current stage of development, we have identified the follow issues and risks:

- **Climate change and carbon emission management:** Given the urgency of global climate change and the increasing attention of the global market to climate-related issues, we have listed this issue as a core one. We are committed to continuously monitoring and reducing greenhouse gas emissions, exploring low-carbon transformation paths, and evaluating the potential risks and opportunities of climate change to our business.
- **Employee health and safety:** Employees are one of our most valuable assets. We are committed to providing a safe and healthy working environment and continuously improving the occupational safety management system to safeguard employees' well-being.
- **Business ethics and anti-corruption:** Maintaining integrity in business operations is our core value. We have established a sound business ethics code and anti-corruption mechanism to ensure the transparency and compliance of all business activities.

Environment

We are well aware that environmental protection is an integral part of sustainable corporate development. We strictly comply with national laws and regulations such as the Environmental Protection Law (《環境保護法》) and the Environmental Impact Assessment Law (《環境影響評價法》), as well as environmental management standards. We are committed to integrating climate-related risk management procedures into our overall risk management system, establishing a comprehensive risk identification and management framework, and closely collaborating with shareholders. Through regular climate risk assessments and flexible strategy adjustments, we have effectively reduced the potential negative impacts of climate change on business stability and sustainable development.

In addition, we are committed to establishing and maintaining a comprehensive and efficient environmental management system to ensure that all operational activities comply with relevant environmental laws and regulations, continuously meet compliance requirements, and improve environmental performance. Based on the ISO 14001 environmental management system, we integrate the concept of environmental protection into our decision-making process, production operations, and supply chain management. Our environmental management system covers all aspects from resource consumption, waste management to emission control, and undergoes regular internal audits and external assessment to ensure its effectiveness.

Risks related to the environment and climate

We fully recognize the potential financial, operational, and reputational risks that environmental and climate change factors bring to our operations. These risks can be mainly classified into two categories: transition risks and physical risks.

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Transition risks:

- Policy and target-driven cost increase: China’s national goals of “reaching peak carbon emissions by 2030 and achieving carbon neutrality by 2060” will profoundly affect the energy structure and industrial policies. This may lead to significant transition costs for us, such as purchasing green energy at a higher price than traditional energy; purchasing or upgrading production equipment to meet new regulations; and incurring additional expenses to comply with stricter carbon emission standards;
- Changes in market demand and preferences: Consumers and investors are increasingly concerned about environmental performance, and the demand for green and low-carbon products is rising. Failure to effectively respond to this trend may affect market competitiveness and brand reputation.
- Lagging energy-saving and emission-reduction technologies: Slow transformation to low-carbon technologies may result in lower production efficiency compared to competitors or the premature obsolescence of existing assets;
- Enhanced regulatory and disclosure requirements: Regulatory authorities are continuously increasing and expanding the requirements for ESG information disclosure. To meet stricter requirements for pollutant emission monitoring, resource consumption reporting, etc., we may need to invest more in data collection, system upgrades, and compliance management;

Physical risks:

- The global temperature rise may lead to long-term changes such as water shortages in our operating areas and a significant increase in cooling energy consumption in production facilities during summer.
- Increased safety production risks: Extreme weather conditions increase the likelihood of workplace accidents, directly affecting the health and safety of employees;

Opportunities related to the environment and climate

The global trend of low-carbon transformation has created broad development space for innovative enterprises with technological accumulation. As climate policies continue to deepen and the awareness of green consumption spreads, the market demand for high-efficient energy-saving technologies and clean energy solutions has significantly increased. By providing EVs and battery-swapping technologies that improve energy efficiency and reduce carbon footprints, we have taken the lead in the industry’s green upgrade. Macro-opportunities such as the energy efficiency revolution in the industrial sector, the acceleration of transportation electrification, and the expansion of renewable energy infrastructure will continue to drive the growth of market demand for our technological solutions. At the same time, the upgrade of international carbon reduction

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standards and policy incentives have further strengthened the competitive barriers and commercial value of our products. This strategic alignment enables us to continuously capture the growth momentum in the green economy wave and consolidate our leading position in the industry.

Energy management and greenhouse gas emissions

Energy management and greenhouse gas emissions are of top priority in our environmental performance. We actively respond to the global call to address climate change and are committed to reducing energy consumption and greenhouse gas emissions. We have established a sound energy monitoring system, regularly review energy usage, and set specific energy-saving and emission-reduction goals.

To better evaluate and manage our environmental footprint, we closely monitor relevant indicators at our production bases. The following table sets out our main energy consumption data for the period indicated.

	Unit	2022	2023	2024
Gasoline	Liter	230,234	382,581	419,866
Diesel	Liter	47,556	37,315	45,756
Natural gas	Cubic meter	1,270,469	1,345,091	378,432
Purchased electricity . .	Kilowatt-hour	19,642,534	19,746,978	23,227,306

In terms of greenhouse gas emissions, we conduct the inventory and monitoring of Scope 1 (direct emissions), Scope 2 (energy indirect emissions), and Scope 3 (other indirect emissions) in strict accordance with the international standard Greenhouse Gas Protocol (GHG Protocol) and China’s national standards. We also regularly summarize and analyze relevant data to further improve efficiency and optimize processes in the carbon reduction process. The following table shows the statistics of direct emissions at the Group level:

	Unit	2022	2023	2024
Scope 1	Tonne	5,950.61	6,630.34	6,529.75
Carbon dioxide	Tonne	2,881.63	3,084.14	4,462.75
Methane	Tonne	3,068.98	3,546.20	2,067.00
Scope 2	Tonne	10,267.15	10,321.75	12,140.91

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The specific measures we have taken to reduce energy consumption and greenhouse gas emissions include:

- **Energy transition:** We are committed to establishing an efficient energy management system, continuously improving utilization efficiency and maximizing energy conservation and efficiency; we upgrade or replace high-energy-consuming equipment, actively adopt energy-saving equipment and technologies, and conduct regular energy assessments to identify and improve energy-wasting points. In 2024, to reduce the generation of exhaust pollutants and carbon emissions, we replaced 6 fuel-powered forklifts in the factory area with electric forklifts, and replaced the original tractors in some areas with 5 electric tractors, using new energy to replace traditional energy and continuously reducing its own energy consumption and carbon dioxide emissions.
- Through process transformation and equipment upgrading techniques, we implemented low-carbon combustion renovations in the boiler room to reduce carbon dioxide emissions, optimized air compressors to reduce energy consumption and carbon emissions; conducted in-depth treatment of VOCs and entrusted the maintenance of VOCs facilities and equipment to a third-party professional institution.
- **Power-saving publicity measures:** We advocate for “turning off the power when leaving” (such as turning off computers, lights, air conditioners, etc.), set the air-conditioning temperature no lower than 26°C in summer and no higher than 20°C in winter; regularly carry out electricity-usage inspections, and enhance employees’ awareness of power saving through posters, emails, internal training, etc.

Based on the above measures and continuous environmental protection innovation, we commit to reducing the greenhouse gas emission intensity by 50% by 2035 compared with the 2024 baseline and will continue to strive to achieve the carbon-neutral goal.

Water management

We regularly monitor water consumption and actively seek to use water from sustainable sources. We continue to work hard to further reduce water consumption in production and operation and improve water-use efficiency through technological improvements and equipment upgrades. In addition, we regularly check and repair faucets to prevent water leakage. The following table shows our cumulative water consumption in each year:

	<u>Unit</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water	Cubic meter	<u>324,203</u>	<u>319,487</u>	<u>323,951</u>

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To further reduce the consumption of water resource and improve water resource utilization efficiency, we have taken numerous initiatives at both the Group level and within each business unit:

- A key business unit has developed the administrative procedure document "Detailed Rules for the Implementation of Hydropower Management", which requires each factory department to conduct regular inspections and management of water, electricity, and gas facilities in their respective management areas to prevent leakage and unreasonable usage.
- All key production units are equipped with circulating water systems. After being treated at the sewage treatment station, part of the reclaimed water and concentrated water from the wastewater is recycled for purposes such as greening and cleaning tooling fixtures. Recycling wastewater also reduces the water resource consumption caused by production and decreases sewage discharge accordingly.
- We promote concepts such as "Turn off the tap after use" and post reminder signs in areas such as the cafeteria and restrooms. We conduct regular inspections of water resource usage activities to check for water leakage points and implement rectifications. We also enhance employees' awareness of water conservation through forms such as posters, emails, and internal training.

In the future, we will continue to strengthen water resource management, optimize water usage plans, participate in water resource protection actions, and enhance employees' awareness of water conservation. We commit to reducing water consumption intensity by 20% by 2030 compared to the baseline of 2024.

Emission and Waste Management

We implement the Environmental Management System ISO14001 and establish a comprehensive waste classification, recycling, and treatment system. We strictly conduct thorough checks in accordance with Integrated Emission Standards for Air Pollutants (《大氣污染物綜合排放標準》), Emission Standards for Air Pollutants from Surface Coating in Automobile Manufacturing (《汽車整車製造表面塗裝大氣污染物排放標準》), and Odor Pollutant Emission Standards (《惡臭污染物排放標準》) of Chongqing, and timely publish monitoring data on the Chongqing Pollution Source Monitoring Data Release Platform (重慶市污染源監測數據發佈平台). Meanwhile, we engage professional third parties to upgrade our waste gas treatment equipment to ensure stable waste gas emissions and compliance with standards. We have set up waste classification and disposal stations within the Company and provided waste classification training to employees. We cooperate with professional waste recycling and treatment companies to achieve the resource utilization of waste. In addition, we actively promote cleaner production to reduce waste generation at the source. We are committed to continuously reducing pollutant emissions throughout our activities, products, and services to minimize our impact on the environment.

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Waste Gas Management

We comply with applicable laws and regulations and emission standards related to production, and implement various emission reduction and monitoring measures in accordance with the Operating Specifications for Waste Gas Treatment Systems (《廢氣處理系統運行規範》) and the Maintenance Specifications for Waste Gas Treatment Systems (《廢氣處理系統維護規範》) to ensure that there is no excessive or illegal waste gas emissions.

- We manage waste gas emissions based on the environmental impact assessments of production facilities and the requirements of pollution emission permits. We also regularly monitor waste gas emissions to ensure compliance with emission requirements.
- We ensure that all vehicles used in our business operations and activities comply with waste gas emission standards to further reduce the impact on the atmospheric environment.
- Waste gas emission treatment: We conduct in-depth treatment and transformation of the waste gas generated during the vehicle body coating process. We use methods such as “filtration + activated carbon adsorption + catalytic combustion” for in-depth treatment of volatile organic compound waste gas. Treated waste gas is discharged through exhaust vents at height after meeting the required standards.

Wastewater Discharge Management

We strictly comply with all national environmental protection laws and regulations and exercise strict control over various pollutants generated. The factory’s drainage system for wastewater discharge is constructed in accordance with the principle of “separating rainwater and sewage, separating clean and polluted water, and treating water according to its quality”. Independent sewage treatment stations or comprehensive sewage treatment stations have been established. The factory’s wastewater treatment adopts the “physical + biochemical combination” method, so that industrial wastewater is collected by category, undergoes pretreatment with chemicals in a dedicated system, and subject to comprehensive adjustment before entering the biochemical treatment system. There are 2 (in total) wastewater outlets. Other production wastewater such as degreasing, phosphating, electro-painting, and painting wastewater is discharged into the factory’s sewage treatment station separately from domestic sewage after pretreatment and compliance with standards, and can only be discharged after meeting relevant standards.

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Solid Waste Management

The solid waste in the factory area mainly includes three major categories: general industrial solid waste, hazardous waste, and domestic waste. According to relevant national regulations, solid waste is collected and treated in a classified manner. Among them, general industrial solid waste such as grinding waste residue, punching waste, waste parts, and waste packaging materials is disposed to a material recycling company; the powder collected by the cyclone dust collector in the powder spraying process is recycled by the workshop; hazardous solid waste such as waste residue and sludge generated from degreasing, phosphating, and pickling, waste sandpaper, waste cotton yarn, and waste engine oil residue is regularly disposed to a unit with the qualification for hazardous waste treatment. A temporary storage site for hazardous waste that meets the requirements of the Standard for Pollution Control on Storage of Hazardous Wastes (《危險廢物儲存污染控制標準》) (GB18597-2001) is also constructed. Before the transfer of hazardous waste, we log in to the Bayu Waste Management Information System (巴渝治廢管理信息系統), fill in the planned disposal volume and various relevant information, and strictly implement the transfer manifest system in accordance with the Measures for the Administration of Hazardous Wastes Transfer Manifest (《危險廢物轉移聯單管理辦法》) after the competent environmental authorities review the transfer procedures; domestic waste (including kitchen waste) is disposed to the environmental sanitation department for unified removal.

Social Responsibility

Talent Management System

We firmly believe that employees are one of the most valuable assets of our Company. We are committed to creating a safe, healthy, fair, and inclusive working environment and providing diverse development opportunities. We strictly abide by labor laws and regulations and establish a comprehensive employee welfare system, including competitive salaries, comprehensive medical insurance, and pension plans. In terms of occupational health and safety, we have established a sound occupational safety and health management system, conduct regular safety training and risk assessments to ensure the safety of the workplace. We also attach great importance to talent development, providing a variety of training courses and career development paths, and encouraging employees to continuously learn and grow. We are committed to promoting a corporate culture of diversity and inclusiveness, respecting employees of different backgrounds, genders, races, and cultures, and creating a working atmosphere of mutual respect and common progress.

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We strictly abide by the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), and strive to ensure that the entire recruitment and employment process is lawful and compliant. We will not discriminate against employees on the basis of race, nationality, origin, gender, age, religious belief, or any other similar factors. We continuously advocate a culture of equality, diversity, and innovation, adhere to the principle of zero tolerance for discrimination, and at the same time create a working environment characterized by honesty, mutual trust, and inclusive diversity.

The following table sets forth the total number of full-time employees by gender and age as of December 31, 2024.

<u>Category</u>	<u>Breakdown</u>	<u>Number</u>
Total number of employees		4,927
Gender	Male	3,428
	Female	1,499
Age group	Under 30 years old	860
	31-40 years old	1,555
	41-50 years old	1,707
	Over 50 years old	805

We are committed to creating a comprehensive and fair compensation and welfare system for employees to stimulate their vitality. The welfare provided by our Company covers employees’ daily lives, including activity funds, phone bill subsidies, free shuttle buses, holiday benefits, birthday benefits, staff dormitories, staff canteens, car subsidies and other items, creating a good working and living environment for employees from multi-perspective and in all aspects. We continuously deepen the reform of the performance system. Centering on the core values and strategic positioning of the organization and positions, we build a full-stack performance management and control mechanism, reasonably sets performance indicators, scientifically sets differentiated and quantifiable KPIs and OKRs, and strengthens the communication and feedback between managers and employees during the performance process. By leveraging big data for real-time monitoring and adjusting performance strategies, it ensures that the results truly reflect work effectiveness, motivates employees to improve work quality, guides employees to establish business concepts, stimulates employees’ business vitality, and improves business operation efficiency and competitiveness. It strengthens the performance-based compensation benchmarking, improves the distribution efficiency, promotes talent growth through performance evaluation, improves the fit of human efficiency, and takes multiple measures to support our strategic development and achieve the common growth of employees and the Company.

BUSINESS

Occupational Health, Safety and Care

We are committed to complying with all applicable regulatory requirements, preventing and reducing hazards and risks that may cause damage to employees' health, and ensuring the health and safety of our employees and the surrounding communities. We strictly abide by the laws and regulations of relevant departments, continuously steps up efforts to ensure employees' occupational health, and systematically reviews the documents of the occupational health management system.

We have established an HSE education and training control procedure to carry out three-level safety education and training for production on-site employees at the company, workshop and team levels. It organizes special operation personnel and special equipment operation personnel to receive training and obtain corresponding certificates before taking up their positions, and organizes all safety and environmental management personnel within the Group to participate in the safety dual-control system special training on "risk classification management and control and hidden danger investigation and treatment".

The business unit has established a systematic safety management system, issued relevant institutional requirements for safety education and training, such as three-level safety education for new employees. It has formulated and regularly updates the annual safety training plan, and carries out monthly safety-related theme education and training, such as special training on heatstroke prevention and safety month theme training. In addition, we have formulated an annual occupational health training plan in accordance with institutional requirements and implemented it regularly as planned, including training on noise hazards, dust hazards, benzene-series hazards, heatstroke prevention, etc.

We have established a sound emergency response system with more than 30 contingency plans, including comprehensive plans, special plans, and on-site response protocols covering 12 incident categories. In 2024, a total of 48 drills were carried out, including 16 drills regarding on-site response protocols which are envisaged for 8 incident categories, including vehicle-related injuries, machinery-related injuries, poisoning and suffocation, scalding, etc.

BUSINESS

Product Liability

Based on the requirements of the ISO9001 management system, we have established a full-process management system covering R&D, procurement, production, and sales, and continuously maintained and improved it to ensure the quality of products and services. In 2024, we took a series of measures to improve the quality of new and mass-produced product components. For example, we proposed 6 key measures such as "identifying key components of suppliers and establishing requirements for the process, and conducting a review of the frame welding assembly process route" for frames, focusing on the closed-loop rectification of problems and strictly controlling the finished products quality of leaving the factory.

In the product service phase, we have established a comprehensive after-sales service mechanism for products. If the sales department receives customer complaints about products and services, it will immediately understand the situation. We have regulations for documenting complaint information, with a standardized handling process featuring closed-loop monitoring, approval and verification.

Meanwhile, we have formulated written requirements on product quality control from incoming materials to market-ready products, such as incoming parts acceptance criteria, finished products inspection protocols, warranty claim analysis management regulations, and defective products recall management measures. It has also had explicit provisions on the product quality appraisal process and product recycling procedures.

Community Engagement

Over the past two decades, we have made outstanding and continuous contributions in respect of corporate social responsibility. We regard giving back to society and safeguarding public safety as an important aspect of our core values. In particular, we have demonstrated a strong sense of corporate responsibility in voluntary rescue operations across the country.

For instance, established in 2006, the Lifan Motorcycle Tibet Plateau Rescue Team (力帆摩托西藏高原救援組) is headquartered in Lhasa urban area. After nearly 20 years of development, the Tibet Plateau Motorcycle Touring Service Center (西藏高原摩旅服務中心) has grown into a large-scale non-governmental motorcycle touring rescue organization with 223 rescue stations across the entire Tibet Autonomous Region, capable of carrying out all-round rescue work in the region. It effectively rescues over a hundred motorcycle enthusiasts entering Tibet every year and has been reported and commended by the official media many times. After the Shigatse earthquake in 2025, the Lifan Motorcycle Plateau Rescue Team actively participated in voluntary rescue and donated supplies in the disaster-stricken area to meet the basic living needs of the affected people and support post-disaster reconstruction work. In addition, in response to the Shigatse disaster situation, we launched special services in the area, providing free road rescue, free full-vehicle inspections as public welfare initiatives.

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Corporate Governance

Organizational Structure

We strictly adhere to the laws, regulations and normative documents of the People’s Republic of China, including the Company Law (《公司法》), the Securities Law (《證券法》) and the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), as well as the Self-regulatory Rules of the Shanghai Stock Exchange (上海證券交易所自律監管規則), the Company’s Articles of Association and other relevant provisions. We have further improved the corporate governance structure, optimized the internal control management mechanism, strengthened the compliance operation level, continuously standardized the operation of the general meeting, the board of Directors, and the board of supervisors, as well as the management of information disclosure affairs, effectively safeguarding the legitimate rights and interests of all Shareholders, especially small and medium-sized investors.

Shareholders and the general meeting of Shareholders: As the highest authority of the Company, the general meeting strictly complies with the Company’s Articles of Association and the Rules of Procedure of the General Meeting of Shareholders (《股東會議事規則》) when it exercises its decision-making authority over major matters. We have convenes and holds the general meeting of Shareholders in accordance with relevant laws and regulations and engages lawyers to attend and witness the meeting.

Directors and the board of Directors: As the decision-making body of the Company, the board of Directors strictly complies with the Company’s Articles of Association and the Rules of Procedure of the Board of Directors (《董事會議事規則》) in performing its duties. The board of Directors has established a Strategy Committee, an Audit Committee, a Remuneration and Appraisal Committee, and a Nomination Committee, which are responsible for reviewing major matters of the Company respectively. All Directors perform their duties in good faith and with due diligence, and there have been no acts of exceeding the power of the general meeting or interfering with the operation of the board of supervisors and the decision-making of the management.

Internal Control: We comprehensively conduct internal control review and optimization through research and diagnosis, process optimization, system construction, and risk mechanism establishment. Based on the results of research and diagnosis, the basic norms and application guidelines for the internal control of enterprises, a “18 + N” business process framework is established to achieve refined management of business processes and improve operational efficiency and effectiveness. By aligning business processes with external laws and regulations and internal management systems, a mapping relationship between them is established, further improving the institutional framework. Combining external legal requirements with our actual situation, a comprehensive risk management mechanism is established to help us identify and control potential risks and ensure sustainable and healthy development.

BUSINESS

Business Ethics, Anti-Corruption and Anti-Bribery

We regard business ethics and honest operation as the core values of our corporate culture. We have established strict codes of conduct and ethical standards, requiring all employees and business partners to adhere to the highest ethical standards in their daily work. We have implemented comprehensive anti-corruption policies, including but not limited to: prohibition of bribery, declaration of conflicts of interest, management of gifts and entertainment, etc., and established an independent reporting mechanism to encourage employees and external stakeholders to report any unethical or illegal behavior, where we promise to protect the whistle-blowers. We provide regular training on business ethics and anti-corruption for employees to enhance their ethical awareness and compliance capabilities. We take a zero-tolerance attitude towards any behavior that violates business ethics and honest operation and will handle it seriously in accordance with laws and regulations.

PROPERTIES

Our principal executive office is located in Chongqing, China. We lease and own certain land parcels and buildings in the PRC for our business operations. According to our PRC Legal Adviser, we have obtained all material licenses, permits and certificates with respect to significant land and properties material to our core business as required by relevant PRC laws and regulations.

As of the Latest Practicable Date, we leased a portion of a development complex we own in Chongqing to third-party tenants. The property is a development complex with retail, underground parking spaces and storage rooms components. In addition, we also own a property in Chongqing that is vacant for sale. Pursuant to Rules 5.01A and 5.01B of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) that forms part of an applicant’s property activities is or is above 1% of the applicant’s total asset, the document must include the full text of a valuation report for such property interest. As of June 30, 2025, being the date of which the most recent audited consolidated statements of the financial position of our Group, (i) the carrying amount of our investment property exceeds 1% of our total assets; and (ii) no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of total assets. Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, valued our investment property based on certain assumptions. Details of our investment property interests are set out in Appendix III to this Document.

We are required to develop a property project according to the terms of the land grant contract, including those relating to the designated use of the land and the time for commencement and completion of the property development. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delays in the commencement of construction of properties which had any material adverse impact on our business, financial condition and results of operations. See “Risk Factors — Risks Related to Our Business and Industry — We may be subject to fines or forfeit land to the PRC Government if we fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts.” We are also required to commence

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construction of our projects within the time prescribed by the relevant PRC laws and regulations. Otherwise our lands may be regarded as "idle land" and as a result we may be subject to certain penalties and the idle land might be resumed without any compensation. Under the Measures on Disposing of Idle Land (《閒置土地處置辦法》) promulgated by the Ministry of Land and Resources on April 28, 1999, as amended on June 1, 2012, a land parcel may be defined as idle land under any of the following circumstances: (i) development and construction of the state-owned land is not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or (ii) the development and construction of the state-owned land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

During the Track Record Period and up to the Latest Practicable Date, we incurred delays in commencement and/or completion of construction for a project in Chongqing. As of the Latest Practicable Date, we have been communicating with relevant competent government authorities regarding future plans on the relevant land. Based on interviews with such competent government authorities, it is confirmed that no penalties or liquidated damage had been imposed nor will they be imposed prior to the approval of future plans regarding the relevant land.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits that are material for our business operations in the jurisdictions where we operate, and such licenses, approvals and permits were valid and would be in force on an ongoing basis.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we had not been involved in any significant 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, we had not been involved in any material non-compliance incidents during our principal business operation that have a material adverse effect on our business, financial condition, and results of operations during the Track Record Period and up to the Latest Practicable Date.

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RISK MANAGEMENT AND INTERNAL CONTROL

We have established and implemented comprehensive risk management policies and internal control measures covering our business operations, financial reporting, and overall compliance. To ensure the continued effectiveness of these policies and uphold strong corporate governance following our [REDACTED], we have adopted, and will continue to adopt, a range of risk management initiatives, including but not limited to the following measures.

- We design a comprehensive set of policies to identify, analyze, manage and monitor various risks. We periodically assess and update our risk management policies;
- Our Board is responsible for overseeing the overall risk management and internal control. Our Audit Committee is authorized to review and evaluate our financial control, risk management and internal control system. See "Directors and Senior Management — Board Committees — Audit Committee" for the composition of the Audit Committee and the qualifications and experience of them;
- We will adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to conflict of interest management, connected transactions and information disclosure; and
- We will continue to organize training sessions for our Directors and senior management with respect to the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong.

We engaged an independent internal control consultant to perform an assessment on the effectiveness of our internal controls, to identify deficiencies in our internal control system and to furnish recommendations on enhanced internal control measures. The work scope of our internal control consultant covered reviewing and assessing various aspects of our operations, including, among others, the internal control environment, financial reporting and disclosure, sales and accounts receivables management, procurement and accounts payables management, inventory management, engineering and manufacturing management, fixed and intangible asset management, human resources and compensation, fund management and information system management.

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We had adopted substantially all of the recommendations made by the independent internal control consultant and had improved our internal control system to comply with the Listing Rules. Having considered the internal control measures adopted by us, our Directors are of the view that our enhanced internal control measures are adequate and effective having regard to the obligations of our Company and our Directors under the Listing Rules and other relevant legal and regulatory requirements.

AWARDS AND RECOGNITIONS

<u>Award/Recognition</u>	<u>Award Authority</u>	<u>Award Year</u>
Innovative Small and Medium-sized Enterprises (SMEs)	Chongqing Municipal Commission of Economy and Informatization	2024
SME Technology Research and Development Center	Chongqing Municipal Commission of Economy and Informatization	2025
Environmental Management System Certification	China Quality Certification Centre	2025
Quality Management System Certification	China Quality Certification Centre	2025
Occupational Health and Safety Management System Certification	China Quality Certification Centre	2025

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors comprises 11 Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

The following table sets out information about our Directors.

Name	Age	Position	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Executive Directors and Non-executive Directors					
Mr. Yin Qi (印奇)	[37]	Chairman of the Board and executive Director	November 1, 2024	November 11, 2024	Responsible for overall strategic planning and business management of our Group
Mr. Bao Yi (鮑毅)	[49]	Non-executive Director and deputy chairman of the Board	September 23, 2024	September 23, 2024	Providing strategic advice and making recommendations on the operation and management of our Group
Mr. Xu Honghu (徐鴻鵠)	[50]	Non-executive Director and deputy chairman of the Board	June 16, 2025	June 16, 2025	Providing strategic advice and making recommendations on the operation and management of our Group
Mr. Li Chuanhai (李傳海)	[49]	Non-executive Director and deputy chairman of the Board	September 23, 2024	September 23, 2024	Providing strategic advice and making recommendations on the operation and management of our Group
Mr. Liu Jinliang (劉金良)	[59]	Non-executive Director	September 23, 2022	September 23, 2022	Providing strategic advice and making recommendations on the operation and management of our Group
Ms. Long Zhenzhu (龍珍珠)	[38]	Non-executive Director	January 22, 2021	September 23, 2024	Providing strategic advice and making recommendations on the operation and management of our Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Xu Huanchun (徐煥春) . . .	[45]	Executive Director (employee representative Director)	May 8, 2003	September 29, 2025	Responsible for supervising the operation of the Board, and overseeing the general-purpose machinery business of the Group
Independent Non-executive Directors					
Ms. Huang Qun (黃群)	[58]	Independent non-executive Director	September 29, 2025	September 29, 2025	Providing independent opinions and judgment to the Board
Dr. Xiao Xiang (肖翔)	[55]	Independent non-executive Director	January 22, 2021	January 22, 2021	Providing independent opinions and judgment to the Board
Dr. Dou Junsheng (竇軍生) . . .	[44]	Independent non-executive Director	January 22, 2021	January 22, 2021	Providing independent opinions and judgment to the Board
Mr. Ren Xiaochang (任曉常) . . .	[69]	Independent non-executive Director	January 22, 2021	January 22, 2021	Providing independent opinions and judgment to the Board

Executive Directors and Non-executive Directors

Mr. Yin Qi (印奇), aged [37], is the chairman of our Board and an executive Director and is primarily responsible for overall strategic planning and business management of the Group. Mr. Yin was appointed as a Director and elected as the chairman of the Board in November 2024, and was re-designated as an executive Director in September 2025.

Mr. Yin founded Beijing Megvii Technology Co., Ltd.* (北京曠視科技有限公司) in October 2011, and served as its executive director, chairman of the board, and chief executive officer from October 2011 to October 2024. Mr. Yin also held the position as the chairman of the board and manager of Beijing Megvii Jinshu Technology Co., Ltd.* (北京曠視金數科技有限公司), which ended in October 2024. He served as a member of the National New Generation Artificial Intelligence Governance Specialist Committee (國家新一代人工智能治理專業委員會) and has been a member of the Executive Committee of the All-China Federation of Industry and Commerce (中華全國工商業聯合會) since December 2022, part-time vice chairman of the Beijing Federation of Industry and Commerce (北京市工商聯合會) since September 2022, and a member of the Beijing Municipal Committee of the Chinese People’s Political Consultative Conference (北京市政治協商委員會) since January 2023. Mr. Yin received the 28th China Youth May Fourth Medal (中國青年五四獎章) in April 2024 and was selected as one of Fortune China’s 40 Under 40 for three consecutive

DIRECTORS AND SENIOR MANAGEMENT

years from 2015 to 2017. In 2016, Mr. Yin was ranked first in the enterprise technology category of Forbes’ 30 Under 30 Asia list.

Mr. Yin received his bachelor’s degree in computer science from the Experimental Class of Computer Science (Yao Class) of Tsinghua University (清華大學) in the PRC in July 2010 and master’s degree in computer science (intelligent sensing) from Columbia University in the United States in May 2013.

Mr. Bao Yi (鮑毅), aged [49], is a non-executive Director and is primarily responsible for providing strategic advice and making recommendations on the operation and management of our Group. Mr. Bao was appointed as a non-independent Director in September 2024 and was re-designated as a non-executive Director in September 2025. Mr. Bao was appointed as the deputy chairman of our Board in February 2025.

Mr. Bao has served as the chairman of Cedarlake Capital, a private equity fund primarily investing in the digital technology and green economy sectors, as well as cross-border industrial mergers and acquisitions, since June 2016. Prior to founding Cedarlake Capital, Mr. Bao had worked at Morgan Stanley group since March 2006. He served as the general manager of Morgan Stanley Securities (China) Co., Ltd. (摩根士丹利證券(中國)有限責任公司) from September 2013 to May 2016, and as managing director prior to his departure. In addition, Mr. Bao has served as an independent non-executive director at Sino ICT Holdings Limited (芯成科技控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 365.HK) since September 2016, and an independent director at Chongqing Sanfeng Environment Group Corp., Ltd. (重慶三峰環境集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601827.SH) since March 2025.

Mr. Bao received his bachelor’s degree in science from The State University of New York in the United States in May 1999 and an MBA degree from The Wharton School of the University of Pennsylvania in the United States in May 2004.

Mr. Xu Honghu (徐鴻鵠), formerly known as Mr. Xu Fu (徐福), aged [50], is a non-executive Director and is primarily responsible for providing strategic advice and making recommendations on the operation and management of our Group. Mr. Xu was appointed as a non-independent Director in June 2025 and was re-designated as a non-executive Director in September 2025. Mr. Xu was appointed as the deputy chairman of our Board in June 2025.

Mr. Xu has served as the member of the party committee and deputy general manager of Chongqing Liangjiang New Area Industrial Development Group Co., Ltd.* (重慶兩江新區產業發展集團有限公司) since January 2024. From June 2016 to January 2024, he served as party secretary, chairman, and general manager of Chongqing Liangjiang Financial Development Co., Ltd.* (重慶兩江金融發展有限公司). From October 2011 to June 2016, Mr. Xu served in different roles in Chongqing Liangjiang New Area Party Working Committee (重慶兩江新區黨工委), including the leader in the publicity department, the leader in city development department, manager in the government affairs center and director of the financial development department.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu received his bachelor's degree in economic management in the Correspondence College of Party School of the Chinese Communist Party Chongqing Municipal Committee (中共重慶市委黨校函授學院) in the PRC in December 2000 and master of business administration degree from Chongqing Graduate School of Business Administration (重慶工商管理碩士學院) in the PRC in December 2012.

Mr. Li Chuanhai (李傳海), aged [49], is a non-executive Director and is primarily responsible for providing strategic advice and making recommendations on the operation and management of our Group. Mr. Li was appointed as a non-independent Director in September 2024 and was re-designated as a non-executive Director in September 2025. Mr. Li was appointed as the deputy chairman of our Board in June 2025.

Mr. Li joined Geely Automobile, a company listed on the Hong Kong Stock Exchange (stock code: 175.HK) in July 2004 as an assistant of general manager at Zhejiang Jirun Automobile Co., Ltd.* (浙江吉潤汽車有限公司). He was responsible for the overall management of Geely Holding's forward-looking technology research and the vehicle research and development system of Geely-branded vehicles from June 2010 to June 2019. He was the vice president of the Hangzhou branch of Zhejiang Jirun Automobile Co., Ltd.* (浙江吉潤汽車有限公司杭州分公司) from February 2020 to December 2023. Mr. Li has served as the vice president of Geely Automobile Holdings (Hangzhou) Co., Ltd.* (吉利汽車控股(杭州)有限公司) since January 2024.

Mr. Li received his online diploma from Zhejiang Automotive Engineering Institute (浙江汽車工程學院) in automobile engineering in March 2011.

Mr. Liu Jinliang (劉金良), aged [59], is a non-executive Director and is primarily responsible for providing strategic advice and making recommendations on the operation and management of our Group. Mr. Liu was appointed as a non-independent Director in September 2022 and was re-designated as a non-executive Director in September 2025.

Mr. Liu joined Geely Holding in September 1993 and successively served at Zhejiang Geely Holding Group Automobile Sales Co., Ltd.* (浙江吉利控股集團汽車銷售有限公司), Ningbo Meiri Automobile Sales Co., Ltd.* (寧波美日汽車銷售有限公司), Ningbo MinTimes Automobile Sales & Leasing Chain Co., Ltd.* (寧波銘泰汽車銷售租賃連鎖有限公司), E-ENERGEE Internet Technology Co., Ltd.* (易易互聯科技有限公司), Hangzhou Langge Technology Co., Ltd.* (杭州朗歌科技有限公司), StarRides Technology Co., Ltd.* (蔚星科技有限公司) and Chongqing All Happy Families Technology Co., Ltd.* (重慶幸福千萬家科技有限公司) as chairman of the board or general manager. He has been serving as non-executive director of CaoCao Inc. (曹操出行有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2643.HK) since April 2024.

Mr. Liu received his bachelor's degree in industrial economy and business management from Beijing Economics College (北京經濟學院) (currently known as Capital University of Economics and Business (首都經濟貿易大學)) in the PRC in July 1989.

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Ms. Long Zhenzhu (龍珍珠), aged [38], is a non-executive Director and is primarily responsible for providing strategic advice and making recommendations on the operation and management of our Group. Ms. Long joined our Group as a supervisor in January 2021, since when she had served as the chairperson of the supervisory committee until July 2023. Ms. Long was appointed as a non-independent Director in September 2024 and was re-designated as a non-executive Director in September 2025.

From October 2010 to September 2014, Ms. Long served as a lawyer at Beijing Grandway Law Offices* (北京國楓凱文律師事務所). From November 2014 to January 2015, she served as a lawyer at Beijing Zhong Lun Law Firm* (北京市中倫律師事務所). She joined Liangjiang Fund Management in January 2015 and served successively as a manager in the legal department and deputy general manager, where she is currently responsible for the financial and legal matters and specialized investment management.

Ms. Long received her bachelor's degree in law from Fudan University (復旦大學) in the PRC in June 2008.

Mr. Xu Huanchun (徐煥春), aged [45], is an executive Director and the general manager of our general-purpose machinery business. Mr. Xu was elected as an executive Director and employee representative Director in September 2025.

Mr. Xu joined the Group in May 2003, and has worked as a staff member in the regulatory department of the Company from May 2003 to December 2005. From January 2006 to January 2007, he served as the deputy director of the Group office at the Company. From January 2007 to July 2010, he held the position of deputy director of the motorcycle procurement center of the Company. From August 2010 to November 2013, he became the general manager of the Vietnam subsidiary of the Company. From December 2013 to January 2017, he took on the role of executive deputy director of the Passenger Car Procurement Center of the Company. From January 2017 to November 2017, he worked as the deputy general manager of the strategic planning center in the Company. From July 2019 to December 2020, he worked at Zhejiang Jirun Meishan Automobile Components Co., Ltd.* (寧波梅山吉潤汽車零件有限公司). From December 2020 to July 2022, he served as the director of operations management department in the Company. Since September 2021, he has been the general manager of the general-purpose machinery business unit of the Company.

Mr. Xu received his bachelor's degree in economic law from Southwest University of Political Science and Law (西南政法大學) in the PRC in July 2001.

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Independent non-executive Directors

Ms. Huang Qun (黃群), aged [58], is an independent non-executive Director and is primarily responsible for providing independent opinions and judgment to the Board. Ms. Huang was appointed as an independent non-executive Director in September 2025.

Ms. Huang served at Ministry of Foreign Affairs of the People's Republic of China (中國外交部) from July 1989. After that, she later took the position of vice president at JPMorgan Chase New York and worked as an executive director at Lazard Asia. From December 2009 to November 2014, she served as managing director at Morgan Stanley Asia Limited. From April 2016 to March 2024, she served as a managing director at Lazard China.

Ms. Huang received her bachelor's degree in diplomatic English from China Foreign Affairs University (北京外交學院) in the PRC in July 1989 and her master's degree in international finance from the School of International and Public Affairs at Columbia University (哥倫比亞大學國際關係學院) in the United States in May 1997.

Dr. Xiao Xiang (肖翔), aged [55], is an independent non-executive Director and is primarily responsible for providing independent opinions and judgment to the Board. Dr. Xiao was appointed as an independent Director in January 2021 and was re-designated as an independent non-executive Director in September 2025.

Dr. Xiao began her academic career at Beijing Jiaotong University (北京交通大學) in the PRC in November 2001 as an associate professor in the Department of Accounting of the School of Economics and Management (經管學院). From February 2004 to May 2004, she was a visiting scholar at the College of Business of Victoria University in Australia, and from November 2007 to May 2008, she was a visiting scholar at the Binghamton University, State University of New York in the United States. From June 2008 to August 2010, she served as deputy director of the EMBA Center of Beijing Jiaotong University. Since November 2009, she has been a professor in the Department of Accounting and began supervised doctoral students since 2012.

Concurrently, from August 2013 to December 2016, she also served as secretary and vice dean of the Business School (工商分院) of the School of Economics and Management. From November 2017 to June 2023, she served as secretary and deputy director of the Department of Accounting. Since December 2017, she has also acted as a High-End Think Tank Researcher (首都高端智庫研究員) at the Beijing Jiaotong University Beijing Comprehensive Research Institute (北京交通綜合研究院). Since November 2019, she has been the director of the Center for Central and Eastern European Studies of Beijing Jiaotong University (中東歐研究中心).

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Dr. Xiao has also served as an independent director of Tangshan Port Group Co., Ltd.* (唐山港集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601000.SH), since May 2020.

Dr. Xiao received her bachelor's degree in technical economics from Northern Jiaotong University (北方交通大學) in the PRC in July 1991, her master's degree in technical economics from Northern Jiaotong University (北方交通大學) in the PRC in 1994, doctoral degree in industrial economics from Northern Jiaotong University (北方交通大學) in the PRC in November 2001. She became qualified as a Certified Public Accountant (註冊會計師) by in the PRC in April 2011.

Dr. Dou Junsheng (竇軍生), aged [44], is an independent non-executive Director and is primarily responsible for providing independent opinions and judgment to the Board. Dr. Dou was appointed as an independent Director in January 2021 and was re-designated as an independent non-executive Director in September 2025.

Dr. Dou commenced his tenure in Zhejiang University (浙江大學) in October 2008 as a post-doctoral researcher in the Department of Management Science and Engineering (管理科學與工程系) of the School of Management (管理學院), a position he held until October 2010. From December 2010 to December 2018, he successively served as an associate professor in the Department of Business Administration (企業管理系) and the Department of Innovation, Entrepreneurship and Strategy (創新創業與戰略學系) of the same university. Since December 2018, he has held the position of professor in the Department of Innovation, Entrepreneurship and Strategy at Zhejiang University School of Management, where he has continued his academic career to date.

He has also served as an independent director of Zhejiang Double Arrow Rubber Co., Ltd.* (浙江雙箭橡膠股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002381.SZ) since November 2024. He has also served as an independent director of Joyoung Co., Ltd.* (九陽股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002242.SZ) since September 2025.

Dr. Dou received his bachelor's degree in business administration from Shandong University (山東大學) in the PRC in June 2003. From September 2003, he studied in Zhejiang University (浙江大學) in the PRC and received his doctoral degree in corporate management in September 2008.

Mr. Ren Xiaochang (任曉常), aged [69], is an independent non-executive Director and is primarily responsible for providing independent opinions and judgment to the Board. Mr. Ren was appointed as an independent Director in January 2021 and was re-designated as an independent non-executive Director in September 2025.

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Mr. Ren served as a director, general manager and vice chairman of Chongqing Automotive Research Institute* (重慶汽車研究所) (currently known as China Automotive Engineering Research Institute Co., Ltd.* (中國汽車工程研究院股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 601965.SH), from November 2007 to December 2013 and as its chairman from December 2013 to December 2016.

Mr. Ren served as an independent director of Chongqing Zongshen Power Machinery Co., Ltd.* (重慶宗申動力機械股份有限公司) (stock code: 001696.SZ) from June 2019 to September 2025, an independent director of Chongqing Changan Automobile Company Limited* (重慶長安汽車股份有限公司) (stock code: 000625.SZ) from September 2017 to July 2023, and an independent non-executive director of Chongqing Machinery & Electric Co., Ltd.* (重慶機電股份有限公司) (stock code: 2722.HK) from July 2007 to June 2025. He has also served as an independent director of Beijing HyperStrong Technology Co., Ltd.* (北京海博思創科技股份有限公司) (stock code: 688411.SH) since December 2020.

Mr. Ren obtained a bachelor’s degree in automobile from the mechanical engineering department of Hunan University (湖南大學) in the PRC in December 1981. He attended and completed the further study program in business administration at Wuhan University of Technology (武漢理工大學) in the PRC in May 2004.

SENIOR MANAGEMENT

The following table sets out information about the members of senior management of our Company.

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Zhou Zongcheng (周宗成) . . .	[50]	President	February 1, 2021	January 30, 2023	Responsible for overseeing the overall operation and management of the Group, focusing on automobile business of the Group
Mr. Wang Jun (王軍)	[52]	Co-President	May 6, 2025	June 20, 2025	Responsible for overseeing the operation and development of the Group, focusing on “AI + Mobility” solutions of the Group
Mr. Yang Bo (楊波)	[53]	Vice president	August 12, 1997	May 27, 2022	Responsible for overseeing the day-to-day operation and development of motorcycle business of the Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Huang Qiang (黃強)	[42]	Vice president and the responsible person of finance-related matters	November 27, 2024	November 27, 2024	Responsible for overseeing finance-related matters of the Group
Ms. Hao Guangli (郝廣麗) . . .	[50]	Vice president	November 1, 2024	February 21, 2025	Responsible for human resource management of the Group
Ms. Xia Yuyang (夏雨揚) . . .	[47]	Vice president and Board secretary	February 13, 2025	February 21, 2025	Responsible for Board related matters, investment and corporate governance of the Group

Mr. Zhou Zongcheng (周宗成), aged [50], is the president of the Company and is primarily responsible for overseeing the overall operation and management of the Group, focusing on automobile business of the Group. Mr. Zhou joined the Group in February 2021 as the general manager of Chongqing LIVAN Automobile Manufacturing Co., Ltd.* (重慶睿藍汽車製造有限公司). From March 2022 to February 2023, he took the position as a vice president of LIVAN Auto. Since February 2023, he has been the chairman of the board and the chief executive officer of LIVAN Auto. Mr. Zhou served as the chairman of the Board from September 2022 to November 2024, and has served as the president and party committee secretary of our Company since January 2023 and September 2023, respectively.

Prior to joining our Group, from June 2019 to August 2021, Mr. Zhou served as the president and the chairman of the board of Zhejiang Mingdao Aluminium Co., Ltd.* (浙江銘島鋁業有限公司), a company in the aluminum sheet and strip processing industry. From December 2003 to June 2019, he served successively as branch manager of assembly plant, head of production, assistant to the general manager, vice-president, executive vice president and party committee secretary of Zhejiang Kingkong Automobile Co., Ltd.* (浙江金剛汽車有限公司) (currently known as Taizhou Geely Automobile Manufacturing Co., Ltd.* (台州吉利汽車製造有限公司)). From March 2000 to August 2002, Mr. Zhou served as the section chief of production management department of assembly plant and plant assistant at Zhejiang Haoqing Automobile Manufacturing Co., Ltd.* (浙江豪情汽車製造有限公司).

Mr. Zhou obtained an associate degree in management engineering (Higher Vocational Education) from Hefei Institute of General Professional Technology (合肥通用職業技術學院) in the PRC in July 2003 and a master’s degree in automotive engineering from Zhejiang Automotive Engineering Institute (浙江汽車工程學院) in the PRC in September 2016.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Jun (王軍), aged [52], joined our Group in June 2025 as the co-president of our Company, responsible for overseeing the operation and development of the Group, focusing on “AI + Mobility” solutions of the Group.

Prior to joining our Group, Mr. Wang served as the head of department from August 2000, and later took the position of the president of intelligent automotive solution BU (IAS BU) in 2019, of Huawei Technologies Co., Ltd.* (華為技術有限公司), a leading global provider of information and communications technology (ICT) infrastructure and smart devices. Mr. Wang formerly served as an engineer at The 41st Institute of the Ministry of Electronics Industry (電子工業部41所) (now known as The 41st Institute of China Electronics Technology Co., Ltd.* (中國電子科技集團公司第四十一研究所)).

Mr. Wang obtained a bachelor’s degree in detection technology and instruments from Xidian University (西安電子科技大學) in the PRC in July 1996.

Mr. Yang Bo (楊波), aged [53], joined our Group in August 1997, and has served as a vice president of our Company since May 2022. He is the general manager of our motorcycle business, and is responsible for overseeing the day-to-day operation and development of motorcycle business of the Group.

From 1998 to 2000, Mr. Yang served successively as a business director, assistant general manager, deputy general manager and the executive director of Chongqing Lifan Industry (Group) IMP. & EXP. Co., Ltd.* (重慶力帆實業(集團)進出口有限公司). Mr. Yang has been a vice president of our Company since December 2007, including a term as president between August 2019 to July 2022.

Mr. Yang also holds certain positions in our Group. He has served as the executive director/a director of, among others, (i) Chongqing Lifan Industry (Group) Sales Co., Ltd.* (重慶力帆實業集團銷售有限公司) since June 2021, (ii) Chongqing Paifang Motorcycle Co., Ltd.* (重慶派方摩托車有限公司) since April 2022, and (iii) Lifan Motorcycle Production and Sales since April 2025.

Mr. Yang obtained a bachelor’s degree in automatic control from Northeastern University (東北大學) in the PRC in July 1993.

Mr. Huang Qiang (黃強), aged [42], joined our Group in November 2024, as a vice president and the responsible person of finance-related matters of our Company, responsible for overseeing finance-related matters of the Group.

Prior to joining our Group, Mr. Huang was the manager of the capital operations unit in the investment and capital operations department of Geely Holding from June 2010 to November 2012. During his tenure in Geely Holding from November 2012 to January 2021, Mr. Huang served successively as the finance manager of the Uruguay and Russia subsidiaries, the head of the finance department of the Jinzhong production base, and the director of the financial management center and head of the financial sharing center. From February 2021 to April 2025, he served as the vice president and chief financial officer of Geely Baikuang Group Co., Ltd.* (吉利百礦集團有限公司).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang received his bachelor's degree in economics from Zhejiang College of Finance and Economics (浙江財經學院) (currently known as Zhejiang University of Finance and Economics (浙江財經大學)) in the PRC in June 2005.

Ms. Hao Guangli (郝廣麗), aged [50], joined our Group in November 2024, and has been the vice president of our Company since February 2025, responsible for human resource management of the Group.

Ms. Hao has more than 20 years of experience in establishing human resources systems, as well as formulating and implementing human resource strategies. From November 2008 to August 2017, she was the human resources director of Schneider Electric (China) Co., Ltd. (施耐德電氣(中國)有限公司). She also served as a director and CHO of Beijing Sunshine Haitian Parking Management Co., Ltd.* (北京陽光海天停車管理有限公司) (currently known as Beijing Sunshine Haitian Parking Management Group Co., Ltd.* (北京陽光海天停車管理集團股份有限公司)) from May 2018 to July 2021 and a senior vice president and CHO of Beijing Megvii Technology Co., Ltd.* (北京曠視科技有限公司) from August 2021 prior to joining our Group.

Ms. Hao obtained a bachelor's degree in metal materials and heat treatment major from Yanshan University (燕山大學) in the PRC in July 1997 and her MBA degree from Beihang University (北京航空航天大學) in the PRC in November 2002.

Ms. Xia Yuyang (夏雨揚), aged [47], is the vice president and Board secretary of our Company and is primarily responsible for Board related matters, investment and corporate governance of the Group. Ms. Xia joined the Group and was appointed as the vice president and Board secretary of our Company in February 2025.

Ms. Xia possesses a wealth of sophisticated experience in capital market operations. From March 2008 to February 2025, Ms. Xia served as a managing director of investment banking department in China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3908.HK) and the Shanghai Stock Exchange (stock code: 601995.SH). She worked at the investment bank department at Nanjing Securities Co., Ltd.* (南京證券股份有限公司) (formerly known as (南京證券有限責任公司)), a company listed on the Shanghai Stock Exchange (stock code: 601990.SH) from August 2000 to February 2008.

Ms. Xia received her bachelor's degree in economics from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC in June 2000.

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 interests 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.

DIRECTORS AND SENIOR MANAGEMENT

From time to time our non-executive Directors may serve on the boards of, or hold minority interests in, companies within the automobile industry and/or technology industry. However, as they are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on October 15, 2025, and (ii) understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she had no past or present financial or other interest in the business of the Company or its 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 or her independence at the time of his or her appointment.

GENERAL

In August 2025, in accordance with the relevant provisions of the Company Law of the People's Republic of China, which took effect on 1 July 2024, the Guidelines on the Articles of Association of Listed Companies (Revised in 2025) (《上市公司章程指引(2025年修訂)》) pursuant to the Shareholders resolutions, the supervisory committee of the Company was cancelled with effect from August 15, 2025.

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.

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.

To the best knowledge, information and belief of our Directors and, having made all reasonable inquiries, there is no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there is no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. Xia Yuyang (夏雨揚) was appointed as our joint company secretary in September 2025. For details of her biography, see “— Senior Management.”

Ms. Chong Wan Kai (莊運啟) was appointed as our joint company secretary in September 2025. Ms. Chong is a manager of Company Secretarial Services of Tricor Services Limited, having over 10 years of experience in compliance and corporate secretarial fields for Hong Kong listed companies and is a Chartered Secretary, a Chartered Governance Professional and an associate member of both of The Hong Kong Chartered Governance Institute (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”) in the United Kingdom. Ms. Chong obtained a Master’s degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in February 2014. Ms. Chong is currently serving as joint company secretary of Shanghai Henlius Biotech, Inc., a company listed on the Hong Kong Stock Exchange (stock code: 2696.HK) and is a core member of the company secretarial service team for Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 2196.HK).

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code set out in Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG 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 Part 2 of the Corporate Governance Code. The Audit Committee consists of five Directors, namely Dr. Xiao Xiang (肖翔), Mr. Bao Yi (鮑毅), Ms. Long Zhenzhu (龍珍珠), Dr. Dou Junsheng (竇軍生) and Mr. Ren Xiaochang (任曉常). Dr Xiao Xiang (肖翔), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- overseeing and evaluating the work of the external auditor, and reviewing and monitoring the external auditor’s independence and objectivity and the effectiveness of the audit process;
- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

DIRECTORS AND SENIOR MANAGEMENT

- supervising the financial reporting system of the Company, reviewing the risk management and internal control systems, as well as the guiding and assessing the effectiveness of the Company's internal audit function;
- reviewing the financial information of our Company, including periodic financial reports and statements and significant financial reporting judgments, and giving comments on relevant matters;
- coordinating communications among the management, internal audit department, related departments of the Company and the external auditor; and
- dealing with other matters relating to relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company's shares are listed or that are authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of five Directors, namely Mr. Ren Xiaochang (任曉常), Mr. Yin Qi (印奇), Mr. Xu Honghu (徐鴻鵠), Dr. Xiao Xiang (肖翔) and Dr. Dou Junsheng (竇軍生). Mr. Ren Xiaochang (任曉常) serves as the chairperson of the Remuneration and Assessment Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

- determining with delegated responsibility or making recommendations to the Board regarding the remuneration packages for individual executive Directors and senior management of the Company with reference to their time commitment and job responsibilities, the importance of their positions, employment conditions elsewhere in the Group (where applicable), as well as the remuneration benchmarks for relevant positions in other comparable companies;
- making recommendations to the Board on the remuneration policy and structure for all Directors and senior management of the Company, and establishing a formal and transparent procedure for developing remuneration policy;
- monitoring and appraising the performance of responsibilities by the Directors and senior management of the Company;
- supervising the implementation of the remuneration plan of the Company;

DIRECTORS AND SENIOR MANAGEMENT

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- dealing with other matters relating to relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company's shares are listed or that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the Corporate Governance Code. The Nomination Committee consists of five Directors, namely Dr. Dou Junsheng (竇軍生), Mr. Bao Yi (鮑毅), Mr. Liu Jinliang (劉金良), Dr. Xiao Xiang (肖翔) and Mr. Ren Xiaochang (任曉常). Dr. Dou Junsheng (竇軍生) serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- assessing on an annual basis the time commitment and contribution to the Board of each Director, as well as his or her ability to discharge his or her responsibilities effectively, taking into account his or her professional qualifications and work experience, any existing directorships of listed companies, and other significant external time commitments or other factors or circumstances relevant to the Director's character, integrity, independence and experience;
- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assisting the Board in maintaining a Board skills matrix, and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- researching and developing standards and procedures for the election of our Directors and members of senior management, and making recommendations to our Board;
- conducting extensive search and providing to our Board suitable candidates for Directors and other members of senior management;
- examining our Board candidates and members of senior management and making recommendations to our Board;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairperson of the Board and the president of the Company;

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- supporting the Company's regular evaluation of the Board's performance; and
- dealing with other matters relating to relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company's shares are listed or that are authorized by the Board.

Strategy and ESG Committee

We have established a Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee consists of three Directors, namely Mr. Yin Qi (印奇), Mr. Xu Honghu (徐鴻鵠) and Mr. Li Chuanhai (李傳海). Mr. Yin Qi (印奇) serves as the chairperson of the Strategy Committee. The primary duties of the Strategy and ESG Committee include, but are not limited to, the following:

- researching and making recommendations on the Company's long-term development strategic planning;
- researching and making recommendations on major investment and financing proposals requiring Board approval under the Articles of Association;
- researching and making recommendations on major capital operations and asset management projects requiring Board approval under the Articles of Association;
- researching on the Company's ESG strategy, objectives, and major issues, identifying ESG risks and opportunities relevant to the Company, reviewing the Company's ESG-related reports and making recommendations;
- researching and making recommendations on other major matters concerning the development of the Company;
- examining the implementation of the above matters; and
- dealing with other matters relating to relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company's shares are listed or that are authorized by the Board.

REMUNERATION

Our Directors receive their remuneration in the form of fees, salaries, allowances, performance-related bonuses, share-based compensation, pension scheme contributions and other benefits in kind.

DIRECTORS AND SENIOR MANAGEMENT

For the three years ended December 31, 2024 and the six months ended June 30, 2025, the total remuneration paid or payable to our Directors and supervisors amounted to RMB4.41 million, RMB4.93 million, RMB4.04 million and RMB0.6 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2025, to be approximately RMB6.5 million. The actual remuneration to Directors for the year ending December 31, 2025, may be different from the expected remuneration.

For the three years ended December 31, 2024 and the six months ended June 30, 2025, the total emoluments accrued to the five highest paid individuals (including Directors) by our Group amounted to approximately RMB11.16 million, RMB10.51 million, RMB6.79 million, RMB4.71 million, respectively.

During the Track Record Period, 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 any subsidiary of our Company.

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.

The remuneration of our Directors and senior management is determined with reference to factors including the operating results of our Company, self performance valuation results, comparable market figures and the achievement of major operating indicators of our Company.

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [REDACTED].

BOARD AND WORKPLACE DIVERSITY

We are committed to promoting a culture of diversity in the Company. In order to maintain a robust corporate governance structure and to achieve sustainable and balanced corporate development, we [have adopted] a board and workplace diversity policy (the "Diversity Policy") which sets out the objectives for and approaches to achieving and maintaining diversity at the Company.

DIRECTORS AND SENIOR MANAGEMENT

Pursuant to the 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, age, cultural and educational background, and professional experience. The ultimate decision of each appointment will be based on merit and the contributions which the selected candidates are expected to bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to depth of experience in the areas of business administration, financial investment, automotive business management, legal and compliance and accounting. We have four independent non-executive Directors with different industry backgrounds, with solid professional experiences in the fields of accounting, finance, enterprise management and automotive research, and representing more than one-third of the members of our Board.

Our Company has evaluated the structure, size and composition of our Board, taking into account the skills matrix of the Board, and is of the opinion that the structure of our Board is reasonable, and that the experience and skills of the Directors will enable our Company to maintain a high standard of operations. This is evidenced by the fact that our Directors range in age from [37] to [69] years old, and our Board comprises three female Directors and eight male Directors. Taking into account our existing business model and specific needs, as well as the different backgrounds of our Directors, the composition of our Board satisfies our Diversity Policy. Our Nomination Committee is responsible for ensuring the diversity of our Board, and will continue to be responsible for the same after the [REDACTED].

Apart from diversity within our Board, we recognize the importance of gender diversity, which we have taken, and will continue to take, steps to promote at all levels of our Company, including at the Board, senior management and workforce (excluding senior management) levels. Going forward, in accordance with the Diversity Policy, we will not have any single gender Board and will ensure that a female Director serves on the Nomination Committee at all times, and we will continue to work to enhance gender diversity when selecting and recommending suitable candidates across the Board, senior management and workforce (excluding senior management) levels. We will strive to enhance female representation within the Company and achieve an appropriately balanced gender ratio with reference to stakeholders' expectations and international standards and best practices. In particular, we aim to develop a pipeline of female employees from the workforce to reach senior management levels and become potential successors to the Board by implementing comprehensive programs aimed at identifying and training our female employees who display leadership and potential.

After the [REDACTED], our Nomination Committee will, among its other duties, review the Diversity Policy and its implementation from time to time to ensure its continued effectiveness, and we will disclose the Diversity Policy or a summary thereof in the corporate governance report of the Company on an annual basis.

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COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our compliance adviser (the "**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:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and
- where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [REDACTED] volume of its [REDACTED] 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 Hong Kong 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 Compliance Adviser's 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].

CONNECTED TRANSACTIONS

We have, in our ordinary and usual course of business, entered into certain transactions with entities that will become our connected persons as defined under Chapter 14A of the Hong Kong Listing Rules. Upon [REDACTED], such transactions between us and our connected persons will continue and will therefore constitute our continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

I. RELEVANT CONNECTED PERSONS

Following the [REDACTED], we expect to continue our transactions with the following parties which will be connected persons of our Company under the Hong Kong Listing Rules:

No.	Name	Connected relationship	Background of connected persons
1.	Geely Holding Group	As of the Latest Practicable Date, LIVAN Auto, our Major Subsidiary, was held by Zhejiang Geely Qizheng Automotive Technology Co., Ltd.* (浙江吉利啟征汽車科技有限公司, “Geely Qizheng”) as to 45%, which was in turn indirectly wholly owned by Geely Holding (together with its subsidiaries and 30%-controlled companies (as defined in the Hong Kong Listing Rules), “Geely Holding Group”). Geely Holding was ultimately beneficially wholly owned by Mr. Li Shu Fu (李書福, “Mr. Li”) and his associate as of the Latest Practicable Date. As such, Mr. Li and his associates will constitute our connected persons at the subsidiary level upon the [REDACTED].	Geely Holding (together with its subsidiaries and affiliates, “Geely Group”) is principally engaged in the wholesale and retail sales of automobiles and related parts and components.
2.	CaoCao Group	As of the Latest Practicable Date, CaoCao Inc. (“CaoCao”, and/or its subsidiaries, “CaoCao Group”) was indirectly owned more than 70% by Mr. Li and his associates. As such, CaoCao Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	CaoCao is a limited liability company incorporated in the Cayman Islands. As of the Latest Practicable Date, CaoCao Group operated a ride-hailing platform in the PRC, engaging in the ride-hailing business.

CONNECTED TRANSACTIONS

No.	Name	Connected relationship	Background of connected persons
3. . .	Jiyao Group	Zhejiang Jiyao Pass Energy Technology Co., Lt.* (浙江吉曜通行能源科技有限公司) ("Jiyao", and its subsidiaries, "Jiyao Group") was ultimately wholly owned by Mr. Li and his associates as of the Latest Practicable Date. As such, Jiyao Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Jiyao is a limited liability company established in the PRC, and is a cell technology company focusing on innovation in the electrochemical industry and new energy solutions. It is dedicated to providing high-performance and highly safe lithium iron phosphate (LFP) battery technologies and products to the global market.
4. . .	Aurobay Group	Aurobay Holding (SG) PTE. LTD ("Aurobay", and/or its subsidiaries, "Aurobay Group") was owned as to more than 30% by Mr. Li and his associate as of the Latest Practicable Date. As such, Aurobay Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Aurobay is a private company limited by shares incorporated in the Republic of Singapore. Aurobay Group is principally engaged in the research and development, manufacturing, processing, sales, technical services and supply of relevant after-sales parts for engines and transmissions in the PRC.
5. . .	Geely Technology Group	Geely Technology Group Company Limited* (吉利科技集團有限公司)) ("Geely Technology" and/or its subsidiaries and 30%-controlled companies, "Geely Technology Group") was owned as to more than 85% by Mr. Li and his associates as of the Latest Practicable Date. As such, Geely Technology Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Geely Technology's core businesses include new materials, new energy, and motorcycle travel culture. It also makes strategic investments in low-altitude travel, commercial aerospace, and innovation incubation businesses.
6. . .	Dreamsmart Group	Dreamsmart Infinity Hong Kong Limited ("Dreamsmart", and/or its subsidiaries, "Dreamsmart Group") was owned as to more than 50% by Mr. Li as of the Latest Practicable Date. As such, Dreamsmart Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	DreamSmart Group is a cross-sector platform for full-stack smart terminal technologies. Dreamsmart Infinity Hong Kong Limited is primarily engaged in import and export of goods and sale of electronic products.
7. . .	Lotus Technology Group	Wuhan Lotus Automobile Sales Company Limited* (武漢路特斯科技有限公司) ("Lotus Technology", and/or its subsidiaries, "Lotus Technology Group") was indirectly owned as to more than 30% by Mr. Li and his associates as of the Latest Practicable Date. As such, Lotus Technology Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Lotus Technology is a limited liability company established in the PRC. Lotus Technology Group is principally engaged in the R&D, procurement, and sales of Lotus-branded sports and life-style vehicles, and offers related services.

CONNECTED TRANSACTIONS

No.	Name	Connected relationship	Background of connected persons
8. . .	Shandong Geely New Energy Group	Shandong Geely New Energy Commercial Vehicle Co., Ltd.* (山東吉利新能源商用車有限公司) (“ Shandong Geely New Energy ”, and/or its subsidiaries, “ Shandong Geely New Energy Group ”) was indirectly owned approximately 90% by Mr. Li and his associates as of the Latest Practicable Date. As such, Shandong Geely New Energy Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Shandong Geely New Energy is a limited liability company established in the PRC. Shandong Geely New Energy Group is primarily engaged in the research and development, manufacturing, and sales of complete vehicle kits, automobile parts, and related components.
9. . .	ECARX Group	ECARX Holdings Inc. (“ ECARX ”, and/or its subsidiaries, “ ECARX Group ”) was owned as to more than 30% by Mr. Li and his associate as of the Latest Practicable Date. As such, ECARX Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	ECARX is a limited liability company incorporated in the Cayman Islands and listed on NASDAQ (ticker symbol: ECX). ECARX Group is principally engaged in promoting the transformation of automotive intelligence and providing one-stop advanced intelligent vehicle solutions for global automotive manufacturers.
10. . .	YoeNing Technology Group	Zhejiang YoeNing Technology Group Co., Ltd.* (浙江耀寧科技集團有限公司) (“ YoeNing Technology ”, and/or its subsidiaries, “ YoeNing Technology Group ”) was indirectly owned as to more than 90% by Mr. Li and his associate as of the Latest Practicable Date. As such, YoeNing Technology Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	YoeNing Technology is a limited liability company established in the PRC. As of the Latest Practicable Date, YoeNing Technology Group was principally engaged in the automotive and NEV industries in the PRC, with a business scope covering auto parts, new energy, and phosphate-related sectors.
11. . .	Genius AFC	Genius Auto Finance Co., Ltd.* (吉致汽車金融有限公司, “ Genius AFC ”) was owned as to 75% by Geely Automobile as of the Latest Practicable Date. As certain key corporate matters of Genius AFC require a positive vote from its other shareholder or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC, Genius AFC is treated as a jointly controlled entity of Geely Automobile. As such, Genius AFC will constitute our connected person at the subsidiary level upon the [REDACTED].	Genius AFC is a limited liability company established in the PRC. Genius AFC is principally engaged in the provision of vehicle financing services in the PRC.

CONNECTED TRANSACTIONS

No.	Name	Connected relationship	Background of connected persons
12. . .	Puhua Financing	Zhejiang Wisdom Puhua Financial Leasing Company Limited* (浙江智慧普華融資租賃有限公司, “ Puhua Financing ”) was ultimately owned as to more than 70% by Geely Holding as of the Latest Practicable Date. As such, Puhua Financing will constitute our connected person at the subsidiary level upon the [REDACTED].	Puhua Financing is a limited liability company established in the PRC. Puhua Financing is principally engaged in the vehicle financial leasing business in the PRC.
13. . .	StepFun	StepFun Technology Limited (“ StepFun ”, and/or its subsidiaries and/or consolidated affiliated entities, “ StepFun Group ”) is a limited liability company established in the Cayman Islands. Mr. Yin Qi (印奇), the chairman of our Board and an executive Director, ultimately controlled more than 30% voting rights in StepFun as of the Latest Practicable Date. As such, StepFun Group will constitute our connected persons upon the [REDACTED].	StepFun Group is principally engaged in provision of MaaS (Model-as-a-Service) products and services.

II. FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

A. Trademark licensing

On June 22, 2025, we entered into a trademark licensing agreement (the “**Geely Holding Trademark Licensing Agreement**”) with Geely Holding, pursuant to which, Geely Holding has agreed to grant our Group license to use certain trademarks which have been registered by Geely Holding in the PRC for our use in connection with our operations on a royalty-free basis for a term of three years commencing on June 22, 2025 subject to renewal upon mutual consent by the parties.

As Geely Holding is a connected person of our Company at subsidiary level, the transaction between Geely Holding and us will constitute continuing connected transactions upon [REDACTED]. As the license of the trademarks granted by Geely Holding to us is on a royalty-free basis, the transactions under the Geely Holding Trademark Licensing Agreement fall within the de minimis threshold under Rule 14A.76(1)(b) of the Hong Kong Listing Rules and are exempt from reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

On December 1, 2023, we entered into a trademark license agreement with Lotus Technology (the “**Lotus Trademark Licensing Agreement**”), pursuant to which, we have agreed to license Lotus Technology to use certain trademarks which have been registered by us in the PRC for its use in connection with its operations for an initial term of one year. In November 2024, the Lotus Trademark Licensing Agreement was renewed to end on December 1, 2027.

CONNECTED TRANSACTIONS

As Lotus Technology is a connected person of our Company at subsidiary level, the grant of trademarks to Lotus Technology will constitute a continuing connected transaction upon [REDACTED]. As the highest of the applicable percentage ratio (other than the profits ratio) under the Hong Kong Listing Rules in respect of the annual caps for the transaction contemplated under Lotus Trademark License Agreement between the Group and the Lotus Technology for the year ending December 31, 2027 is, on an annual basis, expected to be less than 1%, such transactions constitute continuing connected transactions, that are fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Rule 14A.76(1)(b) of the Hong Kong Listing Rules.

B. Provision of battery services to CaoCao Group

On April 30, 2025, we entered into a battery services framework agreement (the "CaoCao Battery Services Framework Agreement") with CaoCao, pursuant to which, we will provide battery and ancillary services, whereby batteries are leased to CaoCao Group in limited number of cities, and in return, CaoCao Group shall pay service fees in accordance with the CaoCao Battery Services Framework Agreement.

The initial term of the CaoCao Battery Services Framework Agreement commenced on June 25, 2025 and will end on December 31, 2027, subject to renewal upon mutual consent by the parties. Separate agreements will be entered into which will set out the precise scope of services, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the CaoCao Battery Services Framework Agreement.

As CaoCao is a connected person of our Company at subsidiary level, the transactions between CaoCao and us will constitute continuing connected transactions upon [REDACTED]. As the highest of the applicable percentage ratio (other than the profits ratio) under the Hong Kong Listing Rules in respect of the annual caps for the transactions contemplated under CaoCao Battery Services Framework Agreement between the Group and the CaoCao Group for the year ending December 31, 2027 is, on an annual basis, expected to be less than 1%, such transactions constitute continuing connected transactions that are fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Rule 14A.76(1)(b) of the Hong Kong Listing Rules.

C. Financing cooperation with Genius AFC and Puhua Financing

On August 1, 2025 and August 19, 2025, our subsidiary, Chongqing LIVAN Automobile Sales Co., Ltd.* (重慶睿藍汽車銷售有限公司) entered into finance cooperation agreements ("Finance Cooperation Agreements") with Genius AFC and Puhua Financing respectively, pursuant to which, (i) each of Genius AFC and Puhua Financing has agreed to provide vehicle financing services to vehicle retail customers to assist them to buy LIVAN brand vehicles auto accessories and services (the "Financing Services"), and (ii) we have agreed to provide subsidies to vehicle retail customers who purchase the vehicles and enter into retail individual financing agreement with Genius AFC or Puhua Financing (the "Customer Subsidies").

CONNECTED TRANSACTIONS

The term of the Financing Cooperation Agreements with Genius AFC and Puhua Financing commenced on the respective effective date and will end on July 31, 2028 and August 18, 2028, respectively, subject to renewal upon mutual consent by the parties. Separate agreements will be entered into which will set out the precise scope of services, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the Financing Cooperation Agreements, where necessary.

Under the Finance Cooperation Agreements, retail customers may accept the Financing Services to be provided by Genius AFC and/or Puhua Financing to purchase the LIVAN brand vehicles, and the Company will provide subsidies to such customers using the Financing Services provided by Genius AFC and/or Puhua Financing.

With respect to the Customer Subsidies provided by the Group, such transactions constitute connected transactions of the Company under Rule 14A.23 of the Hong Kong Listing Rules on the grounds that the Company will provide subsidies to the retail customers who purchase the vehicles using the Financing Services provided by Genius AFC and/or Puhua Financing from time to time. As each of Genius AFC and Puhua Financing is a connected person of our Company at subsidiary level, the transactions between Genius AFC and Puhua Financing and us will constitute continuing connected transactions upon [REDACTED].

As the highest of the applicable percentage ratio (other than the profits ratio) under the Hong Kong Listing Rules in respect of the annual caps for the Customer Subsidies to be provided by the Group under Finance Cooperation Agreements for the year ending December 31, 2028 in aggregate, on an annual basis, is expected to be less than 1%, such transactions will constitute continuing connected transactions that are fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Rule 14A.76(1)(b) of the Hong Kong Listing Rules.

With respect to the Financing Services provided by Genius AFC and/or Puhua Financing, such transactions constitute financial assistance received by our Group from our connected persons under Rule 14A.90 of the Hong Kong Listing Rules as the retail customers will use Financing Services provided by Genius AFC and/or Puhua Financing to purchase our products from time to time. As such Financing Services are on normal commercial terms or better to our Group, and no security over our assets has been granted to Genius AFC and/or Puhua Financing in respect of the provision of the Financing Services, the Financing Services will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements according to Rule 14A.90 of the Hong Kong Listing Rules.

CONNECTED TRANSACTIONS

III. SUMMARY OF OUR PARTIALLY EXEMPT AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In our ordinary and usual course of business, we have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Hong Kong Listing Rules will be subject to (a) the reporting, annual review, announcement requirements pursuant to Rule 14A.76(1)(b) and Rule 14A.101 of the Hong Kong Listing Rules in relation to the transactions with the Geely Group; and (b) the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules in relation to the transactions with the StepFun Group.

No	Type of Transaction	Counterparties	Agreements	Applicable Hong Kong Listing Rules	Waiver sought	Proposed aggregate annual cap for the year ending December 31,		
						2026	2027	2028
(RMB in millions)								
Transactions with Geely Group								
1.	Procurement of CBU's and knock down kits	Geely Holding Group	Geely Holding Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	2,244.0	2,321.4	2,398.8
2.	Procurement of automobile components	Geely Holding Group, Jiyao Group, Aurobay Group, Geely Technology Group, Lotus Technology Group, ECARX Group, YoeNing Technology Group	(i) Geely Holding Framework Agreement; (ii) Jiyao Framework Agreement; (iii) Aurobay Framework Agreement; (iv) Geely Technology Framework Agreement; (v) Lotus Framework Agreement; (vi) ECARX Framework Agreement; and (vii) YoeNing Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	2,583.4	2,849.0	2,986.6
3.	Procurement of R&D services	Geely Holding Group and Aurobay Group	(i) Geely Holding Framework Agreement; and (ii) Aurobay Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	96.5	152.0	183.0
4.	Procurement of operation services	Geely Holding Group and Geely Technology Group	(i) Geely Holding Framework Agreement; and (ii) Geely Technology Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	239.7	270.7	281.2
5.	Sale of CBU's and knock down kits	Geely Holding Group, CaoCao Group and Dreamsmart Group	(i) Geely Holding Framework Agreement; (ii) CaoCao Vehicle Sales Framework Agreement; and (iii) Dreamsmart Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	4,350.7	4,677.1	1,975.3 ^{Note}

CONNECTED TRANSACTIONS

No	Type of Transaction	Counterparties	Agreements	Applicable Hong Kong Listing Rules	Waiver sought	Proposed aggregate annual cap for the year ending December 31,		
						2026	2027	2028
(RMB in millions)								
6.	Sale of automobile components	Geely Holding Group, Geely Technology Group and Shandong Geely New Energy Group	(i) Geely Holding Framework Agreement; (ii) Geely Technology Framework Agreement; and (iii) Shandong Geely New Energy Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	66.5	79.8	87.8
7.	Provision of R&D services	Geely Holding Group and CaoCao Group	(i) Geely Holding Framework Agreement; and (ii) CaoCao Technical Support Services Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	133.0	133.0	120.0 ^{Note}
8.	Provision of operation services	Geely Holding Group, Aurobay Group and Geely Technology Group	(i) Geely Holding Framework Agreement; (ii) Aurobay Framework Agreement; and (iii) Geely Technology Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	11.1	12.2	13.3
9.	Provision of ASD	Geely Holding Group	Geely Holding Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	8,800	10,120	11,640
Transactions with StepFun Group								
10.	Purchase of MaaS Solutions	StepFun Group	StepFun Framework Agreement	14A.35, 14A.36, 14A.49, 14A.52, 14A.53, 14A.76(2)(a), 14A.105	Yes	393.2	485.2	600.2

Note: the proposed annual cap for the year ending December 31, 2028 did not take into account the transactions in relation to the CaoCao Vehicle Sales Framework Agreement and CaoCao Technical Support Services Framework Agreement which both expire on December 31, 2027.

CONNECTED TRANSACTIONS

IV. CONTINUING CONNECTED TRANSACTIONS WITH GEELY GROUP

A. Transaction with Geely Holding Group

1. Introduction

On [●], in order to regulate the ongoing transactions between the Group and Geely Holding Group, the Company entered into a business framework agreement with Geely Holding (the “**Geely Holding Framework Agreement**”), pursuant to which, we agree to procure from Geely Holding Group, including among others, (i) CBUs and knock down kits, (ii) automobile components, (iii) R&D services; (iv) operation services, and (v) financing cooperation; and Geely Holding Group agree to procure from the Group, including among others, (i) CBUs and knock down kits, (ii) automobile components, (iii) R&D services, (iv) operation services, and (v) our Afari Self-Driving System (“**ASD**”).

The initial term of the Geely Holding Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Geely Holding Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Geely Holding Framework Agreement, the Group will enter into specific agreements with Geely Holding Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Geely Holding Framework Agreement.

2. Details of transactions

(a) Transactions in relation to CBUs, knock down kits and automobile components

Subject matter	Pursuant to the Geely Holding Framework Agreement, the Group has agreed to procure from Geely Holding Group (a) CBUs and knock down kits for purpose-built vehicles to the specifications of our Group and related services (“ procurement of CBUs and knock down kits ”); and (b) vehicle aftersales parts and components such as transmissions, transmission oils, bumpers, wiper sensors, battery products, and other spare parts.

In the meantime, Geely Holding Group has agreed to procure from the Group (a) CBUs and knock down kits and related services (“**sale of CBUs and knock down kits**”); and (b) automobile components in relation to manufacturing of CBUs, knock down kits and aftersales spare parts.

CONNECTED TRANSACTIONS

Pricing policies

The transactions in relation to the procurement and/or sales of CBUs, knock down kits, and automobile components will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as applicable) other Independent Third Parties.

With respect to CBUs and knock down kits

- Pursuant to the Geely Holding Framework Agreement, the CBUs and knock down kits will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group and/or the Geely Holding Group, plus an agreed margin rate. The margin rate will be determined by the Company and Geely Holding after arm's length negotiations, with reference to the margin rates of similar products offered by comparable companies. Such margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rates of comparable companies may change over time.
- The sales department of the Group will review and benchmark the selling price on a regular basis, while the finance department of the Group will monitor compliance to ensure fair and reasonable pricing in line with market practices. Our Group will negotiate the terms of such transactions to ensure that prices are fair and reasonable on an annual basis (or more frequently if necessary).

With respect to automobile components

- Where the automobile components are procured by the Geely Holding Group or the Group, as applicable, from other suppliers for onward selling to the other party, the selling price will be based on the actual costs incurred in procuring such automobile components; and

CONNECTED TRANSACTIONS

- Where the automobile components are manufactured by the Geely Holding Group or the Group, as applicable, the selling price will be based on the prevailing market price of similar products. If such market price is not available, the selling price will be calculated on a cost-plus basis according to the actual manufacturing costs (including related taxes) plus an agreed margin rate, which shall be determined with reference to cost-plus margins of similar products offered by comparable companies. The margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rates of comparable companies may change over time.

Historical transaction amounts For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts of the transactions described above were set out below.

	Historical transaction amount			
	For the year ended December 31,			For the six months ended
				ended
	2022	2023	2024	June 30, 2025
<i>(RMB in millions)</i>				
Procurement of CBUs and knock down kits from Geely Holding Group	4,358.2	3,440.6	1,790.9	771.1
Procurement of automobile components from Geely Holding Group	34.2	192.2	47.2	64.2
Sale of CBUs and knock down kits to Geely Holding Group	1,975.1	627.8	1,115.1	294.4
Sale of automobile components to Geely Holding Group	50.9	78.9	3.0	17.5

CONNECTED TRANSACTIONS

The transaction amount of both of procurement of CBUs and knock down kits and procurement of automobile components from Geely Holding Group decreased significantly from the year ended December 31, 2023 to December 31, 2024, which was primarily attributable to the fact that after the Judicial Restructuring, the Group commenced its production line upgrade, which had not been completed during the year ended December 31, 2023. Starting from 2024, the Group began in-house production as the upgraded production lines became operational, reflecting the progress of our production transformation. As a result, the transaction amount of procurement CBU and knock down kits, and automobile components have decreased significantly from 2023 to 2024.

Proposed annual caps The proposed annual caps for the amount of the transactions described above for the three years ending December 31, 2028 are as follows:

Proposed annual cap for the year ending December 31,			
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of CBUs and knock down kits from Geely Holding Group	2,244.0	2,321.4	2,398.8
Procurement of automobile components from Geely Holding Group	323.4	425.6	437.1
Sale of CBUs and knock down kits to Geely Holding Group	1,567.2	1,764.0	1,910.0
Sale of automobile components to Geely Holding Group . . .	31.5	39.3	44.3

The estimated transaction amount of procurement of CBUs, knock down kits and automobile components from Geely Holding Group increased as compared with the historical transaction amount, which was mainly due to the fact that (i) the increasing market demand for our NEV offerings, and our existing production capacity of NEV cannot support such demand in full; and (ii) the launching of new vehicles models. In addition, it is expected that the Group will procure additional automobile components from Geely Holding Group to support the launch of new vehicle models for the three years ending December 31, 2028.

CONNECTED TRANSACTIONS

Basis of
annual caps

Transactions in relation to CBUs and/or knock down kits

- The proposed annual caps for the transaction amounts of the sale of CBUs and knock down kits by the Group to the Geely Holding Group were determined with reference to:
 - (i) the estimated number of units of CBUs and knock down kits required for existing and new vehicle models primarily under the LIVAN brands, which were in turn based on the estimated unit sales of these vehicles for the three years ending December 31, 2028;
 - (ii) the estimated manufacturing costs of CBUs and knock down kits by the Group in relation to the existing and anticipated new vehicle models under the LIVAN brands for the same period;
 - (iii) the projected purchase price for each type of vehicles with reference to the prevailing market price or the estimated cost of such vehicles; and
 - (iv) the margin rates applied on top of the cost of raw materials and other operating expenses, determined with reference to prevailing market prices.
- The proposed annual caps for the transaction amounts of the procurement of CBUs and knock down kits and related services by the Group from the Geely Holding Group were determined with reference to:
 - (i) the estimated number of units of vehicles required for existing and new vehicle models primarily under the LIVAN brands, in particular, addition of a new vehicle model, such as Blue Balloon, which were in turn based on the projected unit sales of these vehicles for the three years ending December 31, 2028.

CONNECTED TRANSACTIONS

As the Group requires time to upgrade its existing production lines to accommodate the production of Blue Balloon, a new vehicle model, the production capacity for certain new vehicle models, such as Blue Balloon, is currently limited. In the meantime, the sales volume of the Group's existing vehicle models is expected to increase, which contributes to the overall increase in the proposed annual caps;

- (ii) the estimated manufacturing costs of CBUs and knock down kits by the Group in relation to the existing and anticipated new vehicle models under the LIVAN brands for the same period; and
- (iii) the margin rates applied on top of the cost of raw materials and other operating expenses, determined with reference to the cost-plus margins of independent comparable companies.

Transactions in relation to automobile components

- The proposed annual caps for the purchase of automobile components by the Group from the Geely Holding Group were determined with reference to:
 - (i) the projected number of units of each type of automobile components for use mainly in our vehicles;
 - (ii) the expected increase in unit sales of our vehicle products for the three years ending December 31, 2028, with reference to the historical sales volume and development trends;
 - (iii) the projected purchase price for each type of automobile components with reference to the prevailing market price or the estimated cost of such automobile components; and
 - (iv) the margin rate with reference to the cost-plus margin of independent comparable companies.

CONNECTED TRANSACTIONS

- The proposed annual caps for the sale of automobile components by the Group to the Geely Holding Group were determined with reference to:
 - (i) the projected units and historical selling price of each type of automobile components for use in our vehicle products for the three years ending December 31, 2028;
 - (ii) the projected unit sales of the LIVAN brand vehicles, etc. which are manufactured with the aforesaid automobile components for the three years ending December 31, 2028;
 - (iii) the estimated unit selling price for each type of automobile components which are determined with reference to the prevailing market price of similar products for the three years ending December 31, 2028; and
 - (iv) the margin rate with reference to the cost-plus margin of the independent comparable companies.

(b) Transactions in relation to R&D services

Subject matter Pursuant to the Geely Holding Framework Agreement,

- (a) the Group has agreed to procure from Geely Holding Group R&D services based on objectives of our project specifications, which includes among others R&D for automobiles and key auto parts, technical verification and testing, technical consultancy, technical support services, technology licensing, etc.; and
- (b) the Group has agreed to provide Geely Holding Group the technological support services, including R&D of the NEV technologies and technical verification and testing, technical consultancy services, technical support services, technology licensing, etc.

CONNECTED TRANSACTIONS

Pricing policies

The services fees shall be determined based on market rates for comparable R&D services. If there are no comparable market rates, then the service fees shall be determined on a cost-plus margin basis, where the cost is calculated based on actual direct labor hours utilized given different hourly rate for each R&D staff grade. The margin rate shall be determined with reference to the cost-plus margin of similar services offered by comparable companies.

The finance department of our Group will compare the scope of the services and rates with existing similar services with Independent Third Parties to determine the market rate for R&D services. If there are no such market rates, the finance department will review the relevant cost items incurred by our Group for the relevant R&D services to ensure the existence and accuracy of such costs. On an annual basis or more frequently, our Group will review and negotiate with Geely Holding Group regarding the hourly labor rate for each grade of R&D staff and the margin rate to ensure their fairness and reasonableness.

Historical transaction amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts of the transactions described above were set out below.

	Historical transaction amount			
	For the year ended December 31,			For the six months ended
	June 30,			ended
	2022	2023	2024	2025
	<i>(RMB in millions)</i>			
Procurement of R&D services from Geely Holding Group . .	104.1	602.0	28.0	19.3
Provision of R&D services to Geely Holding Group	Nil	15.1	6.4	36.1

CONNECTED TRANSACTIONS

Proposed annual caps The proposed annual caps for the transaction amounts of the transactions described above for the three years ending December 31, 2028 are as follows:

		Proposed annual cap for the year ending December 31,		
		2026	2027	2028
		<i>(RMB in millions)</i>		
Procurement of R&D services from Geely Holding Group .		94.5	147.0	178.0
Provision of R&D services to Geely Holding Group		100.0	110.0	120.0

Basis for annual caps The proposed annual caps for (a) purchases of R&D services from Geely Holding Group and (b) provision of R&D services to Geely Holding Group are determined based on, among others,

- (i) the amount and types of R&D projects in terms of the R&D cooperations;
- (ii) the projected total staff hours required for each R&D and technology support project, and the projected hourly cost for the R&D staff based on historical cost or current market hourly wages;
- (iii) other relevant costs incurred for the R&D and technology support projects such as material costs;
- (iv) the estimated stage of completion of the R&D and technology support projects for the year ending December 31, 2028; and
- (v) the historical transaction amount for the R&D services provided by Geely Holding Group to the Group.

CONNECTED TRANSACTIONS

(c) *Transactions in relation to operation services*

Subject matter Pursuant to the Geely Holding Framework Agreement, Geely Holding Group has agreed to provide general operation services to the Group in relation to, among others, logistics and warehousing services, back-office support services, and other ancillary services in connection with manufacturing and delivery of CBUs, knock down kits and other products to be sold by the Group to Geely Holding Group.

Pricing policies The transaction amounts of the service fee to be charged by Geely Holding Group and by the Group will be on an arm's-length basis between our Group and Geely Holding Group.

The parties will refer to the market price of similar services. If such market price is not available, the selling price will be calculated on a cost-plus basis according to the actual costs plus an agreed margin rate, which shall be determined with reference to the margin rates of comparable companies. The margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rate of independent comparable companies may change over time.

The finance department of the Group will compare the operation service fees with similar existing operation services received from Independent Third Parties to determine the market rates for the operation services. If there are no such market rates, the finance department will monitor relevant cost items, as well as other necessary and reasonable expenses on an annual basis (or more frequently if necessary) for each type of operation services contemplated under the Geely Holding Framework Agreement and ensure that service fees charged are determined properly.

CONNECTED TRANSACTIONS

Historical transaction amounts For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the transactions described above were set out below.

	Historical transaction amount			
	For the year ended December 31,			For the six months ended
	June 30,			June 30,
	2022	2023	2024	2025
	<i>(RMB in millions)</i>			
Procurement of operation services from Geely Holding Group	292.1	119.8	155.2	58.4
Provision of operation services to Geely Holding Group	2.4	12.6	25.5	6.7

Proposed annual caps The proposed annual caps for the amount of the transactions described above for the three years ending December 31, 2028 are as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of operation services from Geely Holding Group	224.6	250.6	256.0
Provision of operation services to Geely Holding Group	7.6	7.7	7.8

CONNECTED TRANSACTIONS

Basis for annual caps The proposed annual caps for purchases of operation services from Geely Holding Group and provision of operation services to Geely Holding Group are determined based on, among others,

- (i) the historical transaction amounts and the staff costs of the Group to perform the operation services for each of the three years ending December 31, 2028;
- (ii) the estimated number of vehicles for which the Geely Holding Group will provide logistic and warehousing services for each of the three years ending December 31, 2028 and the estimated costs (including but not limited to transportation, packaging, and labour costs) for the transportation of each vehicle; and
- (iii) to the extent applicable, the market prices for such services and the margin rates for the respective operation services, relative to estimated costs.

(d) *Transactions in relation to ASD between Afari Intelligent Drive and Geely Holding Group*

Subject matter Powered by our RLM models, we, through our subsidiary, Afari Intelligent Drive, offer a full-stack end-to-end intelligent driving solution, encompassing L2 to L4-level autonomous driving. For more details of our ASD, please refer to "Business — Our Products and Solutions — Our Technology Solutions" in this Document.

Pursuant to the Geely Holding Framework Agreement, the Geely Holding Group has agreed to procure our ASD and related services for its vehicles, including hardware components, foundational software, and other technical and operational services necessary for the implementation of advanced driver assistance systems ("ADAS") and intelligent driving functionalities.

Afari Intelligent Drive is partnering with members of the Geely Holding Group in building an artificial intelligence ecology in the automotive industry and will provide advanced driver assistance solutions for future products of the latter.

CONNECTED TRANSACTIONS

Pricing policies

The pricing of provision of ASD by Afari Intelligent Drive to Geely Holding Group will be determined on a project-by-project basis and in accordance with normal commercial terms and arm's length principles. Given that there are no directly comparable historical transactions, the pricing is mainly determined with reference to multiple costs and market factors under two pricing categories:

- (i) *the costs of the project-based non-recurring engineering (NRE)*, which represent one-off project development costs for customization, validation and deployment of the ASD for particular vehicle models. The pricing shall be determined with reference to:
 - (a) the technical complexity and scope of the system (e.g. target driving level, software-hardware integration);
 - (b) the degree of customization and adaptation required for specific models;
 - (c) the estimated labour hours and personnel costs, taking into account potential annual cost adjustments; and
 - (d) independent market comparables and a reasonable profit margin of similar services.
- (ii) *the costs of the ADAS package*, which cover costs of both hardware and foundational software in connection with the ASD solutions to be delivered. The pricing will be determined with reference to:
 - (a) the procurement costs of hardware configuration and components, such as cameras, radar, LiDAR, domain controllers and other electronic control units, which may differ across vehicle models and trim levels for each;
 - (b) the software license and functionality level, including perception, planning, control and OTA upgrade capabilities;
 - (c) the needs for the maintenance, upgrade and after-sales support throughout the product lifecycle; and
 - (d) the fair market rates of similar solutions.

CONNECTED TRANSACTIONS

Historical transaction amounts Given our ASD 1.0 was first released in late June 2025, the historical transaction amounts for provision of ASD to Geely Holding Group for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were nil.

Proposed annual caps The proposed annual caps for the transactions described above for the three years ending December 31, 2028 as follows:

Proposed annual cap for the year ending December 31,			
	2026	2027	2028
	(RMB in billions)		
Provision of ASD	8.80	10.12	11.64

Basis for annual caps The proposed annual caps for the transaction amounts for the provision of ASD to Geely Holding Group are determined with reference to multiple factors, including:

- (i) ***Expected adoption across Geely vehicle models.*** The Company has considered the anticipated number of Geely vehicle models to adopt our ASD and its projected production volumes in determining the proposed annual caps. Giving the capabilities of our ASD, our ASD will be able to deployed to various models of vehicles of Geely Holding Group.
- (ii) ***Unit pricing and cost for provision of ASD.*** The estimated unit pricing for each vehicle, including one-off non-recurring engineering expenses, the ADAS package, and continuous upgrade and maintenance service fees, based on the project-by-project pricing policy as illustrated above.
- (iii) ***Continuous demand for ASD from the Geely Holding Group.*** In determining the potential demand of the Geely Holding Group, the Company has considered its expected sales growth. According to Geely Automobile, its wholesale volume (including exports) reached approximately 2.17 million units of vehicles in 2024, and it has set its annual sales target at 3 million units for the year ending on December 31, 2025.

CONNECTED TRANSACTIONS

In particular, we have considered recent sale volumes of existing vehicle brands that may deploy our ASD. For example, according to public information:

- (a) for the “Geely Galaxy” brand: the total sales volume of “Geely Galaxy” in the first half of 2025 was over one million units, representing a YoY increase of more than 50%. In addition, there were more than 1,100 first-tier dealer stores for the “Geely Galaxy” brand; and
- (b) for the “Zeeker” brand: in the first half of 2025, more than 90,000 units of BEVs were sold, representing a YoY increase of 3%. In addition, As of 30 June 2025, the ZEEKR brand operated nearly 500 stores in China and over 70 stores across more than 40 countries/regions.

The Company believes that all of these show great potential of the market for our ASD.

- (iv) *The prevailing market conditions.* According to CIC, benefiting from the application of large-scale AI models in the automotive industry, the global market size of intelligent driving solutions is expected to reach over RMB300 billion in 2025 and further expand to over RMB800 billion by 2030.

In particular, China is expected to become the largest market for intelligent driving solutions. The market size of intelligent driving solutions in China is projected to reach over RMB100 billion in 2025, accounting for approximately 30% of the global market. With the progressive improvement of relevant regulatory frameworks and the accelerated maturity and adoption of end-to-end AI model, China’s intelligent driving solutions market is forecasted to reach more than RMB300 billion by 2030.

The significant expansion in the field of intelligent driving solutions provides opportunities for Afari Intelligent Drive to further accelerate its innovation and development in product offerings and deepen the cooperation with the Geely Holding Group.

CONNECTED TRANSACTIONS

As a leading AI-native solution provider in the AI mobility solution industry, Afari Intelligent Drive stands out in capabilities including software and hardware integration, AI-native capability, engineering capability, ecosystem openness and global exposure. Such pioneering advantages are benefiting from its full-stack AI-native capabilities enabling rapid iteration and optimization, a comprehensive product matrix and closed-loop data platform, and an open ecosystem fostering deep collaboration and customized development that driving the large-scale commercialization of AI mobility solutions.

- (v) *A new business.* Having considered there is no historical transaction amount in relation to the provision of ASD, we have also taken into account the possible increase in the aforesaid transaction amount as a result of any unexpected increase in market demand or the cost and expenses of ASD during the term of the Geely Holding Framework Agreement.

B. Transaction with CaoCao Group

1. *CaoCao Vehicle Sales Framework Agreement*

On April 30, 2025, we and CaoCao entered into a vehicle procurement framework agreement (the “**CaoCao Vehicle Sales Framework Agreement**”), pursuant to which our Group will sell to CaoCao Group customized vehicles (such as CaoCao 60), purpose-built vehicles and other new vehicles we developed from time to time and CaoCao Group will pay us purchase price for the vehicles purchased.

The initial term of the agreement commenced on June 25, 2025 and will end on December 31, 2027. The CaoCao Vehicle Sales Framework Agreement may be renewed for another three years with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules and other applicable laws and regulations. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the supply of products according to the principles provided in the CaoCao Vehicle Sales Framework Agreement.

Pricing policies

The product and service fees to be charged by our Group to CaoCao Group under the CaoCao Vehicle Selling Framework Agreement shall be determined on an arm’s-length basis between our Group and CaoCao Group with reference to, among others, (i) the model and specifications of the vehicles procured, (ii) the hardware to be installed in the vehicles, and (iii) number of vehicles ordered.

CONNECTED TRANSACTIONS

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the products and/or services provided by our Group to CaoCao Group were approximately RMB1,407.1 million, RMB1,794.3 million, RMB1,153.4 million and RMB1,049.0 million, respectively.

Annual caps

The proposed annual caps for the amount of the transactions described above for the two years ending December 31, 2027 are as follows:

	Proposed annual cap for the year ending December 31,	
	2026	2027
	<i>(RMB in millions)</i>	
Sale of vehicles	2,730.0	2,853.8

The proposed annual caps are determined based on, among others:

- (i) the historical amounts of such transactions between our Group and CaoCao Group during the Track Record Period;
- (ii) the manufacturing costs of each type of vehicle, the cost of automobile components procured from third parties and the purchase price of the vehicles;
- (iii) the estimated number and type of vehicles to be sold to CaoCao Group based on its operational demands; and
- (iv) with respect to CaoCao 60 vehicles, since CaoCao Group started to sell such vehicles to its customers, we have taken into account the expected number of such vehicles to be sold, which is expected to increase in the next two years.

CONNECTED TRANSACTIONS

2. *CaoCao Technical Support Services Framework Agreement*

On April 30, 2025, our Company, for itself and on behalf of its subsidiaries, entered into the technical support services framework agreement (the “**CaoCao Technical Support Services Framework Agreement**”) with CaoCao Group, pursuant to which we will provide technical support to CaoCao Group. Pursuant to the CaoCao Technical Support Services Framework Agreement, the Group will provide technology services relating to vehicle optimization and associated technological support to CaoCao Group for the vehicles it deploys, including CaoCao 60 and other existing models (e.g. Maple 80V) as well as future models. We will also develop new vehicle models for CaoCao Group. In return, CaoCao Group shall pay service fees in accordance with the CaoCao Technical Support Services Framework Agreement. Separate underlying agreements will be entered into which will set out the scope of technology services, the calculation of the service fees, method of payment and other details of the technology service arrangement in the manner provided in the CaoCao Technical Support Services Framework Agreement.

The initial term of the agreement commenced on June 25, 2025 and will end on December 31, 2027. The CaoCao Technical Support Services Framework Agreement may be renewed for another three years with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules and other applicable laws and regulations.

Pricing policies

The service fees charged by us from CaoCao Group under the CaoCao Technical Support Services Framework Agreement shall be determined on an arm’s-length basis between our Group and CaoCao Group with reference to, (i) development costs, (ii) labor costs, (iii) service project management fee, and (iv) additional charge in relation to technology services as applicable.

Historical amounts

CaoCao started to engage our Company in the second half of 2022 to assist in the development of software in adjusting certain vehicle settings, including ventilation and cabin temperature, via CaoCao mobility app, to improve user experience during ride hailing. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the transaction amounts of the service fees paid by CaoCao Group to us were nil, RMB10.3 million, RMB49.7 million and RMB1.3 million, respectively.

CONNECTED TRANSACTIONS

Annual caps

The Company proposes to set up the annual caps for the two years ending December 31, 2027 as follows:

	Proposed annual cap for the year ending December 31,	
	2026	2027
	<i>(RMB in millions)</i>	
Provision of technical support services . .	33.0	23.0

The proposed annual caps are determined based on, among others:

- (i) the historical amounts of the transactions between our Group and CaoCao Group during the Track Record Period in respect of the technical support services provided by us;
- (ii) the expected demand for technology services for the purpose-built vehicles of CaoCao Group in the coming two years; and
- (iii) the estimated total R&D costs and service fees for upgrading CaoCao 60 and Maple 80V vehicles which is expected to be conducted between 2025 and 2027.

C. Transaction with Jiyao Group

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**Jiyao Framework Agreement**”) with Jiyao Group, pursuant to which our Group will procure from Jiyao Group automobile components which are mainly battery products, including battery packs, electric drives, chargers, etc. (the “**Battery Products**”).

The initial term of the Jiyao Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Jiyao Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Jiyao Framework Agreement, the Group will enter into specific agreements with Jiyao Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Jiyao Framework Agreement.

CONNECTED TRANSACTIONS

Pricing policies

The purchase prices for the Battery Products were negotiated on an arm’s-length basis between our Group and counterparties with reference to, among others, the type of battery, the volume purchased, the timeline of delivery, and actual cost of acquisition or manufacture. The selling price will be based on the prevailing market price of similar products. If such market price is not available, the selling price will be calculated on a cost-plus basis according to the actual manufacturing costs (including related taxes) plus an agreed margin rate, which shall be determined with reference to the margin rate of independent comparable companies. The margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rate of independent comparable companies may change over time.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the procurement of Battery Products by our Group from Jiyao Group were approximately nil, nil, RMB21.1 million and RMB144.8 million, respectively.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	(RMB in millions)		
Procurement of Battery Products	1,279.7	1,348.2	1,403.7

CONNECTED TRANSACTIONS

The proposed annual caps for the procurement of Battery Products from Jiyao Group have increased significantly compared with the historical transaction amounts, primarily due to the following factors:

- (i) despite that the Group has a diversified Battery Products supplier, to further enhance procurement efficiency and product consistency, the Group has been continuously, based on market-oriented criteria, conducting comprehensive assessment of suppliers from time to time by taking into account factors such as product compatibility with vehicle models, supply stability, quality performance and production standardization of suppliers. The Group considers Jiyao Group as a qualified and market-driven supplier, is capable of delivering high-quality battery products that meet the Group’s specific vehicle requirements, while providing reliable technical support and after-sales services. As a result, having considered the overall demand for battery products of the Group, the proposed annual caps for the procurement of Battery Products from Jiyao Group have been set at a higher level than the historical transaction amounts. The Company believes that such arrangement will help further optimize the Group’s supplier structure and enhance procurement efficiency; and
- (ii) with the continued expansion of the Group’s automobile business and the ramp-up of production for new vehicle models of our Group, the Group’s demand for Battery Products and related components is expected to increase substantially in the coming years.

D. Transaction with Aurobay Group

On [●], 2025, in order to regulate the ongoing transactions between the Group and Aurobay Group, our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**Aurobay Framework Agreement**”) with Aurobay Group, pursuant to which: (a) our Group would procure components and research and development services from Aurobay Group; and (b) our Group would provide service in connection with the Powertrain Products (as defined below) to Aurobay Group.

The initial term of the Aurobay Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Aurobay Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Aurobay Framework Agreement, the Group will enter into specific agreements with Aurobay Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Aurobay Framework Agreement.

CONNECTED TRANSACTIONS

Subject matter

Pursuant to the Aurobay Framework Agreement, the Group has agreed to (a) procure from Aurobay Group (i) components, such as engine, transmission and relevant after-sale parts and other products (the "**Powertrain Products**") and (ii) research and development services in connection with the Powertrain Products provided by Aurobay Group (the "**Related R&D services**"); and (b) the Group has agreed to provide services in connection with the Powertrain Products to Aurobay Group in connection with the Powertrain Products provided by Aurobay Group.

Pricing terms

Procurement of Powertrain Products

The purchase of the Powertrain Products under the Aurobay Framework Agreement shall be fair and reasonable, on normal commercial terms or better, and the price of the Powertrain Products shall not be less favourable than the price offered by other Independent Third Parties. In determining the purchase price of the Powertrain Products, the Group shall consider the following factors:

- (i) the prevailing market prices of comparable products available in the market; and
- (ii) if (i) is not applicable, the purchase price of the Powertrain Products will be determined based on cost per unit plus an agreed margin rate. The cost per unit includes cost of direct materials, other variable cost and standard fixed cost, calculated on per unit basis.

The margin rate shall be determined with reference to cost-plus margin of the independent comparable companies offering similar products. The margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rate of independent comparable companies may change over time.

Procurement of Related R&D services

The purchase of Related R&D services under the Aurobay Framework Agreement shall be determined based on: (i) market rates for comparable R&D or technology licensing services; or (ii) a cost-plus basis if no comparable market rates are available. For R&D services without a market price, pricing will be based on the cost of providing the relevant service plus a margin rate, with reference to the margin rate of the independent comparable companies offering the similar services.

CONNECTED TRANSACTIONS

Provision of services in connection with the Powertrain Products

The procurement of services in connection with the Powertrain Products under the Aurobay Framework Agreement shall be priced based on cost plus relevant management fees, with the management fees to be calculated by reference to the profit margins of independent comparable companies providing similar services.

Historical transaction amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to (i) the procurement of the Powertrain Products from Aurobay Group were RMB146.3 million, RMB125.4 million, RMB190.8 million and RMB135.6 million, respectively; and (ii) procurement of research and development services from Aurobay Group were RMB5.4 million, RMB1.4 million, RMB1.0 million, and RMB1.4 million, respectively. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to provision of services in connection with the Powertrain Products to Aurobay Group were nil, RMB18.6 thousand, nil and nil respectively.

Proposed annual caps

The proposed annual caps for transactions described above for the three years ending December 31, 2028 are as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	(RMB in millions)		
Procurement of components from Aurobay Group	869.8	929.6	975.4
Procurement of research and development services from Aurobay Group	2.0	5.0	5.0
Provision of operation services to Aurobay Group	2.2	3.2	4.2

CONNECTED TRANSACTIONS

Basis of annual caps

The proposed annual caps for the procurement of Powertrain Products from Aurobay Group have increased significantly compared with the historical transaction amounts, primarily due to the following factors:

- (i) despite that the Group has a diversified Powertrain Products supplier, to further enhance procurement efficiency and product consistency, the Group has been continuously, based on market-oriented criteria, conducting comprehensive assessment of suppliers from time to time by taking into account factors such as product compatibility with vehicle models, supply stability, quality performance and production standardization of suppliers. The Group considers Aurobay Group as a qualified and market-driven supplier, is capable of delivering high-quality powertrain products that meet the Group's specific vehicle requirements, while providing reliable technical support and after-sales services. As a result, and with reference to the overall demand for powertrain products, the proposed annual caps for the procurement of Powertrain Products from Aurobay Group have been set at a higher level than the historical transaction amounts. The Company believes that such arrangement will help further optimize the Group's supplier structure and enhance procurement efficiency; and
- (ii) with the continued expansion of the Group's automobile business and the ramp-up of production for new vehicle models of our Group, the Group's demand for Powertrain Products and related components is expected to increase substantially in the coming years.

The proposed annual caps for procurement of Related R&D services from Aurobay Group were determined by the Company with reference to, among others, (i) the projected total staff hours required for each R&D and technology support project in connection with the Powertrain Products; (ii) projected hourly cost for the R&D staff, based on historical costs or current market hourly wages; (iii) other relevant costs incurred for the R&D and technology support projects; and (iv) estimated stage of completion of the R&D and technology support projects during the period from January 1, 2025 to December 31, 2028.

The proposed annual caps for provision of services in connection with the Powertrain Products to Aurobay Group were determined with reference to: (i) the historical transaction amounts in relation to such services; and (ii) the projected staff costs of the Group to perform services in connection with the Powertrain Products.

CONNECTED TRANSACTIONS

E. Transactions with Geely Technology Group

On [●], in order to regulate the ongoing transactions between the Group and Geely Technology Group, our Company, for itself and on behalf of its subsidiaries, entered into a business framework agreement (the “**Geely Technology Framework Agreement**”) with Geely Technology Group, pursuant to which (a) our Group would procure automobile and motorcycle components, and operation services from Geely Technology Group; and (b) our Group would provide to Geely Technology Group motorcycle components, leasing and operation services.

The initial term of the Geely Technology Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Geely Technology Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Geely Technology Framework Agreement, the Group will enter into specific agreements with Geely Technology Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Geely Technology Framework Agreement.

Details of transactions

(a) Transactions in relation to automobile and motorcycle components

Subject matter	Pursuant to the Geely Technology Framework Agreement, the Group has agreed to procure from Geely Technology Group automobile and motorcycle components such as engine, wheel rim and other spare parts. In the meantime, Geely Technology Group would procure motorcycle components from our Group.
Pricing terms	The transactions in relation to the procurement and/or sales of automobile and motorcycle components will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as applicable) other Independent Third Parties of the Group.

CONNECTED TRANSACTIONS

Pursuant to the Geely Technology Framework Agreement, the automobile and motorcycle components will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group and/or the Geely Technology, plus an agreed margin rate. The margin rate will be determined by the Company and Geely Technology after arm’s length negotiations, with reference to the margin rate of the independent comparable companies offering the similar products. Such margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rate of independent comparable companies may change over time.

The sales department of the Group will review and benchmark the selling price on a regular basis, while the finance department of the Group will monitor compliance to ensure fair and reasonable pricing in line with market practices. Our Group will negotiate on an annual basis (or more frequently if necessary) the terms of such transactions to ensure that prices are fair and reasonable.

Historical transaction amounts For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the transactions described above were set out below.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	<i>(RMB in millions)</i>			
Procurement of automobile and motorcycle components	4.1	17.1	53.2	48.8
Sale of motorcycle components	3.8	1.6	0.3	1.4

CONNECTED TRANSACTIONS

Proposed annual caps The proposed annual caps of transactions described above for the three years ending December 31, 2028 are as follows:

		Proposed annual cap for the year ending December 31,		
		2026	2027	2028
		<i>(RMB in millions)</i>		
Procurement of automobile and motorcycle components		39.9	69.7	89.2
Sale of motorcycle components		3	3.5	3.5

Basis of annual caps The proposed annual caps for automobile and motorcycle components procurement from/providing to Geely Technology were determined with reference to:

- (i) the estimated needs of units of automobile and motorcycle components for use with an expected year-on-year fluctuation;
- (ii) the estimated actual cost of manufacturing automobile and motorcycle components; and
- (iii) the margin rates over such estimated manufacturing costs of automobile and motorcycle components.

(b) Transactions in relation to leasing and operation services

Subject matter Pursuant to the Geely Technology Framework Agreement, the Group has agreed to procure from Geely Technology operation services mainly include business travel services. In the meantime, Geely Technology would procure operation services from the Group, mainly including warehousing services.

CONNECTED TRANSACTIONS

Pricing terms Pursuant to the Geely Technology Framework Agreement, the operation services will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group and/or the Geely Technology, plus an agreed margin rate. The margin rate will be determined by the Company and Geely Technology after arm’s length negotiations, with reference to the margin rate of similar products offered by independent comparable companies. Such margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rate of independent comparable companies may change over time.

The sales department of the Group will review and benchmark the selling price on a regular basis, while the finance department of the Group will monitor compliance to ensure fair and reasonable pricing in line with market practices. Our Group will negotiate on an annual basis (or more frequently if necessary) the terms of such transactions to ensure that prices are fair and reasonable.

Historical transaction amounts For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, (i) the historical transaction amounts with respect to the procurement of operation services from Geely Technology were RMB7.6 million, RMB24.2 million, RMB13.2 million and RMB5.8 million; and (ii) the historical transaction amounts with respect to provision of operation services to Geely Technology were RMB3.6 thousand, RMB0.2 million, RMB0.2 million, and RMB0.1 million.

Proposed annual caps The proposed annual caps for transactions described above for the three years ending December 31, 2028 are as follows:

Proposed annual cap for the year ending December 31,			
	2026	2027	2028
<i>(RMB in millions)</i>			
Procurement of operation services from Geely Technology	15.1	20.1	25.1
Provision of operation services to Geely Technology	1.3	1.3	1.3

CONNECTED TRANSACTIONS

Basis of annual caps The proposed annual caps for operation services procurement from Geely Technology were determined with reference to:

- (i) the historical transaction amounts between the Group and Geely Technology Group during the Track Record Period in respect of operation services procured by us; and
- (ii) the estimated total costs required for operation services for each of the three years ending December 31, 2028, taking into account the estimated number of domestic and international business travels, exhibitions and conferences required by the Group, and the estimated average price for air tickets, accommodations and other transportation.

The proposed annual caps for operation services providing to Geely Technology were determined with reference to:

- (i) the historical transaction amounts between the Group and Geely Technology Group during the Track Record Period in respect of operation services provided by us; and
- (ii) the estimated costs (including but not limited to transportation, packaging, and labour costs) for the warehouse services.

F. Transactions with other members of Geely Group

1. Dreamsmart Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation agreement (the “**Dreamsmart Framework Agreement**”) with Dreamsmart Group, pursuant to which our Group agrees to sell, and Dreamsmart Group agrees to purchase from our Group the vehicles and automobile components.

The initial term of the Dreamsmart Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Dreamsmart Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Dreamsmart Framework Agreement, the Group will enter into specific agreements with Dreamsmart Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Dreamsmart Framework Agreement.

CONNECTED TRANSACTIONS

Pricing policies

Pursuant to the Dreamsmart Framework Agreement, the vehicles will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group, plus an agreed margin rate. The margin rate will be determined by the Company and Dreamsmart after arm’s length negotiations, with reference to the selling price of vehicles offered to other Independent Third Parties.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the products and/or services provided by our Group to Dreamsmart Group were approximately nil, nil, RMB9.3 million and RMB0.4 million, respectively.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Sale of vehicles	53.5	59.4	65.3

The proposed annual caps are determined based on, among others:

- (i) the historical amounts of the transactions between our Group and Dreamsmart Group during the Track Record Period in respect of the sale of vehicles; and
- (ii) the additional surge in demand for the sale of LIVAN vehicles in relevant regions given the prospect of increased collaboration with such regions in the near future.

2. Lotus Framework Agreement

On [●], 2025, in order to regulate the ongoing transactions between the Group and Lotus Technology Group, our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**Lotus Framework Agreement**”) with Lotus Technology Group, pursuant to which our Group will procure automobile components from Lotus Technology Group, such as brakes modules for automobiles, mainly in relation to a new vehicle to be manufactured by the Group since the second half of 2025.

CONNECTED TRANSACTIONS

The initial term of the Lotus Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Lotus Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Lotus Framework Agreement, the Group will enter into specific agreements with Lotus Technology Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Lotus Framework Agreement.

Pricing policies

The transactions in relation to the procurement of automobile components will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as applicable) other Independent Third Parties of the Group. Pursuant to the Lotus Framework Agreement, the automobile components will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group and/or the Lotus Technology Group, plus an agreed margin rate. The margin rate will be determined by the Company and Lotus Technology Group after arm's length negotiations, with reference to the margin rate of the independent comparable companies offering the similar products. Such margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rate of independent comparable companies may change over time.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to procurement of automobile components from Lotus Technology Group by our Group from Lotus Technology Group were nil.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of automobile components	34.2	38.0	41.8

CONNECTED TRANSACTIONS

The proposed annual caps of procurement of automobile components are determined based on, among others:

- (i) the projected number of units for each type of automobile components, including brake modules and shock absorption pads;
- (ii) the projected unit sales of vehicles using such automobile components for the three years ending December 31, 2028;
- (iii) the projected purchase price for each type brake modules and shock absorption pads with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available;
- (iv) the margin rate with reference to the cost-plus margin of the comparable companies; and
- (v) the expected additional procurement of relevant components by the Group for the Group's new vehicle models, such as brake modules produced by Lotus Technology Group.

3. *Shandong Geely New Energy Framework Agreement*

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the "**Shandong Geely New Energy Framework Agreement**") with Shandong Geely New Energy Group, pursuant to which our Group agreed to sell to Shandong Geely New Energy Group certain automobile components.

The initial term of the Shandong Geely New Energy Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Shandong Geely New Energy Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Shandong Geely New Energy Framework Agreement, the Group will enter into specific agreements with Shandong Geely New Energy Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Shandong Geely New Energy Framework Agreement.

Pricing policies

Pursuant to the Shandong Geely New Energy Framework Agreement, the automobile components will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group, plus an agreed margin rate. The margin rate will be determined by the Company and Shandong Geely New Energy Group after arm's length negotiations, with reference to the selling price offered to other Independent Third Parties.

CONNECTED TRANSACTIONS

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the procurement by Shandong Geely New Energy Group from our Group were nil, nil, nil, and RMB2.2 thousand.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	(RMB in millions)		
Sale of automobile components	32.0	37.0	40.0

The proposed annual caps are determined based on, among others:

- (i) the estimated number of units for each type of automobile components and the estimated unit sales of automobile components for the three years ending December 31, 2028;
- (ii) the projected purchase price for such components with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available; and
- (iii) the margin rate with reference to the cost-plus margin of the comparable companies.

CONNECTED TRANSACTIONS

4. *ECARX Framework Agreement*

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**ECARX Framework Agreement**”) with ECARX Group, pursuant to which our Group would procure from ECARX Group certain automobile components, such as in-vehicle infotainment system.

The initial term of the ECARX Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The ECARX Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the ECARX Framework Agreement, the Group will enter into specific agreements with ECARX Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the ECARX Framework Agreement.

Pricing policies

Pursuant to the ECARX Framework Agreement, the automobile components will be procured at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the ECARX Group, plus an agreed margin rate. The margin rate will be determined by the Company and ECARX Group after arm’s length negotiations, with reference to the selling price offered to other Independent Third Parties.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the procurement by our Group from ECARX Group were nil.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	(RMB in millions)		
Procurement of automobile components .	26.4	27.9	29.4

CONNECTED TRANSACTIONS

The proposed annual caps are determined based on, among others:

- (i) that, in connection with the manufacturing of certain new vehicle models of the Group, we commenced cooperation with ECARX Group, and expect an enhanced cooperation for the three years ending December 31, 2028;
- (ii) the projected number of in-vehicle infotainment system to be procured and the projected unit sales of vehicles using such automobile components for the three years ending December 31, 2028;
- (iii) the projected purchase price for each type of in-vehicle infotainment system with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available;
- (iv) the margin rate with reference to the cost-plus margin of the comparable companies; and
- (v) the expected additional procurement from ECARX Group of products such as in-vehicle infotainment system manufactured by it for the Group's new vehicle models to be launched in the future.

5. *YoeNing Framework Agreement*

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the "**YoeNing Framework Agreement**") with YoeNing Group, pursuant to which our Group would procure from YoeNing Group and YoeNing Group has agreed to sell, certain automobile components, such as A-pillar reinforcement plate and crossbeam for our vehicles.

The initial term of the YoeNing Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The YoeNing Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the YoeNing Framework Agreement, the Group will enter into specific agreements with YoeNing Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the YoeNing Framework Agreement.

CONNECTED TRANSACTIONS

Pricing policies

Pursuant to the YoeNing Framework Agreement, the automobile components will be procured at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the YoeNing Group, plus an agreed margin rate. The margin rate will be determined by the Company and YoeNing Group after arm's length negotiations, with reference to the selling price offered to other Independent Third Parties.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to the procurement by our Group from YoeNing Group were nil.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of automobile components	10.0	10.0	10.0

The proposed annual caps are determined based on, among others:

- (i) the projected number of units for each type of automobile components;
- (ii) the projected unit sales of vehicles using such automobile components for the three years ending December 31, 2028;
- (iii) the projected purchase price for such automobile components with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available; and
- (iv) the margin rate with reference to independent comparable companies.

CONNECTED TRANSACTIONS

G. Reasons for the Transactions with Geely Group

In January 2022, following the completion of the Judicial Restructuring, the Group established its subsidiary, LIVAN Auto, jointly with Geely Group. At that time, the Company repositioned its overall business strategy to achieve a sustainable transformation from traditional automobile manufacturing towards NEV development and intelligent mobility solutions. In respect of our automobile business, (i) in the short term, the Group focuses on the rapid introduction of new NEV models and the revitalization of its idle production capacity through leveraging Geely Holding Group's mature manufacturing resources, supply chain, and sales channels, which enables the Company to accelerate its entry into the NEV market, rapidly establishing the Group's brand recognition and broadening the Group's customer base; and (ii) in the medium to long term, the Group aims to upgrade its existing production facilities, most of which were developed before the Judicial Restructuring, develop its proprietary NEV product lines and introduce vehicle models equipped with battery-swapping technology. The Group strives to position itself as an integrated enterprise engaged in both battery-swapping NEVs and traditional fuel vehicles, achieving balanced development between innovation and legacy business segments.

Geely Group operates multiple production lines across different regions with high flexibility, scalability, and established compliance systems, which allow the Group to meet production demand without committing to substantial upfront capital expenditures on new facilities or land resources. On the other hand, LIVAN vehicles were developed based on the GBRC Crystal Architecture — an innovative vehicle platform specifically for battery swapping applications. It supports both battery swapping and traditional charging modes (including fast DC charging and home charging), meeting the market demand (including that of Geely Group) for battery-swapping compatible models and providing flexible and convenient solutions.

Based on the above strategic roadmap and the Company's operating status at the beginning of the Track Record Period, the Company introduced new vehicle models and utilized Geely Holding Group's procurement and distribution channels. In the early stage, prior to the completion of the Group's own production line upgrades and independent development of new NEV models, the Group also used certain NEV production capacities of Geely Holding Group to support its rapid business ramp-up. As a result, the Group has entered into continuing connected transactions with Geely Holding Group in respect of both the procurement and sales of vehicles and automobile components, together with ancillary R&D and operation services.

- *With respect to transactions in relation to CBUs, knock down kits and relevant components:* In anticipation of increasing demand for our LIVAN brand vehicles, which feature proprietary battery-swapping capabilities, which may exceed the Group's current production lines and manufacturing capacity, the long-term cooperation with Geely Group on the utilization of Geely Group's foundational manufacturing capabilities ensures a stable and reliable supply of these vehicles. Additionally, it is more cost effective for the Group to procure CBUs and knock down kits than to establish new factories and production lines, enabling the Group to optimize capital expenditure and improve return on assets.

CONNECTED TRANSACTIONS

At the same time, the sale of CBUs and knock down kits by the Group to Geely Group allows the Group to fully utilize its existing idle production capacity and accelerate the monetization of its product development capabilities. Through Geely Group's extensive domestic and overseas distribution networks, the Group is able to expand its market reach, enhance brand visibility of our LIVAN brand vehicles, laying the foundation for the Group to acquire additional customers. Such sales arrangements also enable the Group to benefit from Geely Group's established aftersales and service infrastructure, thereby improving end-user satisfaction and overall product competitiveness.

The procurement and sale of automobile components between the Group and Geely Group were primarily to (i) support vehicle production and component matching for models collaborated with Geely Group, and (ii) meet the Group's demand for components used in other vehicle models based on market-oriented supplier selection. Given Geely Group's proven product quality, stable supply capability and competitive pricing, such transactions are commercially reasonable and represent a market-based choice. Moreover, the use of components from a reputable manufacturer such as Geely Group enhances the market recognition and acceptance of the Group's vehicles, particularly in overseas markets where certain customers may have specific request on brand reputation and certification standards of automobile components.

- *With respect to ASD:* Through provision of ASD to Geely Group, the Group is enable to fully leverage its advanced intelligent driving technology, and through the cooperation with Geely Group, the Group will be able to broaden its customer base and industry reputation, and create opportunities for further OEM partnership. In addition, the provision of ASD to Geely Group, will provide sources of recurring revenues to the Group as Geely Group's business expands, and the Group will be able to maintain and achieve stable income stream from the growing demand in ASD of Geely Group, further improving the financial performance of the Group and broadening return to the Shareholders as a whole.
- *With respect to transaction in relation to R&D service:* It is typical in the automobile industry that manufacturers of CBUs, knock down kits and/or automobile components also provide related R&D services. Such arrangements also (i) enhance synergy and technology sharing among the parties, thereby improving the efficiency of the Group's R&D efforts; and (ii) facilitate technology upgrades that further support the Group's development, ultimately strengthening the competitiveness of LIVAN brand vehicles.

CONNECTED TRANSACTIONS

- *With respect to transactions in relation to operation services:* The Group also cooperates with Geely Group in relation to various operational and business services, including logistics, marketing, and general operation services which are natural extensions of the aforementioned manufacture, sales and procurement transactions. Through collaboration with Geely Group, the Group benefits from shared service platforms, industry-standard cost-plus-margin pricing, and reduced overall operational expenditure.

H. Hong Kong Listing Rules Implications with respect to Transactions with Geely Group

Pursuant to Rule 14A.81 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange will aggregate a series of connected transactions and treat them as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Rule 14A.82 provides that factors that the Exchange will consider for aggregation of a series of connected transactions include whether, among other things, they are entered into by the listed issuer's group with the same party, or parties who are connected with one another. Accordingly, transactions with Geely Group shall be aggregated and treated as one transaction for the purpose of calculating the percentage ratio of the continuing connected transactions pursuant to Rule 14A.81 of the Hong Kong Listing Rules.

As (i) Geely Group is a connected person at the subsidiary level, (ii) our Board (including all the independent non-executive Directors) [has approved] each of the following transactions with Geely Group and the transactions contemplated thereunder, (iii) all the independent non-executive Directors have confirmed that the terms of each of the transactions with Geely Group are fair and reasonable, on normal commercial terms or better and in the interests of our Company and our Shareholders as a whole, and (iv) the highest applicable percentage ratio in respect of the annual caps for each category of transactions with Geely Group on an aggregated basis is expected to be higher than 1%, by virtue of Rule 14A.101 of the Hong Kong Listing Rules, the transactions with Geely Group below under this section will be subject to the reporting, annual review and announcement requirements, but be exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CONNECTED TRANSACTIONS

V. CONTINUING CONNECTED TRANSACTION WITH STEPFUN GROUP

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**StepFun Framework Agreement**”) with StepFun, pursuant to which the Group will procure MaaS (Model-as-a-Service) solutions from StepFun Group on a non-exclusive basis, including among others, cloud-based models and on-demand resources (together, the “**MaaS Solutions**”). The initial term of the agreement will commence from the [REDACTED] and expire on December 31, 202[8].

The StepFun Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules and other applicable laws and regulations. Subject to the terms of the StepFun Framework Agreement, the Group will enter into specific agreements with StepFun Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the StepFun Framework Agreement.

Pricing policies

Pursuant to the StepFun Framework Agreement, StepFun Group shall provide MaaS Solutions to our Group at prices calculated on a cost-plus basis. The pricing will be calculated with reference to: (a) the costs for provision of MaaS solutions, which mainly consist of personnel expenses for software development and platform maintenance, depreciation and amortization of infrastructure and software, data and network-related expenses, third-party service fees, and other overhead costs associated with service delivery; plus (b) an agreed margin rate. The margin rate will be determined after arm’s length negotiations with reference to the profit margin for comparable services that StepFun Group offers to Independent Third Parties.

Historical amounts

Because the “ASD 1.0” intelligent driving solutions were released in June 2025, we did not conduct any transaction with StepFun Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025. As such, the historical transaction amounts for the relevant periods with respect to the procurement of MaaS Solutions by our Group from StepFun Group were nil.

CONNECTED TRANSACTIONS

Annual caps

The Company proposes to set the annual caps of the transaction amounts for the three years ending December 31, 2028 as follows:

Proposed annual cap for the year ending December 31,			
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of MaaS Solutions	393.2	485.2	600.2

The proposed annual caps are determined based on, among others:

- (i) the estimated demand for cloud-based MaaS Solutions in connection with our "AI + Mobility" business for each of the three years ending December 31, 2028;
- (ii) the estimated costs of MaaS Solutions to be provided by StepFun Group including personnel, infrastructure, data management and platform maintenance expenses, during the same period; and
- (iii) the margin rates applied on top of the cost of MaaS Solutions and other operating expenses determined after arm's length negotiations and with reference to the profit margin for comparable services that StepFun offers to Independent Third Parties.

The proposed annual caps for the procurement of MaaS Solutions are expected to increase significantly each year over the next three years due to:

- (i) the anticipated expansion of the Group's "AI + Mobility" business, including the smart cockpit and intelligent driving segments, which are expected to require increasing levels of model development, data processing and system integration support; and
- (ii) the ongoing upgrade and iteration of our intelligent driving products, from "ASD 1.0" offering L2 capabilities to the planned "2.0" and "3.0" versions featuring L3- and L4-level functionalities, which are expected to require more advanced model development, testing and system integration, and the expected increase in the sophistication and technical requirements of such MaaS Solutions to support our product upgrades.

CONNECTED TRANSACTIONS

Reasons for the transaction

StepFun Group possesses extensive industry experience and well-established infrastructure in providing MaaS solutions. With its proven track record MaaS solutions across diverse commercial applications, we believe StepFun Group is able to deliver reliable, high-quality and customizable MaaS solutions that cater to the specific needs of different scenarios of our “AI + Mobility” solutions. As such, engaging StepFun Group enables our Group to benefit from its service capabilities and operational expertise, thereby supporting the development and enhancement of our smart cockpit and intelligent driving businesses under our “AI + Mobility” strategy.

In addition, StepFun Group offers its MaaS Solutions at competitive and cost-effective pricing, achieved through its economies of scale and efficient resource utilization. Partnering with StepFun Group allows our Group to optimize our R&D spending and enhance cost efficiency of the Group.

The cooperation also aligns with our Group’s long-term strategic plan to establish a stable, trusted and scalable partnership with a leading MaaS solution provider, ensuring consistent access to cutting-edge AI infrastructure and technical support. The long-term collaboration with StepFun Group is expected to create strong synergies, enabling both parties to jointly enhance model capabilities, accelerate innovation, and continuously improve the performance and cost-effectiveness of MaaS solutions.

Hong Kong Listing Rules implications

As the highest applicable percentage ratios in respect of the proposed annual caps for the procurement of MaaS Solutions under the StepFun Framework Agreement are expected to be more than 5%, such transaction contemplated thereunder (including the proposed annual caps) shall be subject to the reporting, announcement, annual review and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CONNECTED TRANSACTIONS

VI. APPLICATION FOR AND CONDITIONS FOR WAIVER

Pursuant to Rules 14A.76(1)(b) and Rule 14A.101 of the Hong Kong Listing Rules, the continuing connected transactions as disclosed in “— IV. Continuing Connected Transactions with Geely Group” in this section will be subject to the announcement requirement under Chapter 14A of the Hong Kong Listing Rules. Pursuant to Rule 14A.76(2)(a) of the Hong Kong Listing Rules, the continuing connected transaction as disclosed in “— V. Continuing Connected Transaction with StepFun Group” in this section, are subject to the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules. As those continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this Document, our Directors consider that compliance with the announcement would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for[, and the Hong Kong Stock Exchange has granted], pursuant to Rule 14A.105 of the Hong Kong Listing Rules, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Hong Kong Listing Rules in respect of the continuing connected transactions as disclosed in “— IV. Continuing Connected Transactions with Geely Group” in this section; and (ii) the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules in respect of the continuing connected transaction as disclosed in “— V. Continuing Connected Transaction with StepFun Group” in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial years ending December 31, 2026, 2027 and 2028 (as applicable) shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

The independent non-executive Directors and auditors of the Company will review whether the transactions under the above partial exemption and non-exempt continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Hong Kong Listing Rules.

In the event of any future amendments to the Hong Kong Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take steps to ensure compliance with such new requirements within reasonable time.

VII. DIRECTORS’ VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the non-exempt and partially exempt continuing connected transactions described above have been and shall be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) that the respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

VIII. SOLE SPONSOR'S VIEW

The Sole Sponsor has reviewed the relevant documents and information prepared and provided by the Company relating to the partially exempt and non-exempt continuing connected transactions as disclosed in this section, obtained necessary representations and confirmations from the Company and its Directors, and participated in due diligence with the management of the Company. Based on the above and having taken into account the view of the Directors, the Sole Sponsor is of the view that the non-exempt continuing connected transactions as disclosed in this section for which waivers have been sought, have been and will be carried out in the ordinary and usual course of business of the Company and on normal commercial terms or better, are fair and reasonable in the interests of the Company and its Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

IX. INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders) and in compliance with all the applicable requirements under the Hong Kong Listing Rules, our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- (1) our Group has adopted a connected (related party) transactions management policy for the purpose of ensuring that connected transactions under the relevant framework agreements will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;
- (2) prior to the execution of the potential framework agreement with the connected parties, our Group will compare the terms of the proposed transactions (including pricing and other contractual terms) with those similar transactions entered with Independent Third Parties or the terms offered to or by Independent Third Parties (as the case may be) to ensure that the terms of agreements under the potential framework agreement shall be no less favourable to our Group than terms between our Group and the Independent Third Parties;
- (3) the designated staff of the finance department of the Company will closely monitor the actual amounts incurred for each type of continuing connected transactions for the purpose of ensuring the relevant annual caps are not exceeded;

CONNECTED TRANSACTIONS

- (4) our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules;
- (5) the finance team of our Group shall regularly examine the pricing of the transactions under the framework agreement signed with the connected parties to ensure that those transactions are conducted in accordance with the pricing terms therein;
- (6) our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company in accordance with Rules 14A.55 and 14A.56 of the Hong Kong Listing Rules; and
- (7) when considering any renewal or revisions to the agreements after the [REDACTED], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals, if applicable, cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under rule 14A.76 of the Hong Kong Listing Rules.

X. GENERAL

The annual caps disclosed in this section shall not be regarded as any indication, directly or indirectly, as to the revenue, profitability or trading prospects of the Group or Geely Group. Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to December 31, 2028, and they do not represent forecasts of revenue to be generated from the relevant transactions.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised, the following persons will have an interest and/or short position in our Shares or underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Description of Shares	As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)		
			Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Company ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our A Shares ⁽³⁾	Approximate percentage of shareholding in our Company ⁽³⁾
Azolla Fund ⁽⁴⁾	Beneficial owner	A Shares	1,349,550,000	29.85%	1,349,550,000	29.85%	[REDACTED]%
Azolla EM ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	1,349,550,000	29.85%	[REDACTED]%
Liangjiang Fund Management ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	1,349,550,000	29.85%	[REDACTED]%
Geely Technology ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	1,349,550,000	29.85%	[REDACTED]%
Geely Holding ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	1,349,550,000	29.85%	[REDACTED]%
Mr. Li Shufu ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	1,349,550,000	29.85%	[REDACTED]%
Chongqing Jianghehui ⁽⁵⁾	Beneficial owner	A Shares	900,000,000	19.91%	900,000,000	19.91%	[REDACTED]%
Mr. Yin ⁽⁵⁾	Interest in controlled corporation	A Shares	900,000,000	19.91%	900,000,000	19.91%	[REDACTED]%
Lifan Holdings ⁽⁶⁾	Beneficial owner	A Shares	618,542,656	13.68%	618,542,656	13.68%	[REDACTED]%

Notes:

1. All interests stated are long positions in the Shares.
2. The calculation is based on the total number of 4,521,100,071 A Shares in issue as of the Latest Practicable Date.
3. The calculation is based on the total number of 4,521,100,071 A Shares and [REDACTED] H Shares in issue immediately after completion of the [REDACTED] since [REDACTED] H Shares will be issued pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.
4. The general partner of Azolla Fund is Azolla EM, which is held as to 51% and 49% by Liangjiang Fund Management and Geely Technology, respectively.

SUBSTANTIAL SHAREHOLDERS

Liangjiang Fund Management is wholly owned by Liangjiang Industrial Development, which also holds approximately 36.18% of Azolla Fund directly as a limited partner and is wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會), a government agency of the Chongqing Municipal Committee of the Communist Party of China and the Chongqing Municipal People’s Government.

Geely Technology is held as to 55% and 45% by Ningbo Ruima Enterprise Management Partnership (L.P.)* (寧波銳馬企業管理合夥企業(有限合夥)) and Zhejiang Jidi Technology Co., Ltd.* (浙江濟底科技有限公司), respectively, which in turn are held as to 78.17% and 91.00% by Mr. Li Shu Fu (李書福), respectively. Mr. Li Shu Fu also holds 82.23% interest in Geely Holding, which wholly owns Zhejiang Geely Industrial Investment Holding Co., Ltd.* (浙江吉利產投控股有限公司) (“**Geely Industrial**”), another limited partner of Azolla Fund with 50.94% interests.

Therefore, by virtue of the SFO, each of Azolla EM, Liangjiang Fund Management, Liangjiang Industrial Development, Geely Industrial, Zhejiang Geely Holding Group Co., Ltd., Geely Technology, Ningbo Ruima Enterprise Management Partnership (L.P.), Zhejiang Jidi Technology Co., Ltd. and Mr. Li Shu Fu is deemed to be interested in the Shares held by Azolla Fund.

5. Chongqing Jianghehui is wholly owned by Jianghe Shunsui Enterprise Management Co., Ltd.* (重慶江河順遂企業管理有限公司) (“**Jianghe Shunsui**”), which is in turn wholly owned by Jianghe Anlan Investment Partnership (Limited Partnership)* (海南江河安瀾投資合夥企業(有限合夥)) (“**Jianghe Anlan**”). The general partner of Jianghe Anlan is Hainan Qianli Zhiqi Investment Co., Ltd.* (海南千里智騏投資有限公司) (“**Hainan Qianli Zhiqi**”), which is held as to 67.03% by Mr. Yin.

Therefore, by virtue of the SFO, each of Jianghe Shunsui, Jianghe Anlan, Hainan Qianli Zhiqi and Mr. Yin is deemed to be interested in the Shares held by Chongqing Jianghehui.

6. Lifan Holdings Co., Ltd.* (重慶力帆控股有限公司) (“**Lifan Holdings**”) was wholly owned by Chongqing Huiyang Holdings Co., Ltd.* (重慶匯洋控股有限公司), whose entire equity interests was held as trust assets of a trust managed by CCB Trust Co., Ltd.* (建信信託有限責任公司).

On September 25, 2025, Lifan Holdings entered into a series of share transfer agreements with, among others, Mercedes-Benz Digital Tech Ltd. (“**Benz Digital Tech**”), pursuant to which, Lifan Holdings transferred 135,633,002 A Shares, representing approximately 3.00% of the then total issued share capital, to Benz Digital Tech, at a consideration of RMB9.87 per A Share. As of the Latest Practicable Date, such share transfer was still in the process of completing the relevant registration procedures.

Therefore, by virtue of the SFO, each of Chongqing Huiyang Holdings Co., Ltd. and CCB Trust Co., Ltd. is deemed to be interested in the Shares held by Lifan Holdings.

Save as disclosed above and in the section headed “Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders” in Appendix V to this Document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), have any interest and/or short position in our Shares or underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB4,521,100,071, comprising 4,521,100,071 A Shares of nominal value RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
A Shares in issue	4,521,100,071	[REDACTED]%
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Immediately following completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
A Shares in issue	4,521,100,071	[REDACTED]%
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

SHARE CAPITAL

OUR SHARES

Upon completion of the [REDACTED], the Shares will consist of A Shares and H Shares. A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [REDACTED] by or [REDACTED] between [REDACTED] of the PRC.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by investors in the PRC, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in the PRC in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

A Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or Renminbi (as the case may be), or in the form of H Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our A Shareholders to issue H Shares and seek the [REDACTED] of the H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on September 29, 2025 and is subject to the following conditions:

(i) Size of the [REDACTED]

The proposed number of H Shares to be [REDACTED] initially shall not exceed [REDACTED]% of the total issued number of Shares as enlarged by the H Shares to be [REDACTED] pursuant to the [REDACTED]. The number of H Shares to be [REDACTED] pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially pursuant to the [REDACTED].

(ii) Method of [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] in Hong Kong and an [REDACTED] to institutional and professional [REDACTED].

(iii) Target [REDACTED]

The H Shares shall be issued to Hong Kong public [REDACTED], other overseas [REDACTED] who meet the relevant requirements, qualified domestic [REDACTED] eligible to [REDACTED] in overseas securities according to the laws and regulations of the PRC and other [REDACTED] who comply with the relevant regulatory requirements.

(iv) [REDACTED] Basis

The [REDACTED] price of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of [REDACTED] and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) Valid Period

The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date of the Shareholders' meeting, namely September 29, 2025.

There is no other approved [REDACTED] plan for any other Shares except for the [REDACTED].

SHARE CAPITAL

SHAREHOLDERS’ GENERAL MEETING

See “Appendix IV — Summary of Articles of Association” for details of circumstances under which our general Shareholders’ meeting is required.

A Share Employee Stock Ownership Scheme

Our Company has adopted the 2025 Employee Stock Ownership Scheme, pursuant to which our Company will repurchase A shares from the open market to implement the 2025 Employee Stock Ownership Scheme for granting to the participants being directors (excluding independent directors), senior executives, middle-level managers or key employees of the Group. For details, please refer to the section headed “Statutory and General Information — A Share Employee Stock Ownership Scheme” in Appendix V to this Document.

As of the date of this Document, the Company had not repurchased any Shares under the 2025 Employee Stock Ownership Scheme.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants’ Report set forth in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this Document.

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a disruptive technology leader delivering closed-loop “AI + Mobility” solutions to strategic customers worldwide.

During the Track Record Period, we primarily generated revenue from the manufacturing and sales of vehicles and motorcycles, accounting for over 85% of our total revenue in each year/period during the Track Record Period. We believe that AI technologies are poised to revolutionize the mobility landscape, and therefore we took a strategic transformation and evolved to be an AI-centric enterprise through technology and industry resource consolidation. By embedding advanced AI technologies in our business operations, we have developed our full-stack, model-centric “AI + Mobility” capabilities encompass manufacturing, AI capabilities, and R&D of software and hardware.

We believe that the intelligent driving, smart cockpit and robotaxi are the core of “AI + Mobility”, as these solutions capture where AI delivers the greatest functional, commercial and strategic value in modern transportation. Therefore, we took our first step in our AI transformation by building a comprehensive portfolio of intelligent driving solutions. We progressively expand our solutions to smart cockpit and robotaxi.

FINANCIAL INFORMATION

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRSs, which comprise all standards and interpretations approved by IASB. All IFRSs effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention.

Further details of the material accounting policy information adopted are set out in Note 2.3 of the Accountants’ Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are influenced by general macroeconomic and industry conditions, such as overall economic growth, demand for AI solutions, growth the automotive sector, fluctuations in raw material costs, and evolving policies relating to vehicles and intelligent mobility solutions and technologies. Adverse movements in any of these areas may have a material impact on our business and results of operations.

In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Ability to Execute Our Strategies and Drive Revenue Growth

Historically, our revenue was primarily derived from sales of automobiles and motorcycles, with sales of these products making up more than 85% of over total revenue for each period during the Track Record Period. Going forward, as we continue to execute our “AI+Mobility” strategy, we are upgrading our growth engine from traditional vehicle manufacturing and sales to closed-loop “AI+Mobility” solutions that integrate manufacturing, engineering, and model-driven AI development. Building on our strengths in both vehicle manufacturing and AI, we offer integrated “AI + Mobility” solutions that include intelligent driving and smart cockpit, and are expanding into robotaxi solutions. Our ability to attract and retain strategic customers is critical to our future revenue growth. Executing this strategy effectively will directly influence our top-line growth and long-term sustainability.

Ability to Expand Channels and Deepen Partnerships Key Strategic Customers

Our growth is closely linked to the expansion and diversification of our sales and distribution channels, both domestically and internationally. Our strategy focusing on key strategic customers provides a stable foundation for scaling these channels. By deepening long-term cooperation with leading OEM customers and leveraging joint development and platform-based solutions, we are able to embed our technologies across full model lineups and create a recurring, closed-loop business cycle. The combination of broad channel expansion and deep collaboration with key strategic customer supports both the diversification of our revenue base and the sustainability of our growth.

FINANCIAL INFORMATION

In parallel, overseas markets have become increasingly important contributor to our business. Our ability to deepen international market penetration through localized products, pricing, and partnerships will be key to diversifying revenue sources and support our future growth.

Ability to Improve Gross Margin

Our gross profit margin is affected by the mix of our product offerings. The introduction of new solutions with high gross profit margins will have a positive effect on our overall gross profit margin. During the Track Record Period, our cost of sales primarily consists of raw materials, manufacturing expenses, labor costs. We are pursuing margin uplift through centralized procurement, platform-based vehicle engineering, and intelligent manufacturing. We expect that continued application of intelligent manufacturing systems and supplier management initiatives will further enhance margins. Our ability to expand AI-enabled, higher-content models, lock in cost reductions through platformization, and mitigate input-cost swings will also be critical to our gross margin.

Ability to Manage Operating Expenses While Investing in R&D

Research and development expenses have expanded significantly in support of our strategy. R&D expenses grew from RMB214.8 million in 2023 to RMB406.6 million in 2024, and from RMB180.1 million in the six months ended June 30, 2024 to RMB287.6 million for the same period in 2025. To support our “AI + Mobility” solutions, we expect to continue to incur significant R&D expenses. While R&D has become our largest expense category, operating leverage has improved as both selling and marketing expenses and administrative expenses decreased in absolute amount and as a percentage of revenue from 2023 to 2024 due to efficiency gains. Balancing continued investment in innovation with prudent expense management will be essential for sustainable profitability.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. Our management continuously evaluates such estimates, assumptions, and judgments based on past experience, industry practices, and expectations of future events that are deemed reasonable under the circumstances. During the Track Record Period, there had not been any material deviation from our management’s estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 2.3 to the Accountants’ Report included in Appendix I to this Document.

FINANCIAL INFORMATION

Set forth below are accounting policies that we believe are material to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of motorcycles, automobiles and others

We sell motorcycles, automobiles and others (such as general-purpose machinery and automotive parts) to customers. Revenue from the sale of products is recognized at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or we have objective evidence that all criteria for acceptance have been satisfied.

We provide sales rebate and discounts to certain customers for sales of motorcycles, automobiles, and the relevant revenue is recognized based on contract consideration net of the estimated sales rebate and discount amount.

Automobiles are often sold with volume rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

FINANCIAL INFORMATION

For new energy vehicles, customers only pay the amount after deducting the government subsidies to which they are entitled for the purchase of new energy vehicles, which is applied on their behalf and collected by us from the government according to the applicable government policy. We have concluded that government subsidies should be considered as a part of the transaction price we charge the customers for the new energy vehicles, as the subsidy is granted to the purchaser of the new energy vehicles and the purchaser remains liable for such amount in the event the subsidies were not received by us due to his fault such as refusal or delay of providing application information.

Sale of real estate

Revenues are recognized when or as the control of the asset is transferred to the purchaser. For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognized when the purchaser obtains the physical possession or the legal title of the completed property and we have a present right to payment and the collection of the consideration is probable. In determining the transaction price, we adjust the promised amount of consideration for the effect of the financing component if it is significant.

Rendering of services

Revenue from the provision of property management and real estate asset management service is recognized over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by us, liabilities assumed by us to the former owners of the acquiree and the equity interests issued by us in exchange for control of the acquiree. For each business combination, we elect whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

We determine that we have acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When we acquire a business, we assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

FINANCIAL INFORMATION

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform our annual impairment test of goodwill as of December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of ours are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

We measure our investment properties, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and certain debt at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

FINANCIAL INFORMATION

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

FINANCIAL INFORMATION

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

Land is not depreciated. Other property and equipment's depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17% to 12.5%
Machinery	6.33% to 48.5%
Office equipment and electronic devices	18% to 30%
Vehicles	9.5% to 48.5%
Other equipment	20% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

FINANCIAL INFORMATION

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Our intangible assets are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Patents	5 to 10 years
Trademark	5 to 10 years
Software	5 to 10 years
Automotive Design and Development Costs	3 to 10 years
Others	2 to 10 years

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Share-based payments

Several employee incentive schemes are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including directors) of ours receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer based on a recent transaction price, further details of which are given in Note 33 of the Accountants' Report included in Appendix I to this Document.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

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Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss, in absolute amounts and as a percentage of our total revenue, for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
REVENUE	8,626,599	100.0	6,698,322	100.0	6,963,852	100.0	2,954,973	100.0	4,148,938	100.0
Cost of sales	(7,922,839)	(91.8)	(6,426,071)	(95.9)	(6,481,472)	(93.1)	(2,766,810)	(93.6)	(3,921,248)	(94.5)
Gross profit	703,760	8.2	272,251	4.1	482,380	6.9	188,163	6.4	227,690	5.5
Other income and gains . . .	187,999	2.2	202,890	3.0	158,833	2.3	84,041	2.8	363,701	8.8
Selling and marketing expenses	(266,457)	(3.1)	(375,086)	(5.6)	(337,820)	(4.9)	(181,315)	(6.1)	(142,897)	(3.4)
Administrative expenses . .	(433,204)	(5.0)	(423,397)	(6.3)	(338,158)	(4.9)	(165,133)	(5.6)	(189,764)	(4.6)
Research and development expenses	(90,683)	(1.1)	(214,781)	(3.2)	(406,576)	(5.8)	(180,114)	(6.1)	(287,588)	(6.9)
Fair value gains/(losses) on investment properties . . .	45,900	0.5	10,684	0.2	(95,587)	(1.4)	0	0.0	(23,417)	(0.6)
Impairment losses on financial assets, net	(30,681)	(0.4)	(18,303)	(0.3)	(3,561)	(0.1)	(7,268)	(0.2)	(23,457)	(0.6)
Other expenses	(126,678)	(1.5)	(87,100)	(1.3)	(139,219)	(2.0)	(9,363)	(0.3)	(77,728)	(1.9)
Finance costs	(133,452)	(1.5)	(123,445)	(1.8)	(93,336)	(1.3)	(48,858)	(1.7)	(41,182)	(1.0)
Share of profit of joint ventures and associates . .	375,917	4.4	413,770	6.2	488,247	7.0	189,699	6.4	251,937	6.1
(LOSS)/PROFIT BEFORE TAX	232,421	2.7	(342,517)	(5.1)	(284,797)	(4.1)	(130,148)	(4.4)	57,295	1.4
Income tax expense	(62,014)	(0.7)	80,345	1.2	(44,100)	(0.6)	21,667	0.7	(173,266)	(4.2)
(LOSS)/PROFIT FOR THE YEAR	170,407	2.0	(262,172)	(3.9)	(328,897)	(4.7)	(108,481)	(3.7)	(115,971)	(2.8)
Attributable to:										
Owners of the parent	154,682	1.8	24,213	0.4	40,017	0.6	26,194	0.9	31,172	0.8
Non-controlling interests . .	15,725	0.2	(286,385)	(4.3)	(368,914)	(5.3)	(134,675)	(4.6)	(147,143)	(3.5)
	170,407	2.0	(262,172)	(3.9)	(328,897)	(4.7)	(108,481)	(3.7)	(115,971)	(2.8)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT										
Basic and diluted	0.03		0.01		0.01		0.01		0.01	

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

The following table sets forth the breakdown of our revenue by product category, in absolute amounts and as a percentage of our total revenue, for the years/periods indicated. For details on our revenue model and pricing policy, see “Business — Our Products and Solutions.”

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Automobiles	5,776,593	66.8	3,694,618	55.2	4,175,891	60.0	1,739,594	58.9	2,599,205	62.6
Motorcycle	2,124,977	24.6	2,028,767	30.3	2,135,725	30.7	951,753	32.2	1,276,924	30.8
Others										
– General-purpose machinery .	337,882	3.9	400,252	6.0	428,136	6.1	198,160	6.7	203,672	4.9
– Miscellaneous	397,147	4.7	574,685	8.5	224,100	3.2	65,466	2.2	69,137	1.7
Total	8,626,599	100.0	6,698,322	100.0	6,963,852	100.0	2,954,973	100.0	4,148,938	100.0

Automobiles. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, revenue generated from sales of automobiles amounted to RMB5,766.6 million, RMB3,694.6 million, RMB4,175.9 million, RMB1,739.6 million and RMB2,599.2 million, respectively, accounting for 66.8%, 55.2%, 60.0%, 58.9%, and 62.6% of our total revenue, respectively.

Motorcycles. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, revenue generated from sales of motorcycles amounted to RMB2,125.0 million, RMB2,028.8 million, RMB2,135.7 million, RMB951.8 million and RMB1,276.9 million, respectively, accounting for 24.6%, 30.3%, 30.7%, 32.2%, and 30.8% of our total revenue, respectively.

Others. In addition, to a lesser extent, we also generated other revenues primarily including sales of general-purpose machinery and miscellaneous sales such as real estate and spare parts. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our other revenue amounted to RMB735.0 million, RMB974.9 million, RMB652.2 million, RMB263.6 million and RMB272.8 million, respectively, accounting for 8.5%, 14.5%, 9.4%, 8.9%, and 6.6% of our total revenue, respectively.

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The following table sets forth our sales volume of automobiles and motorcycles for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
Automobiles ('000 units)	56.8	42.3	57.8	24.0	38.7
Motorcycles ('000 units)	382.4	336.6	388.6	161.1	236.2

The following table sets forth the breakdown of our revenue by geographical markets, in absolute amounts and as a percentage of our total revenue, for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Mainland China	6,612,424	76.7	4,438,337	66.3	4,124,478	59.2	1,921,189	65.0	2,751,943	66.3
Overseas	2,014,175	23.4	2,259,985	33.7	2,839,374	40.8	1,033,784	35.0	1,396,995	33.7
Total	8,626,599	100.0	6,698,322	100.0	6,963,852	100.0	2,954,973	100.0	4,148,938	100.0

Cost of Sales

Cost of sales for our products primarily includes costs of raw materials, direct labor, and manufacturing overhead. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
							(unaudited)			
	(in thousands, except for percentages)									
Raw materials	7,304,058	92.2	5,602,060	87.2	5,908,748	91.2	2,553,516	92.3	3,582,049	91.3
Direct labor	165,391	2.1	133,988	2.1	144,336	2.2	61,314	2.2	107,475	2.7
Manufacturing overhead . .	158,143	2.0	183,100	2.8	199,342	3.1	100,348	3.6	123,680	3.2
Others	295,247	3.7	506,923	7.9	229,046	3.5	51,632	1.9	108,044	2.8
Total	7,922,839	100.0	6,426,071	100.0	6,481,472	100.0	2,766,810	100.0	3,921,248	100.0

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The following table sets forth the breakdown of our other income and gains for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
(in thousands, except for percentages)										
Other income										
Government grants	5,721	3.0	12,032	5.9	5,943	3.7	758	0.9	169,761	46.7
Interest income	70,850	37.7	67,916	33.5	63,696	40.1	29,415	35.0	30,301	8.3
Additional deduction for value-added tax	–	–	13,463	6.6	21,877	13.8	5,852	7.0	9,061	2.5
Others	3,412	1.8	7,353	3.6	3,759	2.4	2,065	2.4	2,419	0.7
Total other income	79,983	42.5	100,764	49.6	95,275	60.0	38,090	45.3	211,542	58.2
Other gains										
Exchange gains, net	69,685	37.1	26,315	13.0	–	–	44,594	53.1	114,611	31.5
Gains on disposal of investments in associates, net	–	–	10,183	5.0	1,434	0.9	460	0.5	–	–
Gains on liquidation of investments in subsidiaries	38,282	20.4	62,439	30.8	–	–	–	–	–	–
Gains on disposal of investments in subsidiaries, net	–	–	–	–	–	–	–	–	32,122	8.8
Gains on disposal of property, plant and equipments	46	0.0	3,189	1.6	18,294	11.5	724	0.9	5,426	1.5
Gains on termination of lease	3	0.0	–	–	860	0.5	–	–	–	–
Gains on debt restructuring	–	–	–	–	42,970	27.1	173	0.2	–	–
Total gains	108,016	57.5	102,126	50.4	63,558	40.0	45,951	54.7	152,159	41.8
Total other income and gains	187,999	100.0	202,890	100.0	158,833	100.0	84,041	100.0	363,701	100.0

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Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses, (ii) travel and office expenses, (iii) business development expenses, and (iv) others.

The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as a percentage of our total selling and marketing expenses, for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Employee benefit expenses	107,069	40.2	124,432	33.2	103,672	30.7	50,741	28.0	49,374	34.6
Travel and office expense	28,843	10.8	46,222	12.3	57,808	17.1	25,880	14.3	22,186	15.5
Business development expenses	112,358	42.2	170,566	45.5	148,776	44.0	86,228	47.6	59,536	41.7
Others	18,187	6.8	33,867	9.0	27,564	8.2	18,466	10.1	11,801	8.2
Total	266,457	100.0	375,087	100.0	337,820	100.0	181,315	100.0	142,897	100.0

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our selling and marketing expenses amounted to RMB266.5 million, RMB375.1 million, RMB337.8 million, RMB181.3 million, and RMB142.9 million, respectively.

Administrative Expenses

Our administrative expenses consist of (i) employee benefit expenses, (ii) travel expenses, (iii) professional service expenses, (iv) office and business hospitality expenses, (v) lease, depreciation and amortization, (vi) taxes, and (vii) others.

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The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as a percentage of our total administrative expenses, for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Employee benefit expenses	185,818	42.9	212,392	50.2	158,028	46.7	75,380	45.6	102,701	54.1
Travel expenses	6,820	1.6	15,422	3.6	12,678	3.7	4,095	2.5	7,624	4.0
Professional service expenses	11,871	2.7	13,368	3.2	6,277	1.9	4,400	2.7	13,480	7.1
Office and business										
hospitality expenses	38,853	9.0	27,628	6.5	35,412	10.5	17,490	10.6	10,187	5.4
Lease, depreciation and										
amortization	105,204	24.3	85,926	20.3	64,299	19.0	33,494	20.3	28,931	15.2
Taxes	40,514	9.4	42,196	10.0	45,612	13.5	22,209	13.4	19,620	10.3
Others	44,124	10.1	26,465	6.2	15,852	4.7	8,065	4.9	7,221	3.9
Total	433,204	100.0	423,397	100.0	338,158	100.0	165,133	100.0	189,764	100.0

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our administrative expenses amounted to RMB433.2 million, RMB423.4 million, RMB338.2 million, RMB165.1 million, and RMB189.8 million, respectively.

Research and Development Expenses

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our research and development expenses amounted to RMB90.7 million, RMB214.8 million, RMB406.6 million, RMB180.1 million and RMB287.6 million, respectively.

Fair Value Gains/(Losses) on Investments Properties

Our fair value gains/(losses) on investments properties represent changes in fair value of our investment properties, reflecting valuations at the reporting date. We recorded fair value gains/(losses) on investments properties of RMB45.9 million, RMB10.7 million, RMB(95.6) million, nil and RMB(23.4) million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net represent expected credit losses or reversals on our receivables and other financial assets. We recorded impairment losses on financial assets, net of RMB30.7 million, RMB18.3 million, RMB3.6 million, RMB7.3 and RMB23.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

Other Expenses

Other expenses primarily consist of (i) impairment losses on goodwill, (ii) impairment losses on property, plant and equipment, (iii) indemnity expenses, (iv) losses on disposal of property, plant and equipment, (v) losses on debt restructuring, (vi) impairment losses on other intangible assets, (vii) discount interests and fees, (viii) exchange losses, net, and (ix) others.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Discount interests and fees	-	-	17,466	20.1	17,935	12.9	5,485	58.6	10,741	13.8
Impairment losses on goodwill	31,573	24.9	44,915	51.6	40,690	29.2	-	-	34,530	44.4
Impairment losses on property, plant and equipment	6,285	5.0	679	0.8	-	-	-	-	23,452	30.2
Losses on pending litigation	-	-	1,336	1.5	-	24.4	-	22.1	5,576	7.2
Indemnity expenses	14,287	11.3	14,288	16.4	33,989	-	2,070	-	259	0.3
Losses on disposal of property, plant and equipments	17,927	14.2	290	0.3	949	0.7	55	22.1	82	0.1
Losses on debt restructuring	41,493	32.8	5,361	6.2	-	-	-	-	1	-
Losses on disposal of other intangible assets.	177	0.1	-	-	-	-	-	-	-	-
Impairment losses on other intangible assets.	13,513	10.7	28	0.0	-	-	-	-	-	-
Exchange losses, net.	-	-	-	-	41,268	29.6	-	-	-	-
Others	1,423	1.0	2,737	3.1	4,388	3.2	1,753	18.7	3,087	4.0
Total	126,678	100.0	87,100	100.0	139,219	100.0	9,363	100.0	77,728	100.0

FINANCIAL INFORMATION

Meanwhile, certain of our subsidiaries that have applied the Income Tax Policy for Western Development pursuant to the PRC tax regulations were entitled to a preferential tax rate of 15% for the Track Record Period.

Certain of our subsidiaries have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3.0 million shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20%.

The provision of PRC land appreciation tax is estimated per the requirements outlined in the relevant PRC tax laws and regulations. PRC land appreciation tax has been provided at progressive rates of the appreciation value, with certain allowable deductions, including land costs, borrowing costs, and the relevant property development expenditures.

We recorded income tax credit/(expense) of RMB(62.0) million, RMB80.3 million, RMB(44.1) million, RMB21.7 million and RMB(173.3) million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

During the Track Record Period and as of the Latest Practicable Date, we were not subject to any tax penalties.

(Loss)/Profit for the Year/Period

As a result of the foregoing, we recorded (loss)/profit for the year/period of RMB170.4 million, RMB(262.2) million, RMB(328.9) million, RMB(108.5) million and RMB(116.0) million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared with Six Months Ended June 30, 2024

Revenue

Our revenue increased from RMB2,955.0 million in the six months ended June 30, 2024 to RMB4,148.9 million during the same period in 2025, primarily due to increased revenue from sales of automobiles and motorcycles.

Automobiles. Revenue from sales of automobiles increased by 49.4% from RMB1,739.6 million in the six months ended June 30, 2024 to RMB2,599.2 million during the same period in 2025, primarily attributable to increased sales volume as we expanded our product lineup, diversified sales channels, and increased exports. Our sales of automobiles increased from around 24 thousand in the six months ended June 30, 2024 to around 39 thousand for the same period in 2025.

Motorcycles. Revenue from sales of motorcycles increased by 34.2% from RMB951.8 million in the six months ended June 30, 2024 to RMB1,276.9 million during the same period in 2025, primarily attributable to an increase in sales volume as we expanded our customer base and increased exports. Our sales of motorcycles increased from around 161 thousand in the six months ended June 30, 2024 to around 236 thousand for the same period in 2025.

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Cost of Sales

Our cost of sales increased by 41.7% from RMB2,766.8 million in the six months ended June 30, 2024 to RMB3,921.2 million during the same period in 2025, primarily due to an increase in cost of raw materials of RMB1,028.5 million, which was mostly in line with increased sales volumes for automobiles and motorcycles.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 21.0% from RMB188.2 million in the six months ended June 30, 2024 to RMB227.7 million during the same period in 2025, while our gross profit margin remained relatively stable from 6.4% in the six months ended June 30, 2024 to 5.5% during the same period in 2025 due to changes in product mix. In particular, our automobiles segment recorded gross profit of negative RMB23.6 million in the six months ended June 30, 2025, improving from negative RMB24.9 million for the same period in 2024. Gross profit margin for that segment improved from negative 1.4% in the six months ended June 30, 2024 to negative 0.9% for the same period in 2025. Gross profit for our motorcycles segment increased from RMB115.4 million in the six months ended June 30, 2024 to RMB149.3 million for the same period in 2025 and gross profit margin for motorcycles remained relatively stable from the six months ended June 30, 2024 to the same period in 2025.

Other Income and Gains

Our other income and gains increased by 333.0% from RMB84.0 million in the six months ended June 30, 2024 to RMB363.7 million during the same period in 2025, primarily attributable to an increase of RMB173.5 million in total other income, which mainly resulted from an increase in government grants of RMB169.0 million due to one-time project grants from local governments. Total other gains also increased by RMB106.2 million, mainly due an increase in exchange gains, net of RMB70.0 million due to favorable currency fluctuations that positively impacted our foreign exchange position.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 21.2% from RMB181.3 million in the six months ended June 30, 2024 to RMB142.9 million during the same period in 2025, primarily attributable to a decrease of RMB26.7 million in business development expenses resulting from strategic cuts in related expenditure following the effective outcomes of prior investments.

Administrative Expenses

Our administrative expenses increased by 15.0% from RMB165.1 million in the six months ended June 30, 2024 to RMB189.8 million during the same period in 2025, primarily attributable to (i) an increase in employee benefit expenses of RMB27.3 million due to an increase in compensation paid to of administrative personnel and (ii) an increase in professional service expenses of RMB9.1 million as we engaged agencies to identify target personnel for our AI+ transition.

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Research and Development Expenses

Our research and development expenses increased by 59.7% from RMB180.1 million in the six months ended June 30, 2024 to RMB287.6 million during the same period in 2025, primarily attributable to increased investment in new R&D projects as we developed new solutions offerings.

Fair Value Losses on Investment Properties

Our fair value losses on investment properties increased from nil in the six months ended June 30, 2024 to RMB23.4 million during the same period in 2025, primarily due to revised investment property valuations during the period.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net increased from RMB7.3 million in the six months ended June 30, 2024 to RMB23.5 million during the same period in 2025, primarily due to provisions for impairment loss on expected non-recoverable new energy subsidy receivables.

Other Expenses

Our other expenses increased by 726.6% from RMB9.4 million in the six months ended June 30, 2024 to RMB77.7 million during the same period in 2025, primarily due to (i) an increase in impairment losses on goodwill of RMB34.5 million due to impairment recognized for our real estate business and (ii) an increase in impairment losses on property, plant and equipment of RMB23.5 million due to a decline in the recoverable value of such assets.

Finance Costs

Our finance costs decreased by 15.7% from RMB48.9 million in the six months ended June 30, 2024 to RMB41.2 million during the same period in 2025, primarily due to a decrease in interest on interest-bearing bank and other borrowings of RMB7.6 million due to a reduction in outstanding borrowings.

Share of Profit of Joint Ventures and Associates

Our share of profit of joint ventures and associates increased by 32.8% from RMB189.7 million in the six months ended June 30, 2024 to RMB251.9 million during the same period in 2025, driven by improved performance of associates.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB21.7 million in the six months ended June 30, 2024 and income tax expense of RMB173.3 million during the same period in 2025.

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Loss for the Period

As a result of the foregoing, our loss for the period increased by 6.9% from RMB108.5 million in the six months ended June 30, 2024 to RMB116.0 million during the same period in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 4.0% from RMB6,698.3 million in 2023 to RMB6,963.9 million in 2024, mainly due to increased revenue from sales of automobiles and motorcycles.

Automobiles. Revenue from sales of automobiles increased by 13.0% from RMB3,694.6 million in 2023 to RMB4,175.9 million in 2024, primarily attributable to increased sales volume as we expanded our product lineup, diversified sales channels, and increased exports. Our sales of automobiles increased from around 42 thousand in 2023 to around 58 thousand in 2024.

Motorcycles. Revenue from sales of motorcycles remained relatively stable at RMB2,028.8 million in 2023 and RMB2,135.7 million in 2024. Our sales of motorcycles increased from around 337 thousand in 2023 to around 389 thousand in 2024.

Cost of Sales

Our cost of sales remained relatively stable at RMB6,426.1 million in 2023 and RMB6,481.5 million in 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 77.2% from RMB272.3 million in 2023 to RMB482.4 million in 2024 and our gross profit margin increased from 4.1% in 2023 to 6.9% in 2024. In particular, our automobiles segment recorded gross profit of RMB48.9 million in 2024, improving from negative RMB195.6 million in 2023. Gross profit margin for that segment improved from negative 5.3% in 2023 to 1.2% in 2024, largely due to cost reductions achieved through procurement and an increase in exports. Gross profit and gross profit margin for our motorcycles segment remained relatively stable from 2023 to 2024.

Other Income and Gains

Our other income and gains decreased by 21.7% from RMB202.9 million in 2023 to RMB158.8 million in 2024, primarily attributable to a decrease in total gains of RMB38.6 million, which mainly resulted from an RMB8.7 million decrease in gains on disposal of investments in associates, net as debt recovery from associates fell year-over-year. This was partially offset by an RMB43.0 increase in gains on debt restructuring, with debts that did not need to be repaid under the restructuring plan being cleared.

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Selling and Marketing Expenses

Our selling and marketing expenses decreased by 9.9% from RMB375.1 million in 2023 to RMB337.8 million in 2024, primarily attributable to (i) a decrease in business development expenses of RMB21.8 million as the initial marketing promotions for the LIVAN brand were reduced and (ii) a decrease in employee benefit expenses of RMB20.8 million due to a reduction in headcount of selling and marketing personnel.

Administrative Expenses

Our administrative expenses decreased by 20.1% from RMB423.4 million in 2023 to RMB338.2 million in 2024, primarily attributable to (i) a decrease in employee benefit expenses of RMB54.4 million due to a reduction in headcount of administrative personnel and (ii) a decrease in lease, depreciation and amortization of RMB21.6 million as certain administrative equipment became fully amortized, resulting in a reduction of depreciation for the year.

Research and Development Expenses

Our research and development expenses increased by 89.3% from RMB214.8 million in 2023 to RMB406.6 million in 2024, primarily due to new vehicle model development projects.

Fair Value Gains/(Losses) on Investment Properties

Our fair value gains on investment properties decreased from RMB10.7 million in 2023 to negative RMB95.6 million in 2024, primarily due to adverse market conditions in 2024.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net decreased from RMB18.3 million in 2023 to RMB3.6 million in 2024, primarily due to strengthening of our credit screening and management policies and improved collection efforts.

Other Expenses

Our other expenses increased by 59.8% from RMB87.1 million in 2023 to RMB139.2 million in 2024, primarily due to (i) an increase in exchange losses, net of RMB41.3 million due to currency rate fluctuations and (ii) an increase in indemnity expenses of RMB19.7 million related to a contract with a commercial management company.

Finance Costs

Our finance costs decreased by 24.4% from RMB123.4 million in 2023 to RMB93.3 million in 2024, primarily due to a decrease in interest on interest-bearing bank and other borrowings of RMB30.1 million as we repaid several short and long-term loans in 2024.

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Share of Profit of Joint Ventures and Associates

Our share of profit of joint ventures and associates increased by 18.0% from RMB413.8 million in 2023 to RMB488.2 million in 2024, driven by improved performance of associates in 2024.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB80.3 million in 2023 and income tax expense of RMB44.1 million in 2024.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 25.4% from RMB262.2 million in 2023 to RMB328.9 million in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue decreased by 22.4% from RMB8,626.6 million in 2022 to RMB6,698.3 million in 2023, primarily attributed to decreased revenue from sales of automobiles.

Automobiles. Revenue from sales of automobiles decreased by 35.9% from RMB5,766.6 million in 2022 to RMB3,694.6 million in 2023, primarily attributable to lower sales volume as we face a competitive market environment. Our sales of automobiles decreased from around 57 thousand units in 2022 to around 42 thousand units in 2023.

Motorcycle. Revenue from sales of motorcycles remained relatively stable at RMB2,125.0 million in 2022 and RMB2,028.8 million in 2023. Our sales of motorcycles decreased from around 382 thousand units in 2022 to around 337 thousand units in 2023.

Cost of Sales

Our cost of sales decreased by 18.9% from RMB7,922.8 million in 2022 to RMB6,426.1 million in 2023, primarily attributable to our a decrease in raw materials of RMB1,702.0 million, in line with our decreased sales volume of automobiles and motorcycles.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 61.3% from RMB703.8 million in 2022 to RMB272.3 million in 2023, and our gross profit margin decreased from 8.2% in 2022 to 4.1% in 2023. In particular, our automobiles segment recorded a gross profit of negative RMB195.6 million in 2023, compared to RMB268.7 million in 2022. The gross profit margin for that segment decreased from 4.7% in 2022 to negative 5.3% in 2023, primarily due to the reduction in sales volume. The gross profit and gross profit margin for our motorcycles segment remained relatively stable from 2022 to 2023.

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Other Income and Gains

Our other income and gains increased by 7.9% from RMB188.0 million in 2022 to RMB202.9 million in 2023, respectively, primarily attributable to an increase of RMB20.8 million in total other income, which mainly resulted from an increase in additional deduction for value-added tax of RMB13.5 million due to the implementation of the value-added tax deduction in 2023.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 40.8% from RMB266.5 million in 2022 to RMB375.1 million in 2023, primarily attributable to (i) an increase in business development expenses of RMB58.2 million in connection with the ramp up of the LIVAN brand and (ii) an increase in employee benefit expenses of RMB17.4 million due to increased average salary of selling and marketing personnel.

Administrative Expenses

Our administrative expenses decreased by 2.3% from RMB433.2 million in 2022 to RMB423.4 million in 2023, primarily attributable to a decrease in lease, depreciation and amortization of RMB19.3 million as certain administrative equipment became fully amortized.

Research and Development Expenses

Our research and development expenses increased by 136.8% from RMB90.7 million in 2022 to RMB214.8 million in 2023 primarily due to new vehicle model development projects.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased from RMB45.9 million in 2022 to RMB10.7 million in 2023, primarily due to adverse market conditions in 2023.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net decreased from RMB30.7 million in 2022 to RMB18.3 million in 2023, primarily due to most high-risk unrecoverable financial assets already being accounted for in 2022 and a change in exchange rates leading to a reduction in receivables.

Other Expenses

Our other expenses decreased by 31.3% from RMB126.7 million in 2022 to RMB87.1 million in 2023, primarily due to (i) a decrease in losses on debt restructuring of RMB36.1 million as debt restructuring was completed in 2022 and (ii) a decrease in losses on disposal of property, plant and equipment of RMB17.6 million due to fewer disposals of property, plant and equipment in 2023. This was partially offset by an increase in impairment losses on goodwill of RMB13.3 million due to impairment recognized for our real estate business.

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Finance Costs

Our finance costs decreased by 7.6% from RMB133.5 million in 2022 to RMB123.4 million in 2023, primarily due to a decrease in interest on interest-bearing bank and other borrowings of RMB10.0 million due to a reduction in outstanding borrowings.

Share of Profit of Joint Ventures and Associates

Our share of profit of joint ventures and associates increased by 10.1% from RMB375.9 million in 2022 to RMB413.8 million in 2023, driven by improved performance of associates.

Income Tax Credit/(Expense)

We recorded income tax expense of RMB62.0 million in 2022 and income tax credit of RMB80.3 million in 2023.

Profit/(Loss) for the Year

As a result of the foregoing, we recorded profit for the year of RMB170.4 million in 2022, which decreased to loss for the year of RMB262.2 million in 2023.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	(RMB in thousands)			
Total non-current assets .	11,559,013	13,268,797	13,627,903	14,534,808
Total current assets	9,079,196	8,530,283	8,085,759	7,861,475
Total assets	20,638,209	21,799,080	21,713,662	22,396,283
Total non-current				
liabilities	2,917,893	2,135,248	1,540,051	1,772,168
Total current liabilities . .	6,055,924	7,702,662	8,508,369	9,062,053
Total liabilities	8,973,817	9,837,910	10,048,420	10,834,221
Net assets	11,664,392	11,961,170	11,665,242	11,562,062

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Current Assets and Liabilities

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

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
					(Unaudited)
					(RMB in thousands, except for percentages)
Current assets					
Inventories	2,382,084	2,868,603	2,266,954	2,271,331	2,285,540
Trade and bills receivables	3,583,743	1,759,296	1,687,458	1,782,599	2,063,830
Prepayments, other receivables and other assets	391,903	477,685	451,943	373,442	440,381
Restricted cash	453,603	1,893,421	2,207,049	1,351,135	1,901,340
Time deposits	524,751	544,945	150,679	187,370	270,275
Cash and cash equivalents	1,743,112	986,333	1,321,676	1,895,598	1,777,411
Total current assets . . .	9,079,196	8,530,283	8,085,759	7,861,475	8,738,777
Current liabilities					
Trade and bills payables	3,420,397	4,895,122	5,678,936	6,137,545	7,548,818
Contract liabilities	559,007	274,828	243,781	490,839	536,111
Other payables and accruals	1,454,035	1,640,826	1,383,724	1,376,500	1,553,091
Interest-bearing bank and other borrowings	602,692	868,679	1,195,939	1,053,866	1,093,869
Lease liabilities	3,235	5,085	812	755	582
Tax payable	16,558	18,122	5,177	2,548	1,346
Total current liabilities	6,055,924	7,702,662	8,508,369	9,062,053	10,733,817
Net current assets/(liabilities) . . .	3,023,272	827,621	(422,610)	(1,200,578)	(1,995,040)

Our net current liabilities increased from RMB1,200.6 million as of June 30, 2025 to RMB1,995.0 million as of August 31, 2025, primarily due to an increase in trade and bills payables of RMB1,411.3 million, partially offset by an increase in restricted cash of RMB550.2 million.

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Our net current liabilities increased from RMB422.6 million as of December 31, 2024 to RMB1,200.6 million as of June 30, 2025, primarily due (i) a decrease in restricted cash of RMB855.9 million, (ii) an increase in trade and bills payables of RMB458.6, and (iii) an increase in contract liabilities of RMB247.1 million. This was partially offset by (i) an increase in cash and cash equivalents of RMB573.9 million.

Our net current assets decreased from RMB827.6 million as of December 31, 2023 to become net liabilities of RMB422.6 million as of December 31, 2024, primarily due to (i) an increase in trade and bills payables of RMB783.8 million, (ii) a decrease in inventories of RMB601.6 million, (iii) a decrease in time deposits of RMB394.3 million, and (iv) an increase in interest-bearing bank and other borrowings of RMB327.3 million. This was partially offset by (i) an increase in restricted cash of RMB313.6 million and (ii) an increase in cash and cash equivalents of RMB335.3 million.

Our net current assets decreased from RMB3,023.3 million as of December 31, 2022 to RMB827.6 million as of December 31, 2023, primarily due to (i) a decrease in trade and bills receivables of RMB1,824.4 million and (ii) an increase in trade and bills payables of RMB1,474.7 million. This was partially offset by an increase in restricted cash of RMB1,439.8 million.

Assets

Property, Plant and Equipment

Our property, plant and equipment consist of (i) buildings, (ii) machinery, (iii) office equipment and electronic devices, (iv) vehicles, (v) other equipment, (vi) land, and (vii) construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	(RMB in thousands)			
Buildings	1,548,681	1,479,757	1,396,342	1,350,668
Machinery	357,589	441,833	497,571	436,059
Office equipment and electronic devices	16,370	18,738	14,829	14,155
Vehicles	4,257	5,501	20,988	20,205
Other equipment	1,243	1,269	4,983	5,482
Land	4,028	4,147	—	—
Construction in progress	47,721	65,969	32,940	68,331
Total	1,979,889	2,017,214	1,967,653	1,894,900

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The carrying amount of our property, plant and equipment increased from RMB1,979.9 million as of December 31, 2022 to RMB2,017.2 million as of December 31, 2023, primarily due to the increase in machinery of RMB84.2 million as we purchased machines for capacity expansion. This was partially offset by buildings decreasing by RMB68.9 million due to depreciation of buildings.

The carrying amount of our property, plant and equipment decreased from RMB2,017.2 million as of December 31, 2023 to RMB1,967.7 million as of December 31, 2024, mainly attributable to buildings decreasing by RMB83.4 million due to depreciation of buildings. Construction in progress also decreased by RMB33.0 million as certain construction projects were completed. This was partially offset by the increase in machinery of RMB55.7 million as we purchased machinery for capacity expansion.

The carrying amount of our property, plant and equipment subsequently decreased from RMB1,967.7 million as of December 31, 2024 to RMB1,894.9 million as of June 30, 2025, primarily attributable to a decrease in machinery of RMB61.5 million due to depreciation of machinery and a decrease in buildings of RMB45.7 million due to depreciation of buildings. This was partially offset by an increase in construction in progress of RMB35.4 million as we began new construction projects.

Investment Properties

Our investment properties primarily consist of commercial property and factories leased to third parties. As of December 31, 2022, 2023, 2024 and June 30, 2025, our investment properties remained relatively stable at RMB3,245.6 million, RMB3,256.3 million, RMB3,160.7 million, and RMB3,137.3 million, respectively. The variations were primarily due to changes in fair values of these properties.

Right-of-Use Assets

Our right-of-use assets primarily consist of factory lands. As of December 31, 2022, 2023, 2024 and June 30, 2025, our right-of-use assets were RMB478.5 million, RMB470.6 million, RMB451.2 million, and RMB444.6 million, respectively. The decreases were mostly due to normal amortization and interest accrual and payment of lease rentals.

Other Intangible Assets

Our other intangible assets consist primarily of trademarks, patents, software, vehicle design, and capitalized development expenditures. Our intangible assets increased from RMB410.4 million as of December 31, 2022 to RMB1,565.4 million as of December 31, 2023, primarily due to development expenditures for product iteration.

Our other intangible assets increased from RMB1,565.4 million as of December 31, 2023 to RMB1,763.0 million as of December 31, 2024, mainly attributable to primarily due to development expenditures for product iteration.

Our other intangible assets decreased from RMB1,763.0 million as of December 31, 2024 to RMB1,674.8 million as of June 30, 2025, primarily attributable depreciation of intangible assets.

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Goodwill

Our goodwill primarily consists of goodwill recognized from the acquisition of our real estate subsidiary. As of December 31, 2022, 2023, 2024 and June 30, 2025, our goodwill balances were RMB287.7 million, RMB242.8 million, RMB202.1 million, and RMB167.6 million, respectively. These decreases were due to impairments resulting from the general downturn in the real estate industry.

Investments in Joint Ventures and Associates

Our investments in joint ventures and associates represents equity method investments in financial institutions and other business affiliates. Our investments in joint ventures and associates increased from RMB4,304.2 million as of December 31, 2022 to RMB4,755.8 million as of December 31, 2023, further increased to RMB5,187.8 million as of December 31, 2024, and subsequently increased to RMB5,259.7 million as of June 30, 2025, mainly due to the improved business performance of associates over these periods. The following table sets forth a breakdown of investments in associates as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	(RMB in thousands)			
Share of net assets	5,870,865	6,239,024	6,671,031	6,742,969
Less: Impairment	(1,566,646)	(1,483,259)	(1,483,259)	(1,483,259)
Total	4,304,219	4,755,765	5,187,772	5,259,710

Deferred Tax Assets

Deferred tax assets are mainly recognized for deductible temporary differences arising from asset impairments and deductible losses. As of December 31, 2022, 2023, 2024 and June 30, 2025, our deferred tax assets were RMB844.8 million, RMB950.3 million, RMB883.1 million, and RMB716.9 million, respectively.

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Equity investments designated at fair value through other comprehensive income

Our equity investments designated at fair value through other comprehensive income remained relatively stable at RMB6.5 million, RMB6.6 million, RMB6.7 million and RMB6.8 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, mainly due to increases in unlisted equity investments, at fair value throughout the periods.

After the [REDACTED], any future investments will be subject to the applicable requirements under Chapter 14 of the Listing Rules, where relevant, and we will comply with all applicable reporting, announcement and/or Shareholders’ approval obligations.

Time Deposits

Our time deposits included current and non-current components.

We recorded current time deposits of RMB524.8 million, RMB544.9 million, RMB150.7 million and RMB187.4 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, mainly due to new time deposits being entered into and maturing throughout the periods.

Our non-current time deposits were nil, nil, nil and RMB1,225.1 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively, mainly due to securing financing arrangements requiring pledged time deposits.

Prepayments, Other Receivables and Other Assets

Prepayments, other receivables and other assets, including current and non-current components, primarily consist of (i) other tax recoverable, (ii) receivables for export tax rebate, (iii) dividends receivable, and (iv) others.

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The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Current portion:				
Other tax recoverable . . .	113,581	320,562	277,874	237,384
Receivables for export tax rebate	41,374	23,225	82,951	48,146
Prepayments to suppliers	27,916	16,638	17,774	13,610
Dividends receivable	162,116	59,956	12,728	12,728
Deposits	6,924	3,086	1,673	4,345
Receivables arising from the disposal of associates	10,236	10,183	5,366	5,366
Maintenance funds	20,511	20,944	28,175	28,146
Receivables arising from the disposal of subsidiaries	10,236	6,218	3,336	3,336
Due from related parties .	14,977	8,452	9,021	6,827
Others	32,459	47,846	54,861	57,725
Subtotal	430,094	517,110	493,759	417,613
Impairment allowance . .	(38,191)	(39,425)	(41,816)	(44,171)
Subtotal	391,903	477,685	451,943	373,442
Non-current portion:				
Prepayments for items of property, plant and equipment	1,512	3,845	5,648	7,279
Total	393,415	481,530	457,591	380,721

Our current prepayments, other receivables and other assets increased from RMB391.9 million as of December 31, 2022 to RMB477.7 million as of December 31, 2023. The increase was primarily attributable to an increase in other tax recoverable of RMB207.0 million due to reclaimable value-added tax during the period. This was partially offset by a decrease in dividends receivable of RMB102.2 million due to the receipt of dividend payments during the period.

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Our current prepayments, other receivables and other assets decreased from RMB477.7 million as of December 31, 2023 to RMB451.9 million as of December 31, 2024, primarily attributable to a decrease in dividends receivable of RMB47.2 million due to the receipt of certain dividend payments. Other tax recoverable also decreased by RMB42.7 million due to lower reclaimable tax during the period. This was partially offset by an increase in receivables for export tax rebate of RMB59.7 million due to receivables for tax rebates and export subsidies related to our export business during the period.

Our current prepayments, other receivables and other assets decreased from RMB451.9 million as of December 31, 2024 to RMB373.4 million as of June 30, 2025, primarily attributable to other tax recoverable decreasing by RMB40.5 million due to increased sales reducing the deductible value-added tax balance. Receivables for export tax rebate also decreased by RMB34.8 million due to the receipt of certain subsidies during the period.

Our non-current prepayments, other receivables and other assets were RMB1.5 million, RMB3.8 million, RMB5.6 million, and RMB7.3 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

Inventories

Our inventories comprise properties held for sale, finished goods, raw materials, goods in transit, work in progress, properties under development for sale, and others, net of provision for impairment losses on inventories.

The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	<i>(RMB in thousands)</i>			
Properties held for sale . .	–	–	1,250,868	1,254,728
Finished Goods	658,374	1,308,149	932,772	770,925
Raw Materials	204,823	318,123	146,445	233,946
Goods in transit	7,087	13,635	28,713	134,370
Work in progress	177,200	118,927	118,446	18,181
Properties under				
development for sale . .	1,563,799	1,318,043	–	–
Others	2,626	2,404	3,717	3,092
	2,613,909	3,079,281	2,480,961	2,415,242
Less: Provision for				
impairment losses				
on inventories . . .	(231,825)	(210,678)	(214,007)	(143,911)
Total	2,382,084	2,868,603	2,266,954	2,271,331

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Our inventories increased from RMB2,382.1 million as of December 31, 2022 to RMB2,868.6 million as of December 31, 2023, primarily attributable to an increase in finished goods of RMB649.8 million due to the launch of the LIVAN brand and resulting increase in inventory production. This was partially offset by a decrease in properties under development for sale of RMB245.8 million due to sales and transfers of properties.

Our inventories decreased from RMB2,868.6 million as of December 31, 2023 to RMB2,267.0 million as of December 31, 2024, primarily attributable to a decrease in properties under development for sale of RMB1,318.0 million as projects that were under development were completed and reclassified during the period. Finished goods also decreased by RMB375.4 million in line with increase sales during the period. This was partially offset by an increase in properties held for sale of RMB1.3 million as property development projects were completed during the period.

Our inventories increased from RMB2,267.0 million as of December 31, 2024 to RMB2,271.3 million as of June 30, 2025, primarily attributable to (i) an increase of goods in transit of RMB105.7 million due to goods shipped but not yet invoiced as of the date. Raw materials also increased by RMB87.5 million, in line with our increasing sales demand. This was partially offset by a decrease in finished goods due to selling off of existing inventory of RMB161.8 million. The following table sets forth a breakdown of our inventories as of the dates indicated.

The following table sets forth our inventory turnover days for the years/period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	<i>(days)</i>			
Inventory turnover				
days ⁽¹⁾	105	149	145	106

Note:

- (1) Inventory turnover days for a period are calculated as the average of the opening and ending balances of inventories divided by the cost of sales for the relevant period, and then multiplied by the number of days in that period.

Our inventory turnover days increased from 105 days in 2022 to 149 days in 2023 due to a decrease in sales volume leading to excess inventory. Our inventory turnover days decreased from 149 days in 2023 to 145 days in 2024, and then further decreased to 106 days in the six months ended June 30, 2025, primarily attributable to increased sales volume and the clearing out of existing inventory.

As of August 31, 2025, RMB735.9 million, or 32% of our inventories outstanding as of June 30, 2025, had been subsequently utilized.

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Trade and Bills Receivables

Our trade and bills receivables comprise mainly trade receivables, new energy vehicle subsidies receivable, and bank acceptance notes, net of impairment losses. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables	3,713,536	1,911,524	2,078,939	1,936,973
Bank acceptance notes, at amortise cost.	166,622	260,176	180,861	172,838
Bank acceptance notes, at fair value.	141,619	116,721	24,235	248,761
New energy vehicle subsidies receivables* . .	601,102	515,025	449,539	389,362
Less: Impairment losses . .	(1,039,136)	(1,044,150)	(1,046,116)	(965,335)
Total	3,583,743	1,759,296	1,687,458	1,782,599

Our trade and bills receivables decreased from RMB3,583.7 million as of December 31, 2022 to RMB1,759.3 million as of December 31, 2023, primarily attributable to trade receivables decreasing by RMB1,802.0 million as we collected period receivables during the period. Our trade and bills receivables decreased from RMB1,759.3 million as of December 31, 2023 to RMB1,687.5 million as of December 31, 2024, primarily attributed to (i) bank acceptance notes at fair value decreasing by RM92.5 million due to and (ii) bank acceptance notes at amortise cost decreasing by RMB79.3 million, both due to collection of bank notes. This was partially offset by trade receivables increasing by RMB167.4 million due to increased receivables resulting from improved sales volume. Our trade and bills receivables increased from RMB1,687.5 million as of December 31, 2024 to RMB1,782.6 million as of June 30, 2025, respectively, primarily attributed to an increase in bank acceptance notes at fair value of RMB224.5 million due to an increase in bank acceptance notes received for payment. This was partially offset by trade receivables decreasing by RMB142.0 million due to write offs of receivables for earlier models.

As of December 31, 2022, 2023, 2024 and June 30, 2025, we recorded loss allowances for trade and bills receivables of RMB1,039.7 million, RMB1,044.2 million, RMB1,046.1 million and RMB965.3 million, respectively. For further details on impairment provisions, refer to Note 24 of the Accountants' Report in Appendix I to this Document.

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The following table sets forth an aging analysis of our trade and bills receivables, based on the invoice date, as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within six months	3,189,571	1,259,907	1,315,640	1,202,870
Six months to one year . .	96,950	58,344	44,634	325,540
Over one year and within two years	80,229	258,916	83,675	55,075
Over two years and within three years	52,467	75,381	203,180	86,724
Over three years and within four years	20,523	49,475	26,048	54,441
Over four years and within five years	132,201	19,042	293	28,801
Over five years	11,802	38,231	13,988	29,148
Total	3,583,743	1,759,296	1,687,458	1,782,599

The following table sets forth our trade and bills receivables turnover days for the years/period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	(days)			
Trade and bills receivables turnover days ⁽¹⁾	95	146	90	153

Note:

- (1) Trade and bills receivables turnover days for a period are calculated as the average of the opening and ending balances of trade and bills receivables divided by revenue for the relevant period, and then multiplied by the number of days in that period.

Our trade and bills receivables turnover days increased from 95 days in 2022 to 146 days in 2023 due to a decrease in sales volume and revenue causing a rise in turnover

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days. Our trade and bills receivables turnover days decreased from 146 days in 2023 to 90 days in 2024, and then further decreased to 153 days in the six months ended June 30, 2025, primarily attributable to increased sales volume and revenue normalizing turnover days and improved collection efficiency.

As of August 31, 2025, RMB936.8 million, or 53% of our trade and bills receivables outstanding as of June 30, 2025, had been subsequently settled.

Restricted Cash

Our restricted cash increased from RMB453.6 million as of December 31, 2022 to RMB1,893.4 million as of December 31, 2023, primarily due to the increased use of pledged deposits for payment arrangements. Our restricted cash increased from RMB1,893.4 million as of December 31, 2023 to RMB2,207.0 million as of December 31, 2024, attributed to increased use of pledged deposits for payment arrangements. Our restricted cash increased from RMB2,207.0 million as of December 31, 2024 and subsequently decreased to RMB1,351.1 million as of June 30, 2025, primarily attributed to new financing arrangements allowing the release of some previously restricted funds.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB1,743.1 million as of December 31, 2022 to RMB986.3 million as of December 31, 2023. Our cash and cash equivalents increased from RMB986.3 million as of December 31, 2023 to RMB1,321.7 million as of December 31, 2024. Our cash and cash equivalents increased from RMB1,321.7 million as of December 31, 2024 to RMB1,895.6 million as of June 30, 2025. See “— Liquidity and Capital Resources — Cash Flow Analysis.”

Liabilities

Trade and Bills Payables

Our trade and bills payables comprise mainly trade payables and bills payables. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated.

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
	(RMB in thousands)			
Trade payables	2,955,227	2,921,583	3,463,745	3,262,858
Bills payables	465,170	1,973,539	2,215,191	2,874,687
Total	3,420,397	4,895,122	5,678,936	6,137,545

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Our trade and bills payables increased from RMB3,420.4 million as of December 31, 2022 to RMB4,895.1 million as of December 31, 2023, primarily resulting from an increase in bills payables of RMB1,508.4 million due to the ramp up of the LIVAN brand and launch of new automotive products. Our trade and bills payables increased from RMB4,895.1 million as of December 31, 2023 to RMB5,678.9 million as of December 31, 2024, primarily attributed to an increase in trade payables of RMB542.2 million due to expanded procurement volumes in connection with our automotive business. Our trade and bills payables increased from RMB5,678.9 million as of December 31, 2024 to RMB6,137.5 million as of June 30, 2025, respectively, primarily attributed to an increase in bills payables of RMB659.5 million due to the continued growth of the automotive business, which led to higher procurement volumes and payables.

The following table sets forth an aging analysis of our trade and bills payables, based on the invoice date, as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 1 year	3,363,215	4,748,784	4,909,696	5,570,426
1 to 2 years	8,693	124,257	696,836	531,436
2 to 3 years	20,535	2,876	58,473	16,378
Over 3 years	27,954	19,205	13,931	19,305
Total	<u>3,420,397</u>	<u>4,895,122</u>	<u>5,678,936</u>	<u>6,137,545</u>

The following table sets forth our trade and bills payables turnover days for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	(days)			
Trade and bills payables turnover days ⁽¹⁾	106	236	298	275

Note:

- (1) Trade and bills payables turnover days for a period are calculated as the average of the opening and closing trade payables balances (net of allowance) divided by the cost of sales for the relevant period, and then multiplied by the number of days in that period.

FINANCIAL INFORMATION

Our trade and bills payables turnover days increased from 106 days in 2022 to 236 days in 2023, and further increased to 298 days in 2024. Our trade and bills payables turnover days then decreased to 275 days in the six months ended June 30, 2025. Such increase in our trade and bills payables turnover days was mainly due to our management in payment terms with suppliers in the course of business expansion.

As of August 31, 2025, RMB2,684.2 million, or 44% of our trade and bills payables outstanding as of June 30, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent advance payment on sales and advance payment for the house. The following table sets forth the breakdown of our contract liabilities as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Advance payment				
on sales	230,233	240,603	230,161	374,697
Advance payment for				
the house	328,774	34,225	13,620	116,142
Total	559,007	274,828	243,781	490,839

Our contract liabilities decreased from RMB559.0 as of December 31, 2022 to RMB274.8 million as of December 31, 2023, primarily attributable to advance payment for the house decreasing by RMB294.5 million due to completion of a portion of a residential real estate project. Our contract liabilities decreased from RMB274.8 million as of December 31, 2023 to RMB243.8 million as of December 31, 2024, primarily attributable to advance payment for the house decreasing by RMB20.6 million due to completion of a portion of a residential real estate project. Our contract liabilities increased from RMB243.8 as of December 31, 2024 to RMB490.8 million as of June 30, 2025, primarily attributable to advance payment on sales increasing by RMB144.5 million due to the expansion of our overseas business. Advance payment for the house also increased by RMB102.5 million due to an increase in prepayments received for a residential real estate project.

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Other Payables and Accruals

Our other payables and accruals consist of deposit from suppliers and distributors, accrued expenses, unrecognized amount of endorsed undue bills, payroll and welfare payable, other tax payables, intercompany lending, payables for subscription under equity incentive plan, advanced receivables for disposal of a subsidiary, government grants and other payables. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Due to third parties	332,096	351,310	352,923	307,983
Deposit from suppliers and distributors	234,418	257,247	244,178	238,309
Accrued expenses	217,531	332,598	141,549	230,667
Due to related parties . . .	67,491	93,404	151,929	140,969
Unrecognized amounts of endorsed undue bills . .	120,404	217,653	131,711	122,893
Payroll and welfare payable	91,194	77,193	76,106	111,679
Advances from non-controlling shareholders of subsidiaries and third parties*	95,153	103,858	110,935	111,519
Other tax payables	68,870	49,648	93,099	60,694
Advance from customers .	33,650	25,713	25,388	26,335
Government Grants	–	–	22,503	8,815
Payables for subscription under equity incentive plan	184,665	113,180	136	136
Advances from disposal of a subsidiary	–	–	16,000	–
Other payables	8,563	19,022	17,267	16,501
Total	1,454,035	1,640,826	1,383,724	1,376,500

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Our other payables and accruals increased from RMB1,454.0 million as of December 31, 2022 to RMB1,640.8 million as of December 31, 2023, primarily due to an increase in accrued expenses of RMB115.1 million due to increased R&D expenses for new energy vehicles. Our other payables and accruals decreased to RMB1,383.7 million as of December 31, 2024 primarily due to a decrease in accrued expenses of RMB191.0 million due to the performance of obligations under the relevant contracts. Our other payables and accruals subsequently decreased to RMB1,376.5 million as of June 30, 2025, primarily due to (i) other taxes payable decreasing by RMB32.4 million due to settlement of tax liabilities and (ii) a decrease of RMB16.0 million in advanced receivables for disposal of a subsidiary due to an equity disposal. This was partially offset by an increase in accrued expenses of RMB89.1 million due to expanded sales channels and increase sales volume leading to higher accruals.

Interest-bearing Bank and Other Borrowings

Our current interest-bearing bank and other borrowings increased from RMB602.7 million as of December 31, 2022 to RMB868.7 million as of December 31, 2023. The increase was primarily attributable to an increase in short-term borrowings to support business expansion. Our current interest-bearing bank and other borrowings increased from RMB868.7 million as of December 31, 2023 to RMB1,195.9 million as of December 31, 2024, primarily attributable to further expansion of short-term borrowings. Our current interest-bearing bank and other borrowings decreased from RMB1,195.9 million as of December 31, 2024 to RMB1,053.9 million as of June 30, 2025, primarily attributable to repayments of short-term loans.

Our non-current interest-bearing bank and other borrowings decreased from RMB2,208.6 million as of December 31, 2022 to RMB1,429.6 million as of December 31, 2023, mainly due to repayment of loans according to the reorganization plan. Our non-current interest-bearing bank and other borrowings decreased from RMB1,429.6 million as of December 31, 2023 to RMB820.9 million as of December 31, 2024, mainly due to repayment of loans according to the reorganization plan. Our non-current interest-bearing bank and other borrowings decreased from RMB820.9 million as of December 31, 2024 to RMB728.0 million as of June 30, 2025, primarily attributable to the repayment and conversion of certain long-term loans into short-term loans.

Lease Liabilities

Our lease liabilities, including current and non-current portions, primarily relate to the properties we leased for office use, which generally have lease terms ranging from one to five years.

Our current lease liabilities amounted to RMB3.2 million, RMB5.1 million, RMB0.8 million and RMB0.8 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

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We recorded non-current lease liabilities of RMB1.7 million, RMB3.5 million, RMB0.1 million and nil as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

Tax payables

Our tax payables were RMB16.6 million, RMB18.1 million, RMB5.2 million and RMB2.5 million in 2022, 2023, 2024 and the six months ended June 30, 2025.

Deferred Tax Liabilities

Our deferred tax liabilities were RMB657.5 million, RMB648.7 million, RMB622.3 million and RMB617.0 million as of December 31, 2022, 2023, 2024 and June 30, 2025. This gradual decrease was mostly due to changes in the fair value of investment properties.

Provisions

Our provisions increased from RMB48.1 million as of December 31, 2022 to RMB51.9 million as of December 31, 2023, further increased to RMB85.4 million as of December 31, 2024, and subsequently increased to RMB90.9 million. The increases were primarily due to ongoing business expansion, which led to higher provisions for product quality guarantees, maintenance costs, and related warranties.

Deferred Income

Our deferred income was RMB1.9 million, RMB1.6 million, RMB11.4 million and RMB336.3 million as of December 31, 2022, 2023, 2024 and June 30, 2025. The increases were primarily due to increased government subsidies for R&D activities.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we relied on cash and cash equivalents, cash generated from operations and bank loans as the major sources of liquidity. We intend to finance our future capital requirements in the same manner after the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operation in the future.

FINANCIAL INFORMATION

Cash Flow Analysis

The following table sets forth our cash flows for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
				(RMB in thousands)	
Net cash generated from/(used in) operating activities	(255,230)	(238,842)	525,211	264,962	979,107
Net cash generated from/(used in) investing activities	(146,808)	(298,598)	269,312	404,796	(909,520)
Net cash generated from/(used in) financing activities	63,752	(231,376)	(454,563)	(411,823)	471,800
Net increase/(decrease) in cash and cash equivalents .	(338,286)	(768,816)	339,960	257,935	541,387
Cash and cash equivalents at the beginning of the year/period	2,066,137	1,743,112	986,333	986,333	1,321,676
Effect of exchange rate changes on cash and cash equivalents	15,261	12,037	(4,617)	16,193	32,535
Cash and cash equivalents at the end of the year/period	1,743,112	986,333	1,321,676	1,260,461	1,895,598

Net Cash Generated from/(Used in) Operating Activities

Net cash generated from operating activities in the six months ended June 30, 2025 was RMB979.1 million, which primarily consists of profit before tax of RMB57.3 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share of losses of joint ventures and associates of RMB251.9 million, (ii) amortization of other intangible assets of RMB187.1 million, (iii) depreciation of property, plant and equipment of RMB89.9 million, and (iv) impairment losses on inventory of RMB86.9 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in trade and bills receivables of RMB551.8 million, and (ii) an increase in contract liabilities of RMB247.1 million, partially offset by a decrease in other payables and accruals of RMB8.2 million.

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Net cash generated from operating activities in 2024 was RMB525.2 million, which primarily consists of loss before tax of RMB284.8 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share of profits of joint ventures and associates of RMB488.2 million and, (ii) amortization of other intangible assets of RMB323.2 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in inventories of RMB507.9 million, and (ii) an increase in trade and bills payables of RMB877.1 million, partially offset by an increase in trade and bills receivables of RMB279.6 million.

Net cash used in operating activities in 2023 was RMB238.8 million, which consists primarily of loss before tax of RMB342.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share of profits of joint ventures and associates of RMB413.8 million, (ii) amortization of other intangible assets of RMB175.4 million, and (iii) depreciation of property, plant and equipment of RMB148.7 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB556.0 million, and (ii) a decrease in contract liabilities of RMB284.2 million, partially offset by a decrease in trade and bills receivables of RMB716.4 million.

Net cash used in operating activities in 2022 was RMB255.2 million, which consists primarily of profit before tax of RMB232.4 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share of losses of associates of RMB375.9 million, and (ii) depreciation of property, plant and equipment of RMB135.5 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade and bills receivables of RMB3,429.5 million, partially offset by (i) an increase in trade and bills payables of RMB2,618.1 million, and (ii) an increase in other payables and accruals of RMB438.4 million.

Net Cash Generated from/(Used in) Investing Activities

Net cash used in investing activities in the six months ended June 30, 2025 was RMB909.5 million, which consists primarily of (i) purchase of time deposits of RMB1,365.7 million, and (ii) purchases of other intangible assets of RMB79.9 million, partially offset by (i) receipt of government grants for non-current assets of RMB335.9 million and (ii) dividends income of RMB114.5 million.

Net cash generated from investing activities in 2024 was RMB269.3 million, which consists primarily of (i) maturity of time deposits and large certificates of deposit of RMB553.3 million, and (ii) dividends income of RMB160.9 million, partially offset by (i) purchases of other intangible assets of RMB298.7 million, and (ii) purchases of property, plant and equipment of RMB119.2 million.

Net cash flows used in investing activities in 2023 was RMB298.6 million, which consists primarily of purchases of other intangible assets of RMB376.2 million, partially offset by dividends income of RMB161.5 million.

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Net cash flows used in investing activities in 2022 was RMB146.8 million, which consists primarily of (i) purchases of intangible assets of RMB132.6 million and (ii) purchases of property, plant and equipment of RMB88.7 million, partially offset by dividends income of RMB59.8 million.

Net Cash Flows Generated from/(Used in) Financing Activities

Net cash flows generated from financing activities in the six months ended June 30, 2025 was RMB471.8 million, which consists primarily of (i) proceeds from discounted bills receivables of RMB725.0 million, and (ii) proceeds from interest-bearing bank and other borrowings of RMB153.0 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB375.7 million.

Net cash flows used in financing activities in 2024 was RMB454.6 million, which consists of (i) repayment of interest-bearing bank and other borrowings of RMB1,361.8 million, and (ii) refund of restricted stock subscription payment of RMB113.0 million, partially offset by proceeds from interest-bearing bank and other borrowings of RMB1,087.6 million.

Net cash flows used in financing activities in 2023 was RMB231.4 million, which consists of (i) repayment of interest-bearing bank and other borrowings of RMB661.2 million, and (ii) interest paid of RMB128.6 million, partially offset by (i) capital injection from non-controlling interests of RMB355.8 million, (ii) proceeds from interest-bearing bank and other borrowings of RMB224.4 million.

Net cash flows generated from financing activities in 2022 was RMB63.8 million, which consists of (i) capital injection from non-controlling interests of RMB300.0 million, and (ii) granted of incentive shares of RMB184.5 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB308.7 million, and (ii) interest paid of RMB112.8 million.

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INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
	<i>(RMB in thousands)</i>				
Current portion					
Interest-bearing bank					
and other borrowings .	602,692	868,679	1,195,939	1,053,866	1,093,869
Lease liabilities	3,235	5,085	812	755	582
Non-current portion					
Interest-bearing bank					
and other borrowings .	2,208,643	1,429,612	820,931	727,963	575,948
Lease liabilities	1,706	3,489	91	–	10,475
Total	2,816,276	2,306,865	2,017,773	1,782,584	1,680,874

For details of our interest-bearing bank and other borrowings and lease liabilities during the Track Record Period, see “— Discussion of Certain Key Items from Our Consolidated Statements of Financial Position”. As of the Latest Practicable Date, our unutilized bank facilities amounted to RMB262.5 million. During the Track Record Period and up to the date of this Document, we did not have any material contingent liabilities.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenants that would have a material and adverse effect on our ability to obtain additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Additionally, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, nor any withdrawal of facilities or requests for early repayment.

Except as otherwise disclosed under the sections titled “— Indebtedness” and “— Contractual Obligations,” as of August 31, 2025, the latest practicable date for determining our indebtedness, we did not have any material bank overdrafts, loans, or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees, or other material contingent liabilities. Our Directors confirm that there have been no material changes in our indebtedness since the Latest Practicable Date and up to the date of this Document.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included additions to property, plant and equipments, right-of-use assets, and other intangible assets, as well as internal developments of other intangible assets. The following table sets forth our capital expenditures for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Additions to property, plant and equipments . .	190,656	215,937	144,797	51,814
Additions to right-of-use assets	4,132	7,880	119	–
Additions to other intangible assets	74,309	657,735	13,941	882
Internal developments of other intangible assets . .	320,051	672,802	527,938	106,439
Total	589,148	1,554,354	686,795	159,135

We will continue to make capital expenditures to support the expected growth of our business and our expansion plans. For details, see “Future Plans and Use of [REDACTED] — Use of [REDACTED].” We intend to fund these future capital expenditures with financial resources available to us, including our existing cash and bank balances, cash flows generated from our operating activities and net [REDACTED] from the [REDACTED].

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments consisted of additions to property, plant and equipments, right-of-use assets, and other intangible assets, as well as internal developments of other intangible assets. Our capital commitments decreased from RMB142.2 million as of December 31, 2022 to RMB125.4 million as of December 31, 2023, and further decreased to RMB95.7 million as of December 31, 2024, primarily due to a reduction in commitments for property, plant and equipment and other assets. Our capital commitments increased to RMB87.2 million as of June 30, 2025, mainly driven by new additions to property, plant and equipment and other assets in line with our business growth.

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KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the period indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Interest-bearing debt ratio ¹	13.7%	10.6%	9.3%	8.0%
Asset-liability ratio ²	43.5%	45.1%	46.3%	48.4%
Revenue growth rate ³ . . .	117.0%	(22.4)%	4.0%	40.4%

Notes:

1. The interest-bearing debt ratio is calculated by dividing interest-bearing debt (including interest-bearing bank loans and other borrowings, lease liabilities, and bonds payable) by total assets.
2. The asset-liability ratio is calculated by dividing total liabilities by total assets.
3. The revenue growth rate refers to the percentage change in our revenue for a certain year/period compared to the revenue from the previous same period.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 42 to the Accountants' Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 42 to the Accountants' Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangement.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of market and other financial risks, including interest rate risk, foreign currency risk, credit risk, liquidity risk, and capital management risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with a floating interest rate. Our policy is to manage interest cost using a mix of fixed and variable rate debts.

Foreign currency risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

Credit risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without specific verification procedures.

Liquidity risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the operations and mitigate the effects of fluctuations of cash flows.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing.

Capital management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support business and maximize shareholders' value.

FINANCIAL INFORMATION

We manage our capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may return capital to shareholders or issue new shares.

PROPERTY INTEREST AND PROPERTY VALUATION

Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, has valued our selective property interests as of July 31, 2025. Particulars of these property interests are set out in Appendix III to this Document.

The table below sets out the reconciliation between the net book value of our selective property as of June 30, 2025 in the Accountants’ Report set out in Appendix I to this Document and the market value of our selective property as of July 31, 2025 in the Property Valuation Report set out in Appendix III to this Document.

	(RMB’000)
Net book value of our selective property as of June 30, 2025.	4,726,417
Valuation surplus as of July 31, 2025	(212,206)
Valuation as of July 31, 2025 as set out in Appendix III to this Document	4,514,211

FINANCIAL INFORMATION OF AFARI INTELLIGENT DRIVE

On June 27, 2025, we established Afari Intelligent Drive in the PRC, as a joint venture with certain third parties. With a view to enhancing our “AI + Mobility” solutions, and to securing the control over Afari Intelligent Drive, Chongqing Jianghe Qixing Corporate Management Partnership (Limited Partnership)* (重慶江河啟興企業管理合夥企業(有限合夥)) entered into a shareholder voting proxy agreement on September 28, 2025, with Maichi Zhixing (Chongqing) Technology Co., Ltd.* (邁馳智行(重慶)科技有限公司). As a result of the above, the Company controls more than 50% of the voting rights in Afari Intelligent Drive and exercises effective control over its board of directors. Accordingly, Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since October 15, 2025.

Set out below is selected pre-acquisition financial information of Afari Intelligent Drive for the period from June 27, 2025 to June 30, 2025 in accordance with IFRS.

Consolidated Statements of Profit or Loss

Since Afari Intelligent Drive has only been incorporated for 3 days, and all the formalities for shareholders’ capital contributions were completed as of June 30 2025. the statements of profit or loss figures are approximate to zero.

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Consolidated Statements of Financial Positions

The table below sets forth the consolidated statements of financial position of Afari Intelligent Drive as of the date indicated.

	As of June 30, 2025
	<i>(RMB in thousands)</i>
NON-CURRENT ASSETS	
Property, plant and equipment	19,751
Right-of-use assets	11,476
Other intangible assets	1,758,831
Prepayments, other receivables and other assets	4,167
Total non-current assets	1,794,225
CURRENT ASSETS	
Trade receivables	15,900
Prepayments, other receivables and other assets	45,289
Cash and cash equivalents	2,106
Total current assets	63,295
CURRENT LIABILITIES	
Other payables and accruals	345,444
Lease liabilities	4,784
Total current liabilities	350,228
NET CURRENT ASSETS/LIABILITIES	(286,933)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,507,292
NON-CURRENT LIABILITIES	
Lease liabilities	6,981
Deferred tax liabilities	–
Provisions	311
Total non-current liabilities	7,292
Net assets	1,500,000
EQUITY	
Share capital	4,500
Reserves	1,495,500
	1,500,000
Total equity	1,500,000

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Afari Intelligent Drive incurred net current liabilities as of June 30, 2025, primarily due to other payables and accruals of RMB286.9 million as of June 30, 2025 to support its initial operations.

Consolidated Statements of Cash Flows

Since Afari Intelligent Drive has only been incorporated for 3 days, and all the formalities for shareholders’ capital contributions were completed as of June 30, 2025, the statements of cash flow figures are approximate to zero.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

The following is a summary of an illustrative and unaudited pro forma consolidated balance sheet of the Group and Afari Intelligent Drive (the “**Enlarged Group**”) (the “**Unaudited Pro Forma Financial Information of the Enlarged Group**”), in connection with the proposed acquisition of Afari Intelligent Drive, which have been prepared on the basis of the notes set out below for the purpose of illustrating the impact of transactions on the Group’s consolidated balance sheet as of June 30, 2025 as if the transactions had been completed as of June 30, 2025.

This Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as of June 30, 2025 or at any future date following the completion of the transactions. For more details, see the section headed “Appendix IIB — Unaudited Pro Forma Financial Information of the Enlarged Group” in this document.

	As of June 30, 2025
	<i>(RMB in thousands)</i>
NON-CURRENT ASSETS	
Property, plant and equipment	1,914,651
Investment properties	3,137,253
Right-of-use assets	456,045
Other intangible assets	3,433,581
Goodwill	167,566
Investments in joint ventures and associates	5,259,710
Deferred tax assets	716,885
Equity investments designated at fair value through other comprehensive income	6,756
Time deposits	1,225,140
Prepayments, other receivables and other assets	11,446
Total non-current assets	16,329,033

FINANCIAL INFORMATION

As of June 30, 2025

(RMB in thousands)

CURRENT ASSETS

Inventories	2,271,331
Trade and bills receivables	1,798,499
Prepayments, other receivables and other assets	418,731
Restricted cash	1,351,135
Time deposits	187,370
Cash and cash equivalents	1,897,704

Total current assets	7,924,770

CURRENT LIABILITIES

Trade and bills payables	6,137,545
Contract liabilities	490,839
Other payables and accruals	1,721,944
Interest-bearing bank and other borrowings	1,053,866
Lease liabilities	5,539
Tax payable	2,548

Total current liabilities	9,412,281

NET CURRENT ASSETS/(LIABILITIES)	(1,487,511)

TOTAL ASSETS LESS CURRENT LIABILITIES	14,841,522

NON-CURRENT LIABILITIES

Interest-bearing bank and other borrowings	727,963
Lease liabilities	6,981
Deferred tax liabilities	617,042
Provisions	91,200
Deferred income	336,274

Total non-current liabilities	1,779,460

Net assets	13,062,062

FINANCIAL INFORMATION

DIVIDENDS

No dividend was paid or declared by us or any of our subsidiaries during the Track Record Period. After the Track Record Period and up to the date of this Document, we did not declare any dividends to our Shareholders.

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, after making up for our historically accumulated losses (if any) in accordance with the PRC laws and less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including the estimated net [REDACTED] from the [REDACTED] and the expected cash flows generated from operating activities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

DISTRIBUTABLE RESERVES

As of June 30, 2025, our reserves were RMB8.5 million, which represented our distributable reserve as of the same date.

FINANCIAL INFORMATION

[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED], such as [REDACTED] and [REDACTED], and (ii) [REDACTED], comprising professional fees paid to our legal advisers and reporting accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the [REDACTED], the estimated total [REDACTED] (based on the mid-point of the [REDACTED] range and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED] of HK\$[REDACTED], professional fees for our legal advisers and reporting accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], is expected to be expensed through the statement of profit or loss and an estimated amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We did not recognize any [REDACTED] in 2022, 2023, 2024 and the six months ended June 30, 2025, in our consolidated statements of profit or loss and other comprehensive income.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or [REDACTED] position, indebtedness, contingent liabilities or prospects since June 30, 2025, being the end date of the periods reported on in the Accountants' Report set out in Appendix I to this Document, and there had been no event since June 30, 2025, that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except for the amounts due from related parties as disclosed in this section, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

FINANCIAL INFORMATION

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] range stated in this Document.

In line with our strategies, we intend to use the [REDACTED] for the following purposes, subject to changes with respect to our evolving business needs and changing market conditions:

- Approximately [REDACTED]% or HK\$[REDACTED] will be allocated to implement our AI-driven strategies, enhance our R&D capabilities, develop and upgrade our products and solutions, and strengthen our technology capabilities. In particular:
 - (i) Approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] will be allocated to investments in autonomous driving capabilities, including the R&D of end-to-end large models for autonomous driving, as well as testing and deployment of autonomous driving systems.
 - (ii) Approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] will be allocated to enhance smart cockpit and robotaxi solutions, including continuous development and upgrades of Agent OS, refinement of smart cockpit functions and testing of robotaxi solutions.

We intend to further attract top AI talent, particularly those with extensive experience in intelligent driving, smart cockpit, and robotaxi technologies, with a focus on the development of AI algorithms, software, and hardware.

- Approximately [REDACTED]% or HK\$[REDACTED] will be allocated to the strategic integration of upstream industrial chain resources, including the establishment of industrial funds and deepening collaborations with business partners to create synergies and enhance the innovativeness of our products and solutions.
- Approximately [REDACTED]% or HK\$[REDACTED] will be allocated to strengthen sales and service networks in China and overseas markets, and to enhance our global brand influence. For example, we plan to establish additional sales and services branches and recruit additional sales and service talents to support our business expansion.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% or HK\$[REDACTED] will be allocated for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively. If we make an upward or downward [REDACTED] adjustment to set the final [REDACTED] to be above or below the mid-point of the [REDACTED] range, we will increase or decrease the allocation of the [REDACTED] to the above purposes on a pro rata basis.

The additional [REDACTED] that we would receive if the [REDACTED] was exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the maximum [REDACTED] of the indicative [REDACTED] range), (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED]) and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the minimum [REDACTED] of the indicative [REDACTED] range). We intend to apply the additional [REDACTED] to the above uses on a pro rata basis.

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from our Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the Document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHONGQING AFARI TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Chongqing Afari Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-5 to I-21, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-166 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 [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of 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 (“**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.

APPENDIX I

ACCOUNTANTS' REPORT

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 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants

Hong Kong

[date]

APPENDIX I

ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Six months ended	
					30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
REVENUE	5	8,626,599	6,698,322	6,963,852	2,954,973	4,148,938
Cost of sales	6	(7,922,839)	(6,426,071)	(6,481,472)	(2,766,810)	(3,921,248)
Gross profit		703,760	272,251	482,380	188,163	227,690
Other income and gains	5	187,999	202,890	158,833	84,041	363,701
Selling and marketing expenses		(266,457)	(375,086)	(337,820)	(181,315)	(142,897)
Administrative expenses		(433,204)	(423,397)	(338,158)	(165,133)	(189,764)
Research and development expenses . .	6	(90,683)	(214,781)	(406,576)	(180,114)	(287,588)
Fair value gains/(losses) on investment properties		45,900	10,684	(95,587)	–	(23,417)
Impairment losses on financial assets, net	6	(30,681)	(18,303)	(3,561)	(7,268)	(23,457)
Other expenses	7	(126,678)	(87,100)	(139,219)	(9,363)	(77,728)
Finance costs	8	(133,452)	(123,445)	(93,336)	(48,858)	(41,182)
Share of profits of joint ventures and associates		375,917	413,770	488,247	189,699	251,937
PROFIT/(LOSS) BEFORE TAX	6	232,421	(342,517)	(284,797)	(130,148)	57,295
Income tax expense	11	(62,014)	80,345	(44,100)	21,667	(173,266)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		170,407	(262,172)	(328,897)	(108,481)	(115,971)
Attributable to:						
Owners of the parent		154,682	24,213	40,017	26,194	31,172
Non-controlling interests		15,725	(286,385)	(368,914)	(134,675)	(147,143)
		170,407	(262,172)	(328,897)	(108,481)	(115,971)
EARNINGS PER SHARE						
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic (RMB)	13	0.03	0.01	0.01	0.01	0.01
Diluted (RMB)	13	0.03	0.01	0.01	0.01	0.01

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
PROFIT/(LOSS) FOR THE YEAR/PERIOD	170,407	(262,172)	(328,897)	(108,481)	(115,971)
OTHER COMPREHENSIVE INCOME					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive (loss)/income of associates	(126,861)	148,767	112,715	45,585	(59,732)
Exchange differences:					
Exchange differences related to foreign operations	10,281	(25,483)	(63,472)	(28,557)	69,352
Reclassification adjustments for a foreign operation disposed of during the year/period.	(37,742)	–	–	–	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(154,322)	123,284	49,243	17,028	9,620
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income/(loss) of associates	(377)	(1,553)	2,283	1,644	1,766
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	551	111	99	41	28
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	174	(1,442)	2,382	1,685	1,794
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	(154,148)	121,842	51,625	18,713	11,414
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	16,259	(140,330)	(277,272)	(89,768)	(104,557)
Attributable to:					
Owners of the parent	534	146,055	91,642	44,907	42,586
Non-controlling interests	15,725	(286,385)	(368,914)	(134,675)	(147,143)
	16,259	(140,330)	(277,272)	(89,768)	(104,557)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	1,979,889	2,017,214	1,967,653	1,894,900
Investment properties	15	3,245,573	3,256,257	3,160,670	3,137,253
Right-of-use assets	16	478,467	470,622	451,232	444,569
Other intangible assets	18	410,364	1,565,414	1,763,029	1,674,750
Goodwill	17	287,701	242,786	202,096	167,566
Investments in joint ventures and associates	19	4,304,219	4,755,765	5,187,772	5,259,710
Deferred tax assets	22	844,770	950,265	883,075	716,885
Equity investments designated at fair value through other comprehensive income	21	6,518	6,629	6,728	6,756
Time deposits	26	–	–	–	1,225,140
Prepayments, other receivables and other assets . .	25	1,512	3,845	5,648	7,279
Total non-current assets		11,559,013	13,268,797	13,627,903	14,534,808
CURRENT ASSETS					
Inventories	23	2,382,084	2,868,603	2,266,954	2,271,331
Trade and bills receivables	24	3,583,743	1,759,296	1,687,458	1,782,599
Prepayments, other receivables and other assets . .	25	391,903	477,685	451,943	373,442
Restricted cash	26	453,603	1,893,421	2,207,049	1,351,135
Time deposits	26	524,751	544,945	150,679	187,370
Cash and cash equivalents	26	1,743,112	986,333	1,321,676	1,895,598
Total current assets		9,079,196	8,530,283	8,085,759	7,861,475
CURRENT LIABILITIES					
Trade and bills payables	27	3,420,397	4,895,122	5,678,936	6,137,545
Contract liabilities	29	559,007	274,828	243,781	490,839
Other payables and accruals	28	1,454,035	1,640,826	1,383,724	1,376,500
Interest-bearing bank and other borrowings	30	602,692	868,679	1,195,939	1,053,866
Lease liabilities	16	3,235	5,085	812	755
Tax payable		16,558	18,122	5,177	2,548
Total current liabilities		6,055,924	7,702,662	8,508,369	9,062,053
NET CURRENT ASSETS/LIABILITIES		3,023,272	827,621	(422,610)	(1,200,578)

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	As at 31 December			As at 30 June
		2022	2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,582,285</u>	<u>14,096,418</u>	<u>13,205,293</u>	<u>13,334,230</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	30	2,208,643	1,429,612	820,931	727,963
Lease liabilities	16	1,706	3,489	91	–
Deferred tax liabilities	22	657,502	648,690	622,303	617,042
Provision	32	48,139	51,857	85,365	90,889
Deferred income	31	<u>1,903</u>	<u>1,600</u>	<u>11,361</u>	<u>336,274</u>
Total non-current liabilities		<u>2,917,893</u>	<u>2,135,248</u>	<u>1,540,051</u>	<u>1,772,168</u>
Net assets		<u><u>11,664,392</u></u>	<u><u>11,961,170</u></u>	<u><u>11,665,242</u></u>	<u><u>11,562,062</u></u>
EQUITY					
Equity attributable to owners of the parent					
Share capital	33	4,571,523	4,571,523	4,521,100	4,521,100
Treasury shares	34	(314,848)	(259,710)	(133,881)	(133,881)
Reserves	36	<u>5,969,486</u>	<u>6,126,530</u>	<u>6,124,110</u>	<u>6,166,718</u>
		10,226,161	10,438,343	10,511,329	10,553,937
Non-controlling interests		<u>1,438,231</u>	<u>1,522,827</u>	<u>1,153,913</u>	<u>1,008,125</u>
Total equity		<u><u>11,664,392</u></u>	<u><u>11,961,170</u></u>	<u><u>11,665,242</u></u>	<u><u>11,562,062</u></u>

Year ended 31 December 2022

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Year ended 31 December 2023

Attributable to owners of the parent														
	Share capital	Treasury shares	Share premium*	Share-based payments reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Special reserve*	Retained profits/(accumulated losses)*	Total	Non-controlling interests	Total equity
	RMB'000 Note 33	RMB'000 Note 34	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	4,571,523	(314,848)	8,645,069	8,633	38,028	(326,275)	426,994	72,350	(44,012)	-	(2,851,301)	10,226,161	1,438,231	11,664,392
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	-	-	24,213	24,213	(286,385)	(262,172)
Other comprehensive income for the year:														
Exchange differences related to foreign operations	-	-	-	-	-	(25,483)	-	-	-	-	-	(25,483)	-	(25,483)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	111	-	-	-	-	-	-	111	-	111
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	147,214	-	-	147,214	-	147,214

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent							Retained profits/ (accumulated losses)*	Special reserve*	Other comprehensive income*	Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*						
	RMB'000 Note 33	RMB'000 Note 34	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000	RMB'000	RMB'000 Note 36	RMB'000	RMB'000	RMB'000
As at 1 January 2024	4,571,523	(259,710)	8,664,675	38,139	(351,758)	426,994	72,366	(2,836,325)	9,237	103,202	10,438,343	1,522,827	11,961,170
Profit/(Loss) for the year	-	-	-	-	-	-	-	40,017	-	-	40,017	(368,914)	(328,897)
Other comprehensive income for the year:													
Exchange differences related to foreign operations	-	-	-	-	(63,472)	-	-	-	-	-	(63,472)	-	(63,472)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	99	-	-	-	-	-	-	99	-	99
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	114,998	114,998	-	114,998
Total comprehensive income for the year	-	-	-	99	(63,472)	-	-	40,017	-	114,998	91,642	(368,914)	(277,272)
Cancellation of treasury shares	(50,423)	130,091	(79,668)	-	-	-	-	-	-	-	-	-	-
Share of other reserves of associates	-	-	-	-	-	-	(82)	-	-	-	(82)	-	(82)
Debt restructuring	-	(4,262)	(14,312)	-	-	-	-	-	-	-	(18,574)	-	(18,574)
Appropriation and utilisation of special reserve, net	-	-	-	-	-	-	-	(8,194)	8,194	-	-	-	-
As at 31 December 2024	4,521,100	(133,881)	8,570,695	38,238	(415,230)	426,994	72,284	(2,804,502)	17,431	218,200	10,511,329	1,153,913	11,665,242

APPENDIX I

ACCOUNTANTS’ REPORT

Six months ended 30 June 2024 (unaudited)

Attributable to owners of the parent													
	Share capital	Treasury shares	Share premium*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Special reserve*	Retained profits/ (accumulated losses)*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 33	Note 34	Note 36	Note 36	Note 36	Note 36	Note 36	Note 36					
As at 1 January 2024	4,571,523	(259,710)	8,664,675	38,139	(351,758)	426,994	72,366	103,202	9,237	(2,836,325)	10,438,343	1,522,827	11,961,170
Profit/ (Loss) for the period	-	-	-	-	-	-	-	-	-	26,194	26,194	(134,675)	(108,481)
Other comprehensive income for the period:													
Exchange differences related to foreign operations	-	-	-	-	(28,557)	-	-	-	-	-	(28,557)	-	(28,557)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	41	-	-	-	-	-	-	41	-	41
Share of other comprehensive income of associates	-	-	-	-	-	-	-	47,229	-	-	47,229	-	47,229
Total comprehensive income for the period	-	-	-	41	(28,557)	-	-	47,229	-	26,194	44,907	(134,675)	(89,768)
Cancellation of treasury shares	(50,423)	130,091	(79,668)	-	-	-	-	-	-	-	-	-	-
Debt restructuring	-	10	35	-	-	-	-	-	-	-	45	-	45
Appropriation and utilisation of special reserve, net	-	-	-	-	-	-	-	-	5,694	(5,694)	-	-	-
As at 30 June 2024	4,521,100	(129,609)	8,585,042	38,180	(380,315)	426,994	72,366	150,431	14,931	(2,815,825)	10,483,295	1,388,152	11,871,447

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ACCOUNTANTS’ REPORT

Six months ended 30 June 2025

	Attributable to owners of the parent											
	Share capital	Treasury shares	Share premium*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Special reserve*	Retained		
										profits/ (accumulated losses) *	Total	Non-controlling interests
	RMB'000 Note 33	RMB'000 Note 34	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000 Note 36	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	4,521,100	(133,881)	8,570,695	38,238	(415,230)	426,994	72,284	218,200	17,431	(2,804,502)	10,511,329	11,665,242
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	31,172	31,172	(115,971)
Other comprehensive income for the period:												
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	-	-	69,352	-
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	(57,966)	-	-	(57,966)	(57,966)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	28	-	-	-	-	-	-	28	-
Total comprehensive income for the period	-	-	-	28	69,352	-	-	(57,966)	-	31,172	42,586	(104,557)
Share of other reserves of associates	-	-	-	-	-	-	22	-	-	-	22	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,355
Appropriation and utilisation of special reserve, net	-	-	-	-	-	-	-	-	5,694	(5,694)	-	-
As at 30 June 2025	4,521,100	(133,881)	8,570,695	38,266	(345,878)	426,994	72,306	160,234	23,125	(2,779,024)	10,553,937	11,562,062

* These reserve accounts represent the total consolidated reserves of RMB5,969,486,000, RMB6,126,530,000, RMB6,124,110,000 and RMB6,166,718,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

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ACCOUNTANTS’ REPORT

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(Loss) before tax		232,421	(342,517)	(284,797)	(130,148)	57,295
Adjustments for:						
Finance costs	8	133,452	123,445	93,336	48,858	41,182
Depreciation of property, plant and equipment	6, 14	135,465	148,729	183,029	93,009	89,922
Depreciation of right-of-use assets . . .	6, 16	15,479	15,718	15,417	8,495	6,657
Amortisation of other intangible assets .	6, 18	15,551	175,433	323,203	163,492	187,127
(Gains)/losses on disposal of items of property, plant and equipment		17,881	(2,899)	(17,345)	(669)	(5,344)
Losses on disposal of other intangible assets		177	–	–	–	–
Gains on termination of lease		(3)	–	(860)	–	–
Equity-settled share-based expense . . .		11,677	23,771	–	–	–
Fair value (gains)/losses on investment properties	6, 15	(45,900)	(10,684)	95,587	–	23,417
Share of profits joint ventures and associates	6	(375,917)	(413,770)	(488,247)	(189,699)	(251,937)
Gains on disposal of investments in associates, net	5	–	(10,183)	(1,434)	(460)	–
Gains on liquidation of subsidiaries, net .		(38,282)	(62,439)	–	–	–
Gains on disposal of subsidiaries, net . .		–	–	–	–	(32,122)
Impairment losses on inventories	6	25,437	70,687	93,735	39,300	86,863
Impairment losses on property, plant and equipment	6	6,285	679	–	–	23,452
Impairment losses on other intangible assets	6	13,513	28	–	–	–
Impairment losses on goodwill	6	31,573	44,915	40,690	–	34,530
Losses/(Gains) on debt restructuring . .	6	41,493	5,361	(42,970)	(173)	1
Amortisation of deferred income		(303)	(303)	(975)	(152)	(7,654)
Impairment losses on financial assets, net		30,681	18,303	3,561	7,268	23,457
Effect of foreign exchange rate changes, net		(10,548)	(31,151)	(84,965)	(31,115)	44,466
Interest income		(70,850)	(67,916)	(63,696)	(29,415)	(30,301)
Operating cash inflow/(outflow) before movements in working capital		169,282	(314,793)	(136,731)	(21,409)	291,011
(Increase)/decrease in inventories . . .		(210,039)	(556,016)	507,914	82,592	(88,336)

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
(Increase)/decrease in trade and bills receivables		(3,429,537)	716,392	(279,610)	312,958	551,793
Decrease/(increase) in prepayments, other receivables and other assets . . .		390,135	(184,300)	(32,321)	15,822	75,875
(Increase)/decrease in restricted cash . .		(255,103)	(1,461,867)	(307,901)	1,142,004	860,256
Increase/(decrease) in trade and bills payables		2,618,097	1,557,294	877,052	(1,219,502)	(984,734)
Increase/(decrease) in other payables and accruals		438,402	247,268	(142,739)	(137,679)	8,192
Increase/(decrease) in deferred income . .		–	–	3,248	–	–
Increase/(decrease) in contract liabilities		9,476	(284,179)	(31,047)	100,456	247,058
(Decrease)/increase in provision		(8,810)	3,718	33,508	283	5,524
Cash generated (used in)/from operations		(278,097)	(276,483)	491,373	275,525	966,639
Interest received		38,720	70,039	50,080	5,030	27,434
Taxes paid		(15,853)	(32,398)	(16,242)	(15,593)	(14,966)
Net cash flows (used in)/from operating activities		(255,230)	(238,842)	525,211	264,962	979,107

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ACCOUNTANTS’ REPORT

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Dividends income		59,804	161,490	160,887	47,228	114,520
Investments in associates		–	(7,000)	–	–	–
Proceeds from disposal of investment in associates		–	–	57,156	30,000	–
Proceeds from disposal of items of property, plant and equipment		18,227	14,182	27,475	1,077	16,989
Proceeds from disposal of other intangible assets		4,540	23	21,058	–	8,477
Purchase of wealth management products		(6,600)	–	–	–	–
Disposal of subsidiaries		(1,507)	12	17,300	–	(1)
Purchases of property, plant and equipments		(88,694)	(91,072)	(119,226)	(50,989)	(40,472)
Purchases of other intangible assets . . .		(132,578)	(376,233)	(298,678)	(154,560)	(79,854)
Receipt of government grants for non-current assets.		–	–	–	–	335,860
Maturity of time deposits and large certificates of deposit		–	–	553,340	532,040	100,653
Purchase of time deposits		–	–	(150,000)	–	(1,365,692)
Net cash flows (used in)/from in investing activities		<u>(146,808)</u>	<u>(298,598)</u>	<u>269,312</u>	<u>404,796</u>	<u>(909,520)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Grant of incentive shares		184,529	–	–	–	–
Capital injection from non-controlling interests		300,000	355,825	–	–	–
New interest-bearing bank and other borrowings		103	224,403	1,087,554	260,000	153,000
Repayment of interest-bearing bank and other borrowings		(308,723)	(661,208)	(1,361,822)	(505,635)	(375,662)
Proceeds from discounted bills receivables		–	–	–	–	724,998
Cash received from repayments from related parties		5,540	–	28,275	–	–
Principal portion of lease payments . . .		(3,454)	(4,464)	(3,137)	(1,988)	(158)
Interest paid		(112,839)	(128,617)	(91,204)	(33,199)	(30,378)
Increase in guarantee deposits		(1,404)	(268)	(1,185)	(17,957)	–
Refund of purchase of restricted stock subscription payment		<u>–</u>	<u>(17,047)</u>	<u>(113,044)</u>	<u>(113,044)</u>	<u>–</u>
Net cash flows from/(used in) financing activities		63,752	(231,376)	(454,563)	(411,823)	471,800

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
NET (DECREASE)/INCREASE IN						
CASH AND CASH EQUIVALENTS . .		(338,286)	(768,816)	339,960	257,935	541,387
Cash and cash equivalents at beginning						
of year/period		2,066,137	1,743,112	986,333	986,333	1,321,676
Effect of foreign exchange rate changes,						
net		15,261	12,037	(4,617)	16,193	32,535
CASH AND CASH EQUIVALENTS AT						
END OF YEAR/PERIOD		<u>1,743,112</u>	<u>986,333</u>	<u>1,321,676</u>	<u>1,260,461</u>	<u>1,895,598</u>
ANALYSIS OF BALANCES OF CASH						
AND CASH EQUIVALENTS						
Cash and bank balances		2,721,466	3,424,699	3,679,404	2,067,125	4,659,243
Less: Time deposits		(524,751)	(544,945)	(150,679)	(21,300)	(1,422,135)
Restricted cash		<u>(453,603)</u>	<u>(1,893,421)</u>	<u>(2,207,049)</u>	<u>(785,364)</u>	<u>(1,341,510)</u>
Cash and cash equivalents as stated in						
the statement of cash flows		<u>1,743,112</u>	<u>986,333</u>	<u>1,321,676</u>	<u>1,260,461</u>	<u>1,895,598</u>

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	516,569	482,573	455,174	441,619
Investment properties		64,824	66,214	58,552	57,350
Right-of-use assets	16	55,822	54,283	52,743	51,974
Other intangible assets	18	3,406	2,815	1,985	1,599
Investments in associates		1,878,985	2,025,149	2,206,157	2,235,976
Investments in subsidiaries	20	3,594,832	4,561,892	4,561,892	4,561,892
Deferred tax assets	22	212,963	211,881	211,839	211,839
Total non-current assets		6,327,401	7,404,807	7,548,342	7,562,249
CURRENT ASSETS					
Bills receivables	24	500	1,250	–	113
Prepayments, other receivables and other assets . .	25	172,305	68,896	2,866	1,500
Due from subsidiaries	43	6,234,272	5,760,620	5,776,713	5,778,086
Restricted cash	26	41,959	16,822	2,200	2,200
Time deposits	26	524,751	544,945	80,606	81,288
Cash and cash equivalents	26	1,271,204	292,110	352,313	400,296
Total current assets		8,244,991	6,684,643	6,214,698	6,263,483
CURRENT LIABILITIES					
Trade payables		320	137	5	5
Contract liabilities		–	–	708	660
Other payables and accruals	28	217,067	148,336	32,040	46,264
Due to subsidiaries	43	112,022	93,571	12,544	9,382
Interest-bearing bank and other borrowings	30	502,221	558,795	850,024	775,494
Total current liabilities		831,630	800,839	895,321	831,805
NET CURRENT ASSETS		7,413,361	5,883,804	5,319,377	5,431,678
TOTAL ASSETS LESS CURRENT LIABILITIES		13,740,762	13,288,611	12,867,719	12,993,927

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ACCOUNTANTS’ REPORT

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	30	1,441,425	729,148	132,500	130,000
Deferred income		—	—	924	596
Deferred tax liabilities	22	8,902	9,111	7,961	7,781
Total non-current liabilities		1,450,327	738,259	141,385	138,377
Net assets		12,290,435	12,550,352	12,726,334	12,855,550
EQUITY					
Share capital	33	4,571,523	4,571,523	4,521,100	4,521,100
Treasury shares		(314,848)	(259,710)	(133,881)	(133,881)
Reserves	36	8,033,760	8,238,539	8,339,115	8,468,331
Total equity		12,290,435	12,550,352	12,726,334	12,855,550

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ACCOUNTANTS’ REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established in the People’s Republic of China (the “PRC”) as a wholly private-owned enterprise on 1 December 1997. The Company’s ordinary shares were listed on the Shanghai Stock Exchange on 25 November 2010. The registered office of the Company is located at No. 2, Huanghuan North Road, Jinshan Avenue, Liangjiang New District, Chongqing, the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “Group”) were involved in the following principal activities:

- Research and development, production and sale of motorcycles, general-purpose machinery, and passenger vehicles.
- Sales of Real Estate and rendering of management services.

As at 30 June 2025, the Company had direct and indirect interests in its subsidiaries, the particulars of principal subsidiaries are set out below:

Name	Note	Place and date of incorporation/registration and operations	Nominal value of issued ordinary/registered paid-in capital (‘000)	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Chongqing Lifan Motorcycle Production and Marketing Co., Ltd. 重慶力帆摩托車產銷有限公司	(3)	PRC/Chinese Mainland/ 27 May 1996	RMB801,600	100	–	Manufacturing of products
Chongqing Lifan Ruichi Motorcycle Co. Ltd. 重慶力帆瑞馳摩托車有限公司	(1), (2)	PRC/Chinese Mainland/ 16 December 2019	RMB20,000	–	100	Manufacturing of products
Chongqing Lifan Industrial (Group) Import and Export Co., Ltd. 重慶力帆實業(集團)進出口有限公司	(1), (2)	PRC/Chinese Mainland/ 8 March 2000	RMB2,000,000	–	100	Sale of products
Chongqing Lifan Power Co. Ltd. 重慶力帆內燃機有限公司	(1), (2)	PRC/Chinese Mainland/ 17 July 2001	RMB100,000	–	100	Manufacturing of products
Chongqing Ruilan Automotive Technology Co., Ltd. 重慶睿藍汽車科技有限公司	(1), (2)	PRC/Chinese Mainland/ 24 January 2022	RMB1,450,000	55	–	Sale of products
Chongqing Ruilan Automobile Research Institute Co., Ltd. 重慶睿藍汽車研究院有限公司	(1), (2)	PRC/Chinese Mainland/ 8 June 2022	RMB218,000	–	55	Research and development
Chongqing Livan Automobile Sales Co., Ltd. 重慶睿藍汽車銷售有限公司	(1), (2)	PRC/Chinese Mainland/ 22 December 2021	RMB100,000	–	55	Sale of products

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Name	Note	Place and date of incorporation/registration and operations	Nominal value of issued ordinary/registered paid-in capital (‘000)	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
Chongqing Livan Automobile Import and Export Co., Ltd. 重慶睿藍汽車進出口有限公司	(1), (2)	PRC/Chinese Mainland/ 25 July 2016	RMB60,000	–	55	Sales of products
Lifan Group Chongqing Wanguang New Energy Technology Co. Ltd. 力帆集團重慶萬光新能源科技有限公司	(3)	PRC/Chinese Mainland/ 1 April 2004	RMB1,108,000	100	–	Manufacturing of products
Chongqing Livan Automobile Manufacturing Co., Ltd. 重慶睿藍汽車製造有限公司	(3)	PRC/Chinese Mainland/ 31 December 2005	RMB5,180,000	28	72	Manufacturing of products
Chongqing Lifan Industry (Group) Sales Co., Ltd. 重慶力帆實業集團銷售有限公司	(3)	PRC/Chinese Mainland/ 9 August 2002	RMB4,000	–	100	Sale of products
Chongqing Runtian Real Estate Development Co., Ltd. 重慶潤田房地產開發有限公司	(3)	PRC/Chinese Mainland/ 30 August 2012	RMB300,000	–	50	Real Estate

The English names of all Group companies registered in the Chinese Mainland and Russia represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

Notes:

- (1) For these entities, the statutory financial statements for the year ended 31 December 2023 and 2024 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Baker Tilly China Certified Public Accountants LLP (天職國際會計師事務所(特殊普通合伙)), which is a certified public accounting firm registered in the Chinese Mainland.
- (2) For these entities, the statutory financial statements for the year ended 31 December 2022 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Tianheng Certified Public Accountants LLP (天衡會計師事務所(特殊普通合伙)), which is a certified public accounting firm registered in the Chinese Mainland.
- (3) No audited financial statements have been prepared for these entities since their dates of incorporation.

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ACCOUNTANTS' REPORT

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for investment properties measured at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, financial assets at fair value through other comprehensive income which have been measured at fair value.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 30 June 2025, the Group had net current liabilities of approximately RMB1,200,578,000. Having taken into available time deposits and available banking facilities of RMB1,494,705,000 as at 30 June 2025, and together with the operating cashflow forecast generated which covers a period of not less than twelve months from 30 June 2025 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information for the Relevant Periods on a going concern basis.

Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going Concern Basis

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 30 June 2025, the Group had net current liabilities of approximately RMB1,200,578,000. Having taken into available non-current time deposits and available banking facilities as at 30 June 2025, and together with the operating cashflow forecast generated which covers a period of not less than twelve months from 30 June 2025 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information for the Relevant Periods on a going concern basis.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Annual Improvements to IFRS Accounting Standards — Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ¹

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

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The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when other new and revised IFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in joint ventures or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint ventures upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

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Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and certain debt at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

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- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Land is not depreciated. Other property and equipment's depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17% to 12.5%
Machinery	9.50% to 31.67%
Office equipment and electronic devices	18.00% to 30.00%
Vehicles	9.50% to 48.50%
Other equipment	20.00% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

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For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with IFRS 16 Property, Plant and Equipment. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless they will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each of the units according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Patents	5 to 10 years
Trademark	5 to 10 years
Software	5 to 10 years
Automotive design and development costs	3 to 10 years
Others	2 to 10 years

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Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	45 to 50 years
Buildings	1 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as an operating lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost including trade and bills receivables and financial assets included in prepayments, other receivables and other assets, are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income including bills receivables, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss including wealth management assets, are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

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Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with IFRS 9; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short- term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Special reserve — safety production fund

Provisions for the Group’s obligations for safety operations are based on the Group’s revenue arising from the sale of construction machinery and equipment per year in accordance with related Mainland China rules and regulations. The Group records a corresponding cost when such expenditure for safety operations is incurred. The remaining provisions for the Group’s obligations for safety operations are recorded as a special reserve — safety production fund. The remaining provisions are not recorded in profit or loss while the Group decreases its retained profits when it recognises the special reserve — safety production fund.

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Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

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- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of motorcycles, passenger vehicles and others

The Group sells motorcycle, passenger vehicles and other machine or parts (such as general-purpose machinery, automotive parts) to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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The Group provides sales rebate and discounts to certain customers for sales of motorcycles, passenger vehicles, and the relevant revenue is recognised based on contract consideration net of the estimated sales rebate and discount amount.

Passenger vehicles are often sold with volume rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

For new energy vehicles, customers only pay the amount after deducting the government subsidies to which they are entitled for the purchase of new energy vehicles, which is applied on their behalf and collected by the Group from the government according to the applicable government policy. The Group has concluded that government subsidies should be considered as a part of the transaction price it charges the customers for the new energy vehicles, as the subsidy is granted to the purchaser of the new energy vehicles and the purchaser remains liable for such amount in the event the subsidies were not received by the Group due to his fault such as refusal or delay of providing application information.

(b) Sale of real estate

Revenues are recognised when or as the control of the asset is transferred to the purchaser. For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of the financing component if it is significant.

(c) Rendering of services

Revenue from the provision of property management and real estate asset management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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Share-based payments

Several employee incentive schemes are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer based on a recent transaction price, further details of which are given in note 35 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee’s spouse, children and dependents, family members of deceased employees and other beneficiaries are also considered employee benefits.

Pension schemes

The employees of the Company and the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension schemes operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the Mainland China. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Principal versus agent considerations

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. The Group needs to determine whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. To assess whether the Group controls the goods before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group (i) is the principal in the arrangement, (ii) has general inventory risk, (iii) has latitude in establishing the selling price and (iv) has significant involvement in the determination of product and service specifications. Therefore, the Group reports revenue earned from the customers and costs paid to the suppliers related to these transactions on a gross basis.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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Fair value measurements and valuation processes

The Group's investment properties are measured at fair value for financial reporting purposes. In estimating the fair value of investment properties, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are unavailable, the Group engages third-party qualified valuers to perform the valuation. At the end of the reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs, where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of an asset or a liability, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken. Information about the valuation techniques, inputs and key assumptions used in determining the fair value of investment properties are disclosed in notes 46.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrated the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables are disclosed in note 24 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the end of each reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 17 to the Historical Financial Information.

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Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 22 to the Historical Financial Information.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Warranty provisions

Provisions for warranties granted by the Group for the passenger vehicles sold are recognised based on sales volumes and past experiences of costs for repairs and replacement, among others. The estimate of unit warranty cost may not be equal to the actual warrant costs in the future. The Group reassesses the unit warranty cost at least annually and the unit warranty cost is revised when appropriate.

Impairment of inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

Variable consideration for sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of passenger vehicles with rebates.

Management assesses the expected rebates based on factors primarily consist of the customer's historical rebate entitlement, accumulated purchases to date, accumulated retails to date. Any significant changes in experience as compared to historical patterns and rebate entitlements of customers will impact the expected rebate estimated by the Group.

The Group updates its assessment of expected rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Motorcycles segment: Research, development, production and sale of motorcycles and general-purpose machinery;
- (b) Passenger vehicles segment: Research, development, production and sale of passenger vehicles;
- (c) Real estate segment: principally, sale of real estate and investment in prime office space for its rental income potential;
- (d) The "others" segment comprises, principally, sale of other machine or parts.

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Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The profit/loss of the operating segments will not be disclosed as they are not regularly reported to the Group’s key operating decision-makers, and the profit/loss are governed by the Group.

Year ended 31 December 2022	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue (note 5)					
Sales to external customers	2,462,859	5,766,593	259,454	58,625	8,547,531
Intersegment sales	–	2,669	–	28,639	31,308
Other revenue	–	–	79,068	–	79,068
Total segment revenue	2,462,859	5,769,262	338,522	87,264	8,657,907
<u>Reconciliation:</u>					
Elimination of intersegment sales					(31,308)
Total revenue					<u>8,626,599</u>
Segment cost of sales (note 6)					
Sales to external customers	2,163,821	5,497,868	200,296	60,854	7,922,839
Intersegment sales	–	2,544	–	5,957	8,501
Total segment cost of sales	2,163,821	5,500,412	200,296	66,811	7,931,340
<u>Reconciliation:</u>					
Elimination of intersegment sales					(8,501)
Total cost of sales					<u>7,922,839</u>
Segment assets	2,962,127	6,712,413	4,745,429	15,350,121	29,770,090
<u>Reconciliation:</u>					
Elimination of intersegment receivables					(9,131,881)
Total assets					<u>20,638,209</u>
Segment liabilities	2,430,026	7,105,450	2,542,503	2,952,738	15,030,717
<u>Reconciliation:</u>					
Elimination of intersegment payables					(9,131,881)
Corporate and other unallocated liabilities					3,074,981
Total liabilities					<u>8,973,817</u>

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Year ended 31 December 2023	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue (note 5)					
Sales to external customers	2,429,019	3,694,618	442,198	52,743	6,618,578
Intersegment sales	5,710	12,141	–	24,375	42,226
Other revenue	–	–	79,744	–	79,744
Total segment revenue	2,434,729	3,706,759	521,942	77,118	6,740,548
<u>Reconciliation:</u>					
Elimination of intersegment sales					(42,226)
Total revenue					<u>6,698,322</u>
Segment cost of sales (note 6)					
Sales to external customers	2,107,872	3,890,241	379,867	48,091	6,426,071
Intersegment sales	4,923	11,476	–	22,919	39,318
Total segment cost of sales	2,112,795	3,901,717	379,867	71,010	6,465,389
<u>Reconciliation:</u>					
Elimination of intersegment sales					(39,318)
Total cost of sales					<u>6,426,071</u>
Segment assets	3,620,188	12,385,097	4,468,163	14,573,612	35,047,060
<u>Reconciliation:</u>					
Elimination of intersegment receivables					(13,247,980)
Total assets					<u>21,799,080</u>
Segment liabilities	2,611,947	8,807,071	2,250,621	2,185,194	15,854,833
<u>Reconciliation:</u>					
Elimination of intersegment payables					(13,247,980)
Corporate and other unallocated liabilities					<u>7,231,057</u>
Total liabilities					<u>9,837,910</u>

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue (note 5)					
Sales to external customers	2,563,861	4,175,891	100,860	53,121	6,893,733
Intersegment sales	–	301,332	–	40,195	341,527
Other revenue	–	–	70,119	–	70,119
Total segment revenue	2,563,861	4,477,223	170,979	93,316	7,305,379
<u>Reconciliation:</u>					
Elimination of intersegment sales					(341,527)
Total revenue					<u>6,963,852</u>
Segment cost of sales (note 6)					
Sales to external customers	2,228,635	4,127,039	93,913	31,885	6,481,472
Intersegment sales	–	298,888	–	29,226	328,114
Total segment cost of sales	2,228,635	4,425,927	93,913	61,111	6,809,586
<u>Reconciliation:</u>					
Elimination of intersegment sales					(328,114)
Total cost of sales					<u>6,481,472</u>
Segment assets	3,895,800	11,129,487	4,308,897	14,827,960	34,162,144
<u>Reconciliation:</u>					
Elimination of intersegment receivables					(12,448,482)
Total assets					<u>21,713,662</u>
Segment liabilities	3,024,864	8,733,743	2,214,606	1,770,691	15,743,904
<u>Reconciliation:</u>					
Elimination of intersegment payables					(12,448,482)
Corporate and other unallocated liabilities					6,752,998
Total liabilities					<u>10,048,420</u>

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ACCOUNTANTS’ REPORT

Six months ended 30 June 2025	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue (note 5)					
Sales to external customers	1,480,596	2,599,205	2,119	27,604	4,109,524
Intersegment sales	1,689	49,508	198	14,245	65,640
Other revenue	–	–	39,414	–	39,414
Total segment revenue	1,482,285	2,648,713	41,731	41,849	4,214,578
<i>Reconciliation:</i>					
Elimination of intersegment sales					(65,640)
Total revenue					<u>4,148,938</u>
Segment cost of sales (note 6)					
Sales to external customers	1,282,708	2,622,764	2,645	13,131	3,921,248
Intersegment sales	1,514	45,847	–	8,489	55,850
Total segment cost of sales	1,284,222	2,668,611	2,645	21,620	3,977,098
<i>Reconciliation:</i>					
Elimination of intersegment sales					(55,850)
Total cost of sales					<u>3,921,248</u>
Segment assets	3,865,870	8,316,143	4,347,382	10,646,633	27,176,028
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(5,552,456)
Corporate and other unallocated assets					772,711
Total assets					<u>22,396,283</u>
Segment liabilities	3,089,309	9,241,668	2,276,761	1,778,939	16,386,677
<i>Reconciliation:</i>					
Elimination of intersegment payables					(5,552,456)
Total liabilities					<u>10,834,221</u>

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Mainland China	6,612,424	4,438,337	4,124,478	1,921,188	2,751,943
Overseas	2,014,175	2,259,985	2,839,374	1,033,785	1,396,995
Total revenue	<u>8,626,599</u>	<u>6,698,322</u>	<u>6,963,852</u>	<u>2,954,973</u>	<u>4,148,938</u>

The revenue information above is based on the locations of the customers.

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(b) *Non-current assets*

Information about the Group’s non-current assets excluding deferred tax assets, goodwill, investments in joint ventures, investment in associates and equity investments designated at fair value through other comprehensive income is presented based on the geographical locations of the assets.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Mainland China	6,088,191	7,290,058	7,337,586	8,375,658
Overseas	27,614	23,294	10,646	8,233
Total non-current assets	<u>6,115,805</u>	<u>7,313,352</u>	<u>7,348,232</u>	<u>8,383,891</u>

Information about major customer

For the year ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025, revenue of approximately RMB3,422,493,000, RMB2,249,335,000, RMB2,144,417,000 and RMB1,377,687,000 was derived from sales by the passenger vehicles segment to a single customer, including sales to a group of entities which are known to be under common control with that customer, and only the revenue from such sales accounted for more than 10% of the Group’s revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Revenue from contracts with customers	8,547,531	6,618,578	6,893,733	2,910,447	4,109,524
Revenue from other sources	79,068	79,744	70,119	44,526	39,414
Total	<u>8,626,599</u>	<u>6,698,322</u>	<u>6,963,852</u>	<u>2,954,973</u>	<u>4,148,938</u>

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ACCOUNTANTS' REPORT

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2022

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services					
Passenger vehicles	–	5,766,593	–	–	5,766,593
Motorcycles	2,124,977	–	–	–	2,124,977
Others:					
General-purpose machinery . .	337,882	–	–	–	337,882
Real estate	–	–	259,454	–	259,454
Others	–	–	–	58,625	58,625
Total	<u>2,462,859</u>	<u>5,766,593</u>	<u>259,454</u>	<u>58,625</u>	<u>8,547,531</u>
Geographical markets					
Mainland China	749,079	5,466,198	259,454	58,625	6,533,356
Overseas	<u>1,713,780</u>	<u>300,395</u>	<u>–</u>	<u>–</u>	<u>2,014,175</u>
Total	<u>2,462,859</u>	<u>5,766,593</u>	<u>259,454</u>	<u>58,625</u>	<u>8,547,531</u>
Timing of revenue recognition					
Transferred at a point in time . .	2,462,859	5,766,593	242,706	58,625	8,530,783
Transferred over time	<u>–</u>	<u>–</u>	<u>16,748</u>	<u>–</u>	<u>16,748</u>
Total	<u>2,462,859</u>	<u>5,766,593</u>	<u>259,454</u>	<u>58,625</u>	<u>8,547,531</u>

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ACCOUNTANTS’ REPORT

For the year ended 31 December 2023

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services					
Passenger vehicles	–	3,694,618	–	–	3,694,618
Motorcycles	2,028,767	–	–	–	2,028,767
Others:					
General-purpose machinery . .	400,252	–	–	–	400,252
Real estate	–	–	442,198	–	442,198
Others	–	–	–	52,743	52,743
Total	2,429,019	3,694,618	442,198	52,743	6,618,578
Geographical markets					
Mainland China	826,396	3,037,256	442,198	52,743	4,358,593
Overseas	1,602,623	657,362	–	–	2,259,985
Total	2,429,019	3,694,618	442,198	52,743	6,618,578
Timing of revenue recognition					
Transferred at a point in time . .	2,429,019	3,694,618	423,475	52,743	6,599,855
Transferred over time	–	–	18,723	–	18,723
Total	2,429,019	3,694,618	442,198	52,743	6,618,578

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ACCOUNTANTS’ REPORT

For the year ended 31 December 2024

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods and services					
Passenger vehicles	–	4,175,891	–	–	4,175,891
Motorcycles	2,135,725	–	–	–	2,135,725
Others:					
General-purpose machinery . .	428,136	–	–	–	428,136
Real estate	–	–	100,860	–	100,860
Others	–	–	–	53,121	53,121
Total	<u>2,563,861</u>	<u>4,175,891</u>	<u>100,860</u>	<u>53,121</u>	<u>6,893,733</u>
Geographical markets					
Mainland China	758,271	3,142,107	100,860	53,121	4,054,359
Overseas	<u>1,805,590</u>	<u>1,033,784</u>	<u>–</u>	<u>–</u>	<u>2,839,374</u>
Total	<u>2,563,861</u>	<u>4,175,891</u>	<u>100,860</u>	<u>53,121</u>	<u>6,893,733</u>
Timing of revenue recognition					
Transferred at a point in time . .	2,563,861	4,175,891	83,120	53,121	6,875,993
Transferred over time	<u>–</u>	<u>–</u>	<u>17,740</u>	<u>–</u>	<u>17,740</u>
Total	<u>2,563,861</u>	<u>4,175,891</u>	<u>100,860</u>	<u>53,121</u>	<u>6,893,733</u>

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ACCOUNTANTS’ REPORT

For the six months ended 30 June 2024 (unaudited)

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Types of goods and services					
Passenger vehicles	–	1,739,594	–	–	1,739,594
Motorcycles	951,753	–	–	–	951,753
Others:					
General-purpose machinery . .	198,160	–	–	–	198,160
Real estate	–	–	1,332	–	1,332
Others	–	–	–	19,608	19,608
Total	1,149,913	1,739,594	1,332	19,608	2,910,447
Geographical markets					
Mainland China	340,788	1,514,934	1,332	19,608	1,876,662
Overseas	809,125	224,660	–	–	1,033,785
Total	1,149,913	1,739,594	1,332	19,608	2,910,447
Timing of revenue recognition					
Transferred at a point in time . .	1,149,913	1,739,594	–	19,608	2,909,115
Transferred over time	–	–	1,332	–	1,332
Total	1,149,913	1,739,594	1,332	19,608	2,910,447

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ACCOUNTANTS’ REPORT

For the six months ended 30 June 2025

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Types of goods and services					
Passenger vehicles	–	2,599,205	–	–	2,599,205
Motorcycles	1,276,924	–	–	–	1,276,924
Others:					
General-purpose machinery . .	203,672	–	–	–	203,672
Real estate	–	–	2,119	–	2,119
Others	–	–	–	27,604	27,604
Total	<u>1,480,596</u>	<u>2,599,205</u>	<u>2,119</u>	<u>27,604</u>	<u>4,109,524</u>
Geographical markets					
Mainland China	380,513	2,302,293	2,119	27,604	2,712,529
Overseas	<u>1,100,083</u>	<u>296,912</u>	<u>–</u>	<u>–</u>	<u>1,396,995</u>
Total	<u>1,480,596</u>	<u>2,599,205</u>	<u>2,119</u>	<u>27,604</u>	<u>4,109,524</u>
Timing of revenue recognition					
Transferred at a point in time . .	1,480,596	2,599,205	–	27,604	4,107,405
Transferred over time	<u>–</u>	<u>–</u>	<u>2,119</u>	<u>–</u>	<u>2,119</u>
Total	<u>1,480,596</u>	<u>2,599,205</u>	<u>2,119</u>	<u>27,604</u>	<u>4,109,524</u>

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	<u>386,200</u>	<u>530,895</u>	<u>251,313</u>	<u>224,089</u>	<u>216,813</u>

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ACCOUNTANTS’ REPORT

(b) *Performance obligations*

Information about the Group’s performance obligations is summarised below:

Sale of motorcycles, passenger vehicles and others

The Group mainly manufactures and sells a range of motorcycles, passenger vehicles and other machine or parts to its customers. Sales revenue is recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer’s acceptance of the goods. Payment in advance is normally required, except for some long-standing customers with bulk purchases and good credit standing, where payment is generally due from 30 to 180 days from delivery.

For the performance obligations, they are generally satisfied within less than a year, and the Group has elected not to disclose the remaining performance obligations by applying the practical expedient.

Sale of Real Estate

For property sales contracts, the Group recognises revenue approximate to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property.

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period.

Rendering of services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, and are billed based on the time incurred.

All amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Amounts expected to be recognised as revenue:				
Within one year	530,895	251,313	208,315	455,994
After one year	28,112	23,515	35,466	34,845
Total	<u>559,007</u>	<u>274,828</u>	<u>243,781</u>	<u>490,839</u>

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ACCOUNTANTS’ REPORT

An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Other income					
Government grants	5,721	12,032	5,943	758	169,761
Interest income	70,850	67,916	63,696	29,415	30,301
Additional deduction for value-added tax*	–	13,463	21,877	5,852	9,061
Others	3,412	7,353	3,759	2,065	2,419
Total other income	79,983	100,764	95,275	38,090	211,542
Other gains					
Exchange gains, net	69,685	26,315	–	44,594	114,611
Gains on disposal of investments in associates, net	–	10,183	1,434	460	–
Gains on liquidation of subsidiaries, net	38,282	62,439	–	–	–
Gains on disposal of subsidiaries, net	–	–	–	–	32,122
Gains on disposal of items of property, plant and equipment	46	3,189	18,294	724	5,426
Gains on termination of lease . .	3	–	860	–	–
Gains on debt restructuring . . .	–	–	42,970	173	–
Total gains	108,016	102,126	63,558	45,951	152,159
Total other income and gains . . .	187,999	202,890	158,833	84,041	363,701

* According to Manufacturing Enterprises (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT in the corresponding years from 1 January 2023 to 31 December 2027. Chongqing Ruilan Automobile Manufacturing Co., Ltd. is approved as an advanced manufacturing enterprise which can enjoy the above policy.

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ACCOUNTANTS’ REPORT

6. PROFIT/LOSS BEFORE TAX

The Group’s profit/loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Cost of sales of goods and services*		7,922,839	6,426,071	6,481,472	2,766,810	3,921,248
Depreciation of property, plant and equipment	14	135,465	148,729	183,029	93,009	89,922
Depreciation of right-of-use assets	16(a)	15,479	15,718	15,417	8,495	6,657
Amortisation of intangible assets	18	15,551	175,433	323,203	163,492	187,127
Research and development expenses*		90,683	214,781	406,576	180,114	287,588
Lease payments not included in the measurement of lease liabilities	16(c)	684	6,560	9,686	4,945	10,023
Employee benefit expense (including directors’ and supervisors’ remuneration (note 9)):						
Wages and salaries		517,646	665,042	593,434	277,753	389,595
Share-based payments		11,677	23,771	–	–	–
Pension scheme contributions and social welfare		99,243	140,002	123,998	61,012	68,297
Finance costs		133,452	123,445	93,336	48,858	41,182
Share of profits of joint ventures and associates		(375,917)	(413,770)	(488,247)	(189,699)	(251,937)
Foreign exchange differences, net		(69,685)	(26,315)	41,268	(44,594)	(114,611)
Impairment losses on inventories	23	25,437	70,687	93,735	39,300	86,863
Impairment losses on property, plant and equipment	7	6,285	679	–	–	23,452
Impairment losses on intangible assets	7	13,513	28	–	–	–
Impairment losses on goodwill	7	31,573	44,915	40,690	–	34,530
(Gains)/Losses on disposal of property, plant and equipment	5, 7	17,881	(2,899)	(17,345)	(669)	(5,344)
Losses on disposal of other intangible assets	7	177	–	–	–	–
Gains on termination of lease	5	(3)	–	(860)	–	–
(Gains)/Losses on debt restructuring	5, 7	41,493	5,361	(42,970)	(173)	1
Fair value (gains)/losses on investment properties, net		(45,900)	(10,684)	95,587	–	23,417

* Cost of sales of goods and services and research and development costs include expenses relating to staff costs, depreciation and amortisation expenses and impairment losses on inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

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ACCOUNTANTS’ REPORT

7. OTHER EXPENSES, NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Discount fees	–	17,466	17,935	5,485	10,741
Impairment losses on goodwill	31,573	44,915	40,690	–	34,530
Impairment losses on property, plant and equipment	6,285	679	–	–	23,452
Losses on pending litigation	–	1,336	–	–	5,576
Indemnity expenses	14,287	14,288	33,989	2,070	259
Losses on disposal of items of property, plant and equipment	17,927	290	949	55	82
Losses on debt restructuring	41,493	5,361	–	–	1
Losses on disposal of other intangible assets	177	–	–	–	–
Impairment losses on other intangible assets	13,513	28	–	–	–
Exchange losses, net	–	–	41,268	–	–
Others	1,423	2,737	4,388	1,753	3,087
Total	<u>126,678</u>	<u>87,100</u>	<u>139,219</u>	<u>9,363</u>	<u>77,728</u>

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Interest on interest-bearing bank and other borrowings	133,242	123,228	93,168	48,775	41,172
Interest on lease liabilities	210	217	168	83	10
Total	<u>133,452</u>	<u>123,445</u>	<u>93,336</u>	<u>48,858</u>	<u>41,182</u>

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ACCOUNTANTS’ REPORT

9. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods and the six months ended 30 June 2024 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Fees	450	450	450	225	225
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	2,948	3,213	3,861	1,361	517
Share-based payment expenses	1,366	1,576	–	–	–
Pension scheme contributions and social welfare	97	140	175	63	74
Subtotal	4,411	4,929	4,036	1,424	591
Total	4,861	5,379	4,486	1,649	816

* During the Relevant Periods and the six months ended 30 June 2024, no executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods and the six months ended 30 June 2024, certain directors and supervisors were granted restricted shares, in respect of their services to the Group, under the employee incentive scheme of the Company, further details of which are set out in note 35 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods and the six months ended 30 June 2024 are included in the above directors’, chief executive’s and supervisors’ remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2024 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Mrs. Xiao Xiang	150	150	150	75	75
Mr. Dou Junsheng	150	150	150	75	75
Mr. Ren Xiaochang	150	150	150	75	75
Total	450	450	450	225	225

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2024.

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ACCOUNTANTS’ REPORT

(b) Directors and supervisors

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2022				
Directors:				
Mrs. Zhong Xian (i).	1,423	649	57	2,129
Mr. Zhou Zongcheng (viii)	1,222	717	26	1,965
Mrs. Zhu Jun (iv)	–	–	–	–
Mr. Liu Jinliang (xi)	–	–	–	–
Mr. Dai Qing (ix)	–	–	–	–
Mrs. Wang Menglin (vi)	–	–	–	–
Mr. Zhou Chong (v)	–	–	–	–
Mr. Xu Zhihao (ii).	–	–	–	–
Mr. Yang Jian (iii)	–	–	–	–
Subtotal	2,645	1,366	83	4,094
Supervisors:				
Mrs. Wang Ying (vii)	303	–	14	317
Mrs. Long Zhenzhu (xix)	–	–	–	–
Mr. Peng Jiahu (xii)	–	–	–	–
Subtotal	303	–	14	317
Total	2,948	1,366	97	4,411

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	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2023				
Directors:				
Mr. Zhou Zongcheng (viii)	2,926	1,576	111	4,613
Mr. Hu Jingbing (x)	–	–	–	–
Mr. Liu Jinliang (xi)	–	–	–	–
Mr. Dai Qing (ix)	–	–	–	–
Mrs. Wang Menglin (vi)	–	–	–	–
Mr. Zhou Chong (v)	–	–	–	–
Mrs. Zhu Jun (iv)	–	–	–	–
Subtotal	2,926	1,576	111	4,613
Supervisors:				
Mrs. Wang Ying (vii)	232	–	14	246
Mrs. Liu Lixia (xiii)	55	–	15	70
Mr. Lin Chuan (xiv)	–	–	–	–
Mrs. Long Zhenzhu (xix)	–	–	–	–
Mr. Peng Jiahu (xii)	–	–	–	–
Subtotal	287	–	29	316
Total	3,213	1,576	140	4,929

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	Salaries, allowances and bonuses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2024			
Directors:			
Mr. Zhou Zongcheng (viii)	3,303	140	3,443
Mr. Yin Qi (xv)	500	19	519
Mr. Bao Yi (xvi)	–	–	–
Mrs. Wang Menglin (vi)	–	–	–
Mr. Hu Jingbing (x)	–	–	–
Mr. Dai Qing (ix)	–	–	–
Mr. Zhou Chong (v)	–	–	–
Mrs. Zhu Jun (iv)	–	–	–
Mr. Liu Jinliang (xi)	–	–	–
Mr. Li Chuanhai (xvii)	–	–	–
Mrs. Long Zhenzhu (xix)	–	–	–
Subtotal	<u>3,803</u>	<u>159</u>	<u>3,962</u>
Supervisors:			
Mrs. Liu Lixia (xiii)	58	16	74
Mr. Lin Chuan (xiv)	–	–	–
Mrs. Wang Ying (vii)	–	–	–
Mr. Peng Jiahu (xii)	–	–	–
Subtotal	<u>58</u>	<u>16</u>	<u>74</u>
Total	<u><u>3,861</u></u>	<u><u>175</u></u>	<u><u>4,036</u></u>

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	Salaries, allowances and bonuses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Six months ended 30 June 2024 (unaudited)			
Directors:			
Mr. Zhou Zongcheng (viii)	1,336	63	1,399
Mr. Hu Jingbing (x)	–	–	–
Mr. Liu Jinliang (xi)	–	–	–
Mr. Dai Qing (ix)	–	–	–
Mrs. Wang Menglin (vi)	–	–	–
Mr. Zhou Chong (v)	–	–	–
Mrs. Zhu Jun (iv)	–	–	–
Subtotal	1,336	63	1,399
Supervisors:			
Mrs. Liu Lixia (xiii)	25	–	25
Mrs. Wang Ying (vii)	–	–	–
Mr. Lin Chuan (xiv)	–	–	–
Mr. Peng Jiahu (xii)	–	–	–
Subtotal	25	–	25
Total	1,361	63	1,424

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	Salaries, allowances and bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB’000	RMB’000	RMB’000
Six months ended 30 June 2025			
Directors:			
Mr. Yin Qi (xv)	489	66	555
Mr. Bao Yi (xvi)	–	–	–
Mrs. Wang Menglin (vi)	–	–	–
Mr. Liu Jinliang (xi)	–	–	–
Mr. Li Chuanhai (xvii)	–	–	–
Mrs. Long Zhenzhu (xix)	–	–	–
Mr. Xu Honghu (xviii)	–	–	–
Subtotal	489	66	555
Supervisors:			
Mrs. Liu Lixia (xiii)	28	8	36
Mr. Lin Chuan (xiv)	–	–	–
Mr. Peng Jiahu (xii)	–	–	–
Subtotal	28	8	36
Total	517	74	591

Notes:

- (i) Mrs. Zhong Xian was appointed as a director on 22 January 2021, and resigned as a director with effect from 23 September 2022.
- (ii) Mr. Xu Zhihao was appointed as a director on 22 January 2021, and resigned as a director with effect from 23 September 2022.
- (iii) Mr. Yang Jian was appointed as a director on 22 January 2021, and resigned as a director with effect from 23 September 2022.
- (iv) Mrs. Zhu Jun was appointed as a director on 22 January 2021, and resigned as a director with effect from 21 January 2024.
- (v) Mr. Zhou Chong was appointed as a director on 22 January 2021, and resigned as a director with effect from 23 September 2024.
- (vi) Mrs. Wang Menglin was appointed as a director on 22 January 2021, and resigned as a director with effect from 30 May 2025.
- (vii) Mrs. Wang Ying was appointed as a supervisor on 22 January 2021, and resigned as a supervisor with effect from 31 January 2024.
- (viii) Mr. Zhou Zongcheng was appointed as a director on 23 September 2022, and resigned as a director with effect from 11 November 2024.
- (ix) Mr. Dai Qing was appointed as a director on 23 September 2022, and resigned as a director with effect from 23 September 2024.

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- (x) Mr. Hu Jingbing was appointed as a director on 31 January 2024, and resigned as a director with effect from 23 September 2024.
- (xi) Mr. Liu Jinliang was appointed as a director on 23 September 2022.
- (xii) Mr. Peng Jiahu was appointed as a supervisor on 31 January 2024.
- (xiii) Mrs. Liu Lixia was appointed as a supervisor on 31 January 2024.
- (xiv) Mr. Lin Chuan was appointed as a supervisor on 31 January 2024.
- (xv) Mr. Yin Qi was appointed as a director on 11 November 2024.
- (xvi) Mr. Bao Yi was appointed as a director on 23 September 2024.
- (xvii) Mr. Li Chuanhai was appointed as a director on 23 September 2024.
- (xviii) Mr. Xu Honghu was appointed as a director on 16 June 2025.
- (xix) Mrs. Long Zhenzhu was appointed as a supervisor in 22 January 2021, and resigned as a supervisor with effect from 5 July 2023. She was also appointed as a director on 23 September 2024.
- (xx) All of independent non-executive directors of the Company were appointed on 22 January 2021.
- (xxi) Certain directors and supervisors of the Company listed above received emoluments from non-consolidated related parties, and they did not receive emoluments from the Company.

There was no arrangement under which a director, or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and Six months ended 30 June 2024.

10. FIVE HIGHEST PAID EMPLOYEES

The number of directors or supervisors within five individuals with the highest emoluments in the Group for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025 were Nil, 1, 1, 1 and Nil, respectively. Details of the remuneration for the Relevant Periods and the six months ended 30 June 2024 of the highest paid employees who are neither a director nor supervisor of the Company are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, bonuses, allowances and					
benefits in kind	6,815	7,453	6,545	2,195	4,418
Share-based payment expense	4,101	2,778	–	–	–
Pension scheme contributions	247	281	243	114	288
Total	11,163	10,512	6,788	2,309	4,706

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The numbers of non-director, non-chief executive and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Nil to HKD1,000,000	–	–	–	4	3
HKD1,000,001 to HKD2,000,000	2	1	3	–	2
HKD2,000,001 to HKD3,000,000	3	2	1	–	–
HKD3,000,001 to HKD4,000,000	–	1	–	–	–
Total	5	4	4	4	5

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/ or operate.

Mainland China

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax for the Group entities was calculated based on the statutory tax rate of 25% during the Relevant Periods and the six months ended 30 June 2024, except for the Company and certain subsidiaries of the Group in Mainland China which were registered as High and New Technology Enterprises pursuant to the PRC tax regulations and were entitled to a preferential tax rate of 15% for the Relevant Periods and the six months ended 30 June 2024.

Meanwhile, certain subsidiaries of the Group that have applied the Income Tax Policy for Western Development pursuant to the PRC tax regulations were entitled to a preferential tax rate of 15% for the Relevant Periods and the six months ended 30 June 2024.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20%.

The provision of PRC land appreciation tax is estimated per the requirements outlined in the relevant PRC tax laws and regulations. PRC land appreciation tax has been provided at progressive rates of the appreciation value, with certain allowable deductions, including land costs, borrowing costs, and the relevant property development expenditures.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods and the six months ended 30 June 2024.

Russia

The subsidiary incorporated in Russia is subject to Russia profits tax at the statutory rate of 20% on any estimated assessable profits arising in Russia during the Relevant Periods and the six months ended 30 June 2024.

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Corporate income taxes in other jurisdictions

Income taxes on profit arising from other jurisdictions except Hong Kong and Russia were calculated on the estimated taxable profit for the Relevant Periods and the six months ended 30 June 2024 at the respective rates prevailing in the relevant jurisdictions, which were ranging from 16.5% to 34%.

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2024 is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax expense	9,070	18,371	1,256	3,269	12,337
Deferred tax expense (note 22)	44,496	(114,307)	40,803	(24,936)	160,929
Mainland China LAT	8,448	15,591	2,041	–	–
Total tax expense for the year/period . . .	<u>62,014</u>	<u>(80,345)</u>	<u>44,100</u>	<u>(21,667)</u>	<u>173,266</u>

A reconciliation of the tax expense applicable to profit/(loss) before tax at the preferential tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit/(loss) before tax	<u>232,421</u>	<u>(342,517)</u>	<u>(284,797)</u>	<u>(130,148)</u>	<u>57,295</u>
Tax at the preferential tax rate of 15% . . .	34,863	(51,378)	(42,720)	(19,522)	8,594
Impact of different tax rates on subsidiaries	1,627	7,653	(17,651)	(4,689)	(664)
Mainland China land appreciation tax . .	8,448	15,591	2,041	–	–
Tax effect of Mainland China land appreciation tax	(1,267)	(2,338)	(306)	–	–
Tax effect of share of profit or loss of associates	(56,485)	(62,066)	(73,237)	(28,570)	(37,791)
Tax losses and deductible temporary differences not recognised	130,220	31,268	265,948	40,498	242,395
Utilisation of tax losses not recognised from previous periods	(43,722)	(13,955)	(17,502)	(6,424)	(10,875)
Super deduction on research and development expenses (a)	(13,214)	(12,607)	(62,397)	(4,133)	(30,610)
Adjustments in respect of current income tax of previous periods	(484)	2,850	(10,802)	852	1,651
Expenses not deductible for tax	471	3,533	726	321	566
Effect on opening deferred tax of decrease in rates	<u>1,557</u>	<u>1,104</u>	<u>–</u>	<u>–</u>	<u>–</u>
Tax expense at the Group’s effective tax rate	<u>62,014</u>	<u>(80,345)</u>	<u>44,100</u>	<u>(21,667)</u>	<u>173,266</u>

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- (a) The super deduction allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of Mainland China, enterprises engaging in research and development activities were entitled to claim 175% of their research and development costs incurred as tax deductible expenses when determining their assessable profits for the nine months ended 30 September 2022. According to the relevant laws and regulations, starting from 1 October 2022, the aforementioned deduction rate increased to 200%.

12. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods and the six months ended 30 June 2024 attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 4,505,960,000, 4,571,523,000, 4,546,312,000, 4,595,000,000 and 4,521,100,000 outstanding during the year end 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	154,682	24,213	40,017	26,194	31,172
Shares					
Weighted average number ('000) of ordinary shares outstanding during the year/period	4,505,960	4,571,523	4,546,312	4,595,000	4,521,100
Effect of dilution – weighted average number of ordinary shares:					
Restricted Shares ('000)	3,517	–	–	–	–
Total	4,509,477	4,571,523	4,546,312	4,595,000	4,521,100
Earnings per share					
Basic (RMB)	0.03	0.01	0.01	0.01	0.01
Diluted (RMB)	0.03	0.01	0.01	0.01	0.01

The weighted average numbers of shares were after taking into account the effect of treasury shares held.

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2022

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Land	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022								
Cost	2,196,246	2,120,951	120,532	35,096	3,823	–	145,503	4,622,151
Impairment	(40,775)	(977,179)	(877)	(50)	–	–	(101,764)	(1,120,645)
Accumulated depreciation	(593,701)	(814,290)	(99,496)	(28,250)	–	–	–	(1,535,737)
Net carrying amount	<u>1,561,770</u>	<u>329,482</u>	<u>20,159</u>	<u>6,796</u>	<u>3,823</u>	<u>–</u>	<u>43,739</u>	<u>1,965,769</u>
At 1 January 2022, net of accumulated depreciation and impairment	1,561,770	329,482	20,159	6,796	3,823	–	43,739	1,965,769
Additions	48,190	30,614	7,949	568	–	1,373	101,962	190,656
Reclassification	–	5,617	(5,551)	(66)	–	–	–	–
Internal transfer	13,888	83,944	23	–	–	–	(97,855)	–
Disposals	–	(33,152)	(1,700)	(1,139)	–	–	(117)	(36,108)
Disposal of subsidiaries	–	(37)	(2)	(114)	–	–	–	(153)
Impairment (note 7)	–	(6,277)	–	–	–	–	(8)	(6,285)
Depreciation provided during the year (note 6)	(76,367)	(52,639)	(4,512)	(1,817)	–	(130)	–	(135,465)
Exchange realignment	<u>1,200</u>	<u>37</u>	<u>4</u>	<u>29</u>	<u>205</u>	<u>–</u>	<u>–</u>	<u>1,475</u>
At 31 December 2022, net of accumulated depreciation and impairment	<u>1,548,681</u>	<u>357,589</u>	<u>16,370</u>	<u>4,257</u>	<u>4,028</u>	<u>1,243</u>	<u>47,721</u>	<u>1,979,889</u>
At 31 December 2022								
Cost	2,264,359	1,771,656	94,510	34,092	4,028	1,373	141,108	4,311,126
Impairment	(43,297)	(692,416)	(691)	(55)	–	–	(93,387)	(829,846)
Accumulated depreciation	<u>(672,381)</u>	<u>(721,651)</u>	<u>(77,449)</u>	<u>(29,780)</u>	<u>–</u>	<u>(130)</u>	<u>–</u>	<u>(1,501,391)</u>
Net carrying amount	<u>1,548,681</u>	<u>357,589</u>	<u>16,370</u>	<u>4,257</u>	<u>4,028</u>	<u>1,243</u>	<u>47,721</u>	<u>1,979,889</u>

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31 December 2023

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Land	Other equipments	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023								
Cost	2,264,359	1,771,656	94,510	34,092	4,028	1,373	141,108	4,311,126
Impairment	(43,297)	(692,416)	(691)	(55)	–	–	(93,387)	(829,846)
Accumulated depreciation . . .	(672,381)	(721,651)	(77,449)	(29,780)	–	(130)	–	(1,501,391)
Net carrying amount	<u>1,548,681</u>	<u>357,589</u>	<u>16,370</u>	<u>4,257</u>	<u>4,028</u>	<u>1,243</u>	<u>47,721</u>	<u>1,979,889</u>
At 1 January 2023, net of accumulated depreciation and impairment	1,548,681	357,589	16,370	4,257	4,028	1,243	47,721	1,979,889
Additions	4,460	124,865	8,248	4,130	–	483	73,751	215,937
Internal transfer	5,063	35,325	–	–	–	–	(40,388)	–
Disposals	(66)	(8,895)	(820)	(1,502)	–	–	–	(11,283)
Disposal of subsidiaries	–	(2,236)	–	–	–	–	(15,101)	(17,337)
Impairment (note 7)	–	(665)	–	–	–	–	(14)	(679)
Depreciation provided during the year (note 6)	(77,847)	(63,996)	(5,019)	(1,410)	–	(457)	–	(148,729)
Exchange realignment	(534)	(154)	(41)	26	119	–	–	(584)
At 31 December 2023, net of accumulated depreciation and impairment	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>
At 31 December 2023								
Cost	2,275,055	1,720,994	83,551	14,099	4,147	1,856	66,540	4,166,242
Impairment	(43,814)	(574,570)	(118)	–	–	–	(571)	(619,073)
Accumulated depreciation . . .	(751,484)	(704,591)	(64,695)	(8,598)	–	(587)	–	(1,529,955)
Net carrying amount	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>

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31 December 2024

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Land	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024								
Cost	2,275,055	1,720,994	83,551	14,099	4,147	1,856	66,540	4,166,242
Impairment	(43,814)	(574,570)	(118)	–	–	–	(571)	(619,073)
Accumulated depreciation . . .	(751,484)	(704,591)	(64,695)	(8,598)	–	(587)	–	(1,529,955)
Net carrying amount	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>
At 1 January 2024, net of accumulated depreciation and impairment	1,479,757	441,833	18,738	5,501	4,147	1,269	65,969	2,017,214
Additions	863	25,571	2,626	18,304	–	5,077	92,356	144,797
Internal transfer	388	124,761	236	–	–	–	(125,385)	–
Disposals	(3,274)	(2,047)	(259)	(353)	(4,197)	–	–	(10,130)
Depreciation provided during the year (note 6)	(79,989)	(92,183)	(7,418)	(2,076)	–	(1,363)	–	(183,029)
Exchange realignment	(1,403)	(364)	906	(388)	50	–	–	(1,199)
At 31 December 2024, net of accumulated depreciation and impairment	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>–</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>
At 31 December 2024								
Cost	2,262,691	1,812,358	81,520	28,518	–	6,933	33,511	4,225,531
Impairment	(43,800)	(537,701)	(111)	–	–	–	(571)	(582,183)
Accumulated depreciation . . .	(822,549)	(777,086)	(66,580)	(7,530)	–	(1,950)	–	(1,675,695)
Net carrying amount	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>–</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>

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ACCOUNTANTS’ REPORT

30 June 2025

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Other equipments	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025							
Cost	2,262,691	1,812,358	81,520	28,518	6,933	33,511	4,225,531
Impairment	(43,800)	(537,701)	(111)	–	–	(571)	(582,183)
Accumulated depreciation	(822,549)	(777,086)	(66,580)	(7,530)	(1,950)	–	(1,675,695)
Net carrying amount	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>
At 1 January 2025, net of accumulated depreciation and impairment	1,396,342	497,571	14,829	20,988	4,983	32,940	1,967,653
Additions	18	2,227	1,587	2,391	1,364	44,227	51,814
Internal transfer	–	8,797	–	–	–	(8,797)	–
Disposals	(3)	(10,628)	(118)	(857)	–	(39)	(11,645)
Impairment (note 7)	(7,012)	(16,440)	–	–	–	–	(23,452)
Depreciation provided during the period (note 6)	(38,528)	(45,444)	(2,247)	(2,838)	(865)	–	(89,922)
Exchange realignment	(149)	(24)	104	521	–	–	452
At 30 June 2025, net of accumulated depreciation and impairment	<u>1,350,668</u>	<u>436,059</u>	<u>14,155</u>	<u>20,205</u>	<u>5,482</u>	<u>68,331</u>	<u>1,894,900</u>
At 30 June 2025							
Cost	2,261,072	1,539,876	81,170	30,261	8,297	68,889	3,989,565
Impairment	(49,970)	(340,096)	(49)	–	–	(558)	(390,673)
Accumulated depreciation	(860,434)	(763,721)	(66,966)	(10,056)	(2,815)	–	(1,703,992)
Net carrying amount	<u>1,350,668</u>	<u>436,059</u>	<u>14,155</u>	<u>20,205</u>	<u>5,482</u>	<u>68,331</u>	<u>1,894,900</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, certain of the Group’s buildings with aggregate net carrying values of approximately RMB94,933,000, RMB94,721,000, RMB91,139,000 and RMB89,347,000 did not have property ownership certificates registered under the names of the Company or the respective subsidiaries of the Group.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group’s property, plant and equipment of RMB515,247,000, RMB394,673,000 and RMB467,089,000 and RMB403,994,000 were pledged to secure bank borrowings, respectively (note 41).

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The Company

31 December 2022

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.						
Cost	759,774	74,219	12,144	4,574	2,639	853,350
Impairment	–	(6,310)	(12)	–	–	(6,322)
Accumulated depreciation . . .	(235,170)	(60,737)	(9,483)	(1,705)	–	(307,095)
Net carrying amount	<u>524,604</u>	<u>7,172</u>	<u>2,649</u>	<u>2,869</u>	<u>2,639</u>	<u>539,933</u>
At 1 January 2022, net of accumulated depreciation and impairment	524,604	7,172	2,649	2,869	2,639	539,933
Additions	9	7	382	177	6,319	6,894
Internal transfer	2,368	–	–	–	(2,368)	–
Disposals	–	(209)	(50)	(70)	–	(329)
Depreciation provided during the year	<u>(27,486)</u>	<u>(1,101)</u>	<u>(730)</u>	<u>(612)</u>	<u>–</u>	<u>(29,929)</u>
At 31 December 2022, net of accumulated depreciation and impairment	<u>499,495</u>	<u>5,869</u>	<u>2,251</u>	<u>2,364</u>	<u>6,590</u>	<u>516,569</u>
At 31 December 2022						
Cost	762,150	72,093	11,657	3,381	6,590	855,871
Impairment	–	(6,144)	(10)	–	–	(6,154)
Accumulated depreciation . . .	<u>(262,655)</u>	<u>(60,080)</u>	<u>(9,396)</u>	<u>(1,017)</u>	<u>–</u>	<u>(333,148)</u>
Net carrying amount	<u>499,495</u>	<u>5,869</u>	<u>2,251</u>	<u>2,364</u>	<u>6,590</u>	<u>516,569</u>

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ACCOUNTANTS' REPORT

31 December 2023

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023						
Cost	762,150	72,093	11,657	3,381	6,590	855,871
Impairment	–	(6,144)	(10)	–	–	(6,154)
Accumulated depreciation . . .	(262,655)	(60,080)	(9,396)	(1,017)	–	(333,148)
Net carrying amount	<u>499,495</u>	<u>5,869</u>	<u>2,251</u>	<u>2,364</u>	<u>6,590</u>	<u>516,569</u>
At 1 January 2023, net of accumulated depreciation and impairment	499,495	5,869	2,251	2,364	6,590	516,569
Additions	–	110	578	1,629	396	2,713
Internal transfer	5,063	1,923	–	–	(6,986)	–
Disposals	(218)	(4,495)	(28)	(1,584)	–	(6,325)
Depreciation provided during the year	<u>(27,606)</u>	<u>(652)</u>	<u>(1,173)</u>	<u>(953)</u>	<u>–</u>	<u>(30,384)</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>–</u>	<u>482,573</u>
At 31 December 2023						
Cost	766,903	19,643	12,169	2,171	–	800,886
Impairment	–	(1,505)	(10)	–	–	(1,515)
Accumulated depreciation . . .	<u>(290,169)</u>	<u>(15,383)</u>	<u>(10,531)</u>	<u>(715)</u>	<u>–</u>	<u>(316,798)</u>
Net carrying amount	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>–</u>	<u>482,573</u>

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31 December 2024

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024					
Cost	766,903	19,643	12,169	2,171	800,886
Impairment	–	(1,505)	(10)	–	(1,515)
Accumulated depreciation	(290,169)	(15,383)	(10,531)	(715)	(316,798)
Net carrying amount	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>482,573</u>
At 1 January 2024, net of accumulated depreciation and impairment	476,734	2,755	1,628	1,456	482,573
Additions	–	1,039	1,067	444	2,550
Disposals	–	(41)	(35)	(196)	(272)
Depreciation provided during the year	<u>(27,595)</u>	<u>(1,067)</u>	<u>(691)</u>	<u>(324)</u>	<u>(29,677)</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>
At 31 December 2024					
Cost	766,903	19,862	11,586	1,861	800,212
Impairment	–	(1,433)	(6)	–	(1,439)
Accumulated depreciation	<u>(317,764)</u>	<u>(15,743)</u>	<u>(9,611)</u>	<u>(481)</u>	<u>(343,599)</u>
Net carrying amount	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>

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ACCOUNTANTS' REPORT

30 June 2025

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025					
Cost	766,903	19,862	11,586	1,861	800,212
Impairment	–	(1,433)	(6)	–	(1,439)
Accumulated depreciation	(317,764)	(15,743)	(9,611)	(481)	(343,599)
Net carrying amount	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>
At 1 January 2025, net of accumulated depreciation and impairment	449,139	2,686	1,969	1,380	455,174
Additions	–	–	184	–	184
Disposals	–	–	(27)	–	(27)
Depreciation provided during the period	<u>(13,059)</u>	<u>(130)</u>	<u>(336)</u>	<u>(187)</u>	<u>(13,712)</u>
At 30 June 2025, net of accumulated depreciation and impairment . . .	<u>436,080</u>	<u>2,556</u>	<u>1,790</u>	<u>1,193</u>	<u>441,619</u>
At 30 June 2025					
Cost	766,903	19,862	10,862	1,861	799,488
Impairment	–	(1,433)	(4)	–	(1,437)
Accumulated depreciation	(330,823)	(15,873)	(9,068)	(668)	(356,432)
Net carrying amount	<u>436,080</u>	<u>2,556</u>	<u>1,790</u>	<u>1,193</u>	<u>441,619</u>

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15. INVESTMENT PROPERTIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	3,199,673	3,245,573	3,256,257	3,160,670
Change in fair value	45,900	10,684	(95,587)	(23,417)
Carrying amount at 31 December	<u>3,245,573</u>	<u>3,256,257</u>	<u>3,160,670</u>	<u>3,137,253</u>

The Group’s investment properties consist of 5 commercial properties in Chongqing, 1 industrial property in Chongqing and 1 industrial property in Guangdong Province.

The Group’s investment properties were revalued on 31 December 2022, 2023 and 2024 and 30 June 2025 based on valuations performed by Chief Finance Officer, independent professionally qualified valuers, at RMB3,245,573,000, RMB3,256,257,000, RMB3,160,670,000 and RMB3,137,253,000.

Each year, the Group’s property manager and the chief financial officer decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group’s properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group’s property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

Summary of the valuation techniques used and the key inputs to the valuation of investment properties are included in note 46 to the Historical Financial Information.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the Historical Financial Information.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group’s investment properties of RMB2,582,317,000, RMB2,588,720,000, RMB2,664,074,000 and RMB2,608,517,000 were pledged to secure bank and other borrowings, respectively (note 41).

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings, used in its operations. Leases of lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 50 and 95 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings, generally have lease terms between 2 and 5 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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ACCOUNTANTS’ REPORT

(a) *Right-of-use assets*

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Buildings	Total
	RMB’000	RMB’000	RMB’000
At 1 January 2022	485,511	4,431	489,942
Additions	–	4,132	4,132
Decrease arising from lease term termination	–	(125)	(125)
Depreciation charge (<i>note 6</i>)	(12,141)	(3,338)	(15,479)
Exchange realignment	(3)	–	(3)
At 31 December 2022 and 1 January 2023	473,367	5,100	478,467
Additions	–	7,880	7,880
Depreciation charge (<i>note 6</i>)	(10,866)	(4,852)	(15,718)
Exchange realignment	(7)	–	(7)
At 31 December 2023 and 1 January 2024	462,494	8,128	470,622
Additions	–	119	119
Decrease arising from lease term termination	–	(3,967)	(3,967)
Depreciation charge (<i>note 6</i>)	(12,081)	(3,336)	(15,417)
Exchange realignment	(125)	–	(125)
At 31 December 2024 and 1 January 2025	450,288	944	451,232
Depreciation charge (<i>note 6</i>)	(6,083)	(574)	(6,657)
Exchange realignment	(6)	–	(6)
At 30 June 2025	444,199	370	444,569

As at 31 December 2022, 2023 and 2024 and 30 June 2025, certain of the Group’s leasehold land with aggregate carrying amounts of approximately RMB462,216,000, RMB423,998,000, RMB450,185,000 and RMB444,103,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 41).

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The Company

	Leasehold land
	RMB’000
At 1 January 2022	57,361
Depreciation charge	(1,539)
At 31 December 2022 and 1 January 2023	55,822
Depreciation charge	(1,539)
At 31 December 2023 and 1 January 2024	54,283
Additions	–
Depreciation charge	(1,540)
At 31 December 2024 and 1 January 2025	52,743
Depreciation charge	(769)
At 30 June 2025	51,974

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of year/period	4,172	4,941	8,574	903
New leases	4,132	7,880	119	–
Accretion of interest recognised during the year/period	210	217	168	10
Decrease arising from lease term termination	(119)	–	(4,821)	–
Payments	(3,454)	(4,464)	(3,137)	(158)
Carrying amount at 31 December	4,941	8,574	903	755
Analysed into:				
Current portion	3,235	5,085	812	755
Non-current portion	1,706	3,489	91	–

The maturity analysis of lease liabilities is disclosed in note 47 to the Historical Financial Information.

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(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	210	217	168	83	10
Depreciation charge of right-of-use assets	15,479	15,718	15,417	8,495	6,657
Expenses relating to short-term leases and leases of low-value assets	684	6,560	9,686	4,945	10,023
Gains on termination of lease	(3)	–	(860)	–	–
Total amount recognised in profit or loss	16,370	22,495	24,411	13,523	16,690

(d) The total cash outflows for leases are disclosed in note 39 to the Historical Financial Information.

The Group as a lessor

The Group leases its buildings under operating lease arrangements. Details of rental income recognised are included in note 5.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating and finance leases with its tenants are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	58,331	67,657	59,205	54,538
After one year	172,370	131,247	122,432	116,832
Total	230,701	198,904	181,637	171,370

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17. GOODWILL

	Chongqing Runtian Real Estate CGU	*Other CGUs	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022:			
Cost	319,274	347,520	666,794
Accumulated impairment	–	(347,520)	(347,520)
Net carrying amount	319,274	–	319,274
Cost at 1 January 2022, net of accumulated impairment	319,274	–	319,274
Impairment during the year (<i>note 6</i>)	(31,573)	–	(31,573)
At 31 December 2022	287,701	–	287,701
At 1 January 2023 and 31 December 2022:			
Cost	319,274	347,520	666,794
Accumulated impairment	(31,573)	(347,520)	(379,093)
Net carrying amount	287,701	–	287,701
Cost at 1 January 2023, net of accumulated impairment	287,701	–	287,701
Impairment during the year (<i>note 6</i>)	(44,915)	–	(44,915)
At 31 December 2023	242,786	–	242,786
At 1 January 2024 and 31 December 2023:			
Cost	319,274	347,520	666,794
Accumulated impairment	(76,488)	(347,520)	(424,008)
Net carrying amount	242,786	–	242,786
Cost at 1 January 2024, net of accumulated impairment	242,786	–	242,786
Impairment during the year (<i>note 6</i>)	(40,690)	–	(40,690)
At 31 December 2024	202,096	–	202,096
At 1 January 2025 and 31 December 2024:			
Cost	319,274	347,520	666,794
Accumulated impairment	(117,178)	(347,520)	(464,698)
Net carrying amount	202,096	–	202,096
Cost at 1 January 2025, net of accumulated impairment	202,096	–	202,096
Impairment during the period (<i>note 6</i>)	(34,530)	–	(34,530)
At 30 June 2025	167,566	–	167,566

* Other CGUs that have been fully impaired comprise the following: Lifan-Vietnam Motorcycle CGU, Uruguay Automotive CGU, Uruguay Engine CGU, Lifan Combustion Engine CGU, Chongqing Wireless Oasis Communication Technology CGU.

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Impairment testing of goodwill

During the Relevant Periods, Goodwill acquired through business combinations was allocated to the following cash-generating unit for impairment testing:

- Chongqing Runtian Real Estate CGU

The carrying amounts of Goodwill allocated to the Chongqing Runtian Real Estate CGU as of 31 December 2022, 2023, 2024 and 30 June 2025 were RMB287,701,000, RMB242,786,000, RMB202,096,000 and RMB167,566,000, respectively. Chongqing Runtian Real Estate CGU includes inventory, investment properties, and goodwill. The recoverable amount of the Chongqing Runtian Real Estate CGU has been determined based on a value in use calculation, using cash flow projections based on estimated useful life of core assets.

Assumptions were used in the value in use calculation of the Chongqing Runtian Real Estate CGU at the end of each of the Relevant Periods. The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Pre-tax discount rate	6.0%-9.6%	6.0%-9.7%	6.0%-8.9%	5.5%-9.0%
Annual rental income growth rate	3%	3%	3%	2%

Annual rental income growth rate — The basis is determined with reference to the average rental income achieved in the years before the budget year, increased for management’s expectation of the future market.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

During the Relevant Periods and the six months ended 30 June 2024, the carrying amounts of goodwill included in the Chongqing Runtian Real Estate CGU were written down by RMB31,573,000, RMB44,915,000, RMB40,690,000, RMB34,530,000 and Nil, respectively. The impairment loss recognised was included in “Other expenses” in the consolidated statement of profit or loss.

The impairment was attributable to the overall decline in market of real estate in Chongqing which led to a decrease in demand and selling prices of the real estate.

The values assigned to the key assumptions on annual rental income growth rate, and pre-tax discount rate are consistent with external information sources.

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18. OTHER INTANGIBLE ASSETS

The Group

At 31 December 2022

	Trademark	Patents	Software	Automotive design and development costs and Others	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022:						
Cost	6,105	74,233	67,154	235,170	13,295	395,957
Accumulated amortisation . . .	(4,617)	(52,279)	(41,771)	(58,053)	–	(156,720)
Impairment	(4)	(18,447)	(23,389)	(147,613)	–	(189,453)
Net carrying amount	<u>1,484</u>	<u>3,507</u>	<u>1,994</u>	<u>29,504</u>	<u>13,295</u>	<u>49,784</u>
Cost at 1 January 2022, net of accumulated amortisation and impairment	1,484	3,507	1,994	29,504	13,295	49,784
Additions	308	70,690	3,311	–	–	74,309
Internal development	–	–	–	–	320,051	320,051
Internal transfer	–	–	881	115,876	(116,757)	–
Disposals	(44)	(2,053)	(17)	(2,603)	–	(4,717)
Amortisation provided during the year (note 6)	(526)	(3,075)	(1,034)	(10,916)	–	(15,551)
Provision for impairment during the year (note 7) . . .	–	–	(106)	(13,407)	–	(13,513)
Exchange realignment	1	–	–	–	–	1
At 31 December 2022	<u>1,223</u>	<u>69,069</u>	<u>5,029</u>	<u>118,454</u>	<u>216,589</u>	<u>410,364</u>
At 31 December 2022:						
Cost	6,306	116,084	50,838	245,236	216,589	635,053
Accumulated amortisation . . .	(5,078)	(29,255)	(32,720)	(30,974)	–	(98,027)
Impairment	(5)	(17,760)	(13,089)	(95,808)	–	(126,662)
Net carrying amount	<u>1,223</u>	<u>69,069</u>	<u>5,029</u>	<u>118,454</u>	<u>216,589</u>	<u>410,364</u>

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At 31 December 2023

	Trademark	Patents	Software	Automotive design and development costs and Others	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:						
Cost	6,306	116,084	50,838	245,236	216,589	635,053
Accumulated amortisation . . .	(5,078)	(29,255)	(32,720)	(30,974)	–	(98,027)
Impairment	(5)	(17,760)	(13,089)	(95,808)	–	(126,662)
Net carrying amount	<u>1,223</u>	<u>69,069</u>	<u>5,029</u>	<u>118,454</u>	<u>216,589</u>	<u>410,364</u>
Cost at 1 January 2023, net of accumulated amortisation and impairment	1,223	69,069	5,029	118,454	216,589	410,364
Additions	93	35,466	23,263	598,913	–	657,735
Internal development	–	–	–	–	672,802	672,802
Internal transfer	–	–	–	758,495	(758,495)	–
Disposals	–	–	(23)	–	–	(23)
Amortisation provided during the year (note 6)	(462)	(17,302)	(3,237)	(154,432)	–	(175,433)
Provision for impairment during the year (note 7) . . .	(28)	–	–	–	–	(28)
Exchange realignment	(3)	–	–	–	–	(3)
At 31 December 2023	<u>823</u>	<u>87,233</u>	<u>25,032</u>	<u>1,321,430</u>	<u>130,896</u>	<u>1,565,414</u>
At 31 December 2023:						
Cost	6,366	151,388	72,088	1,578,586	130,896	1,939,324
Accumulated amortisation . . .	(5,515)	(46,395)	(34,475)	(174,654)	–	(261,039)
Impairment	(28)	(17,760)	(12,581)	(82,502)	–	(112,871)
Net carrying amount	<u>823</u>	<u>87,233</u>	<u>25,032</u>	<u>1,321,430</u>	<u>130,896</u>	<u>1,565,414</u>

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ACCOUNTANTS’ REPORT

At 31 December 2024

	Trademark	Patents	Software	Automotive design and development costs and Others	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:						
Cost	6,366	151,388	72,088	1,578,586	130,896	1,939,324
Accumulated amortisation . . .	(5,515)	(46,395)	(34,475)	(174,654)	–	(261,039)
Impairment	(28)	(17,760)	(12,581)	(82,502)	–	(112,871)
Net carrying amount	823	87,233	25,032	1,321,430	130,896	1,565,414
Cost at 1 January 2024, net of accumulated amortisation and impairment	823	87,233	25,032	1,321,430	130,896	1,565,414
Additions	648	–	13,293	–	–	13,941
Internal development	–	–	–	–	527,938	527,938
Internal transfer	–	–	–	113,129	(113,129)	–
Disposals	–	(21,058)	–	–	–	(21,058)
Amortisation provided during the year (note 6)	(319)	(15,454)	(11,740)	(295,690)	–	(323,203)
Exchange realignment	(3)	–	–	–	–	(3)
At 31 December 2024	1,149	50,721	26,585	1,138,869	545,705	1,763,029
At 31 December 2024:						
Cost	7,010	130,328	72,552	1,691,715	545,705	2,447,310
Accumulated amortisation . . .	(5,833)	(61,847)	(39,279)	(470,344)	–	(577,303)
Impairment	(28)	(17,760)	(6,688)	(82,502)	–	(106,978)
Net carrying amount	1,149	50,721	26,585	1,138,869	545,705	1,763,029

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ACCOUNTANTS’ REPORT

At 30 June 2025

	Trademark	Patents	Software	Automotive design and development costs and Others	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:						
Cost	7,010	130,328	72,552	1,691,715	545,705	2,447,310
Accumulated amortisation . . .	(5,833)	(61,847)	(39,279)	(470,344)	–	(577,303)
Impairment	(28)	(17,760)	(6,688)	(82,502)	–	(106,978)
Net carrying amount	<u>1,149</u>	<u>50,721</u>	<u>26,585</u>	<u>1,138,869</u>	<u>545,705</u>	<u>1,763,029</u>
Cost at 1 January 2025, net of accumulated amortisation and impairment	1,149	50,721	26,585	1,138,869	545,705	1,763,029
Additions	120	–	762	–	–	882
Internal development	–	–	–	–	106,439	106,439
Internal transfer	–	–	–	48,183	(48,183)	–
Disposals	–	(283)	(3,294)	(4,900)	–	(8,477)
Amortisation provided during the period (<i>note 6</i>)	(280)	(8,315)	(5,686)	(172,846)	–	(187,127)
Exchange realignment	<u>4</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4</u>
At 30 June 2025	<u>993</u>	<u>42,123</u>	<u>18,367</u>	<u>1,009,306</u>	<u>603,961</u>	<u>1,674,750</u>
At 30 June 2025:						
Cost	7,137	89,266	66,082	1,650,163	603,961	2,416,609
Accumulated amortisation . . .	(6,116)	(47,143)	(41,034)	(640,857)	–	(735,150)
Impairment	(28)	–	(6,681)	–	–	(6,709)
Net carrying amount	<u>993</u>	<u>42,123</u>	<u>18,367</u>	<u>1,009,306</u>	<u>603,961</u>	<u>1,674,750</u>

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ACCOUNTANTS’ REPORT

The Company

	<u>Trademark</u>	<u>Patent</u>	<u>Software</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2022	1,075	71	2,260	3,406
At 1 January 2022:				
Cost.	3,579	1,009	13,786	18,374
Accumulated amortisation.	(2,424)	(883)	(10,215)	(13,522)
Impairment	—	—	(3,371)	(3,371)
	<u>1,155</u>	<u>126</u>	<u>200</u>	<u>1,481</u>
Net carrying amount	<u>1,155</u>	<u>126</u>	<u>200</u>	<u>1,481</u>
Cost at 1 January 2022, net of accumulated amortisation and impairment	1,155	126	200	1,481
Additions	309	—	2,310	2,619
Amortisation provided during the year. . . .	(389)	(55)	(250)	(694)
	<u>1,075</u>	<u>71</u>	<u>2,260</u>	<u>3,406</u>
At 31 December 2022	<u>1,075</u>	<u>71</u>	<u>2,260</u>	<u>3,406</u>
At 31 December 2022:				
Cost.	3,888	1,009	16,096	20,993
Accumulated amortisation.	(2,813)	(938)	(10,465)	(14,216)
Impairment	—	—	(3,371)	(3,371)
	<u>1,075</u>	<u>71</u>	<u>2,260</u>	<u>3,406</u>
Net carrying amount	<u>1,075</u>	<u>71</u>	<u>2,260</u>	<u>3,406</u>
31 December 2023	1,075	71	2,260	3,406
At 1 January 2023:				
Cost.	3,888	1,009	16,096	20,993
Accumulated amortisation.	(2,813)	(938)	(10,465)	(14,216)
Impairment	—	—	(3,371)	(3,371)
	<u>1,075</u>	<u>71</u>	<u>2,260</u>	<u>3,406</u>
Net carrying amount	<u>1,075</u>	<u>71</u>	<u>2,260</u>	<u>3,406</u>
Cost at 1 January 2023, net of accumulated amortisation and impairment	1,075	71	2,260	3,406
Additions	94	7	313	414
Disposals	(94)	—	—	(94)
Amortisation provided during the year. . . .	(375)	(39)	(497)	(911)
	<u>700</u>	<u>39</u>	<u>2,076</u>	<u>2,815</u>
At 31 December 2023	<u>700</u>	<u>39</u>	<u>2,076</u>	<u>2,815</u>

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ACCOUNTANTS' REPORT

	<u>Trademark</u>	<u>Patent</u>	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:				
Cost.	3,888	1,016	16,409	21,313
Accumulated amortisation.	(3,188)	(977)	(10,962)	(15,127)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount	<u>700</u>	<u>39</u>	<u>2,076</u>	<u>2,815</u>
31 December 2024	700	39	2,076	2,815
At 1 January 2024:				
Cost.	3,888	1,016	16,409	21,313
Accumulated amortisation.	(3,188)	(977)	(10,962)	(15,127)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount	<u>700</u>	<u>39</u>	<u>2,076</u>	<u>2,815</u>
Cost at 1 January 2024, net of accumulated amortisation and impairment	700	39	2,076	2,815
Additions	—	—	(33)	(33)
Amortisation provided during the year. . . .	<u>(238)</u>	<u>(21)</u>	<u>(538)</u>	<u>(797)</u>
At 31 December 2024	<u>462</u>	<u>18</u>	<u>1,505</u>	<u>1,985</u>
At 31 December 2024:				
Cost.	3,888	1,016	16,376	21,280
Accumulated amortisation.	(3,426)	(998)	(11,500)	(15,924)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount	<u>462</u>	<u>18</u>	<u>1,505</u>	<u>1,985</u>
30 June 2025	458	(99)	1,240	1,599
At 1 January 2025:				
Cost	3,888	1,016	16,376	21,280
Accumulated amortisation	(3,426)	(998)	(11,500)	(15,924)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount	<u>462</u>	<u>18</u>	<u>1,505</u>	<u>1,985</u>
Cost at 1 January 2025, net of accumulated amortisation and impairment	462	18	1,505	1,985
Amortisation provided during the period . .	<u>(4)</u>	<u>(117)</u>	<u>(265)</u>	<u>(386)</u>
At 30 June 2025	<u>458</u>	<u>(99)</u>	<u>1,240</u>	<u>1,599</u>

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	Trademark	Patent	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2025:				
Cost	3,888	1,016	16,376	21,280
Accumulated amortisation	(3,430)	(1,115)	(11,765)	(16,310)
Impairment	–	–	(3,371)	(3,371)
Net carrying amount	458	(99)	1,240	1,599

19. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	5,870,865	6,239,024	6,671,031	6,742,969
Less: Impairment	(1,566,646)	(1,483,259)	(1,483,259)	(1,483,259)
Total	4,304,219	4,755,765	5,187,772	5,259,710

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group’s investments in joint ventures and associates of RMB1,911,271,000, RMB2,017,736,000, RMB2,018,107,000 and RMB1,967,599,000 were pledged to secure bank and other borrowings, respectively (note 41).

Particulars of the material associates are as follows:

The Group

Name	Place of business	Place of registration	Principal activity	Percentage of ownership interest directly hold	Percentage of ownership interest indirectly hold
Bank of Chongqing Company Limited (重慶銀行股份有限公司) (“Chongqing bank”) (note 1) . .	Chongqing, Mainland China	Chongqing, Mainland China	Finance	3.73%	4.76%

Note:

- (1) As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, the Company and its wholly-owned subsidiary Lifan International (Holdings) Company Limited jointly held 8.49% of the shares of Chongqing Bank Company Limited, and the Company has significant influence over Chongqing bank as it has the power to participate in the financial and operating policy decisions of the entity by appointing a non- executive director in the board.

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The following table illustrates the summarised financial information in respect of Bank of Chongqing Company Limited adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements:

Bank of Chongqing Company Limited (重慶銀行股份有限公司)	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Assets	684,712,563	759,883,870	856,641,840	983,365,338
Liabilities	633,217,086	700,584,443	792,877,922	917,873,107
Net assets	<u>51,495,477</u>	<u>59,299,427</u>	<u>63,763,918</u>	<u>65,492,231</u>
Non-controlling interests	2,158,965	2,381,693	2,692,945	2,776,350
Equity attributable to owners of the parent	<u>49,336,512</u>	<u>56,917,734</u>	<u>61,070,973</u>	<u>62,715,881</u>
Reconciliation to the Group’s interest in the associate:				
Proportion of the Group’s ownership	8.49%	8.49%	8.49%	8.49%
Group’s share of net assets of the associate	3,804,483	4,235,588	4,636,953	4,757,933
Adjustments	218,572	218,572	218,572	218,572
Carrying amount of the investment	<u>4,023,055</u>	<u>4,454,160</u>	<u>4,855,525</u>	<u>4,976,505</u>
Revenue	13,465,405	13,211,473	13,679,303	7,659,407
Profit attributable to owners of the parent for the year/period	4,867,857	4,929,787	5,117,290	3,189,503
Other comprehensive income/(loss) attributable to owners of the parent	(1,499,548)	1,734,981	1,355,308	(683,161)
Total comprehensive income for the year/period	3,368,309	6,664,768	6,472,598	2,506,342
Dividend received	<u>114,979</u>	<u>116,454</u>	<u>120,286</u>	<u>122,055</u>
Fair value of the Group’s investment	<u>1,479,249</u>	<u>1,494,808</u>	<u>2,132,796</u>	<u>2,635,308</u>

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The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Share of the joint ventures and associates’ profit/(loss) for the year/period	(11,518)	13,420	81,534	(4,947)
Share of the joint ventures and associates’ total comprehensive income/(loss)	(11,518)	13,420	81,534	(4,947)
Aggregate carrying amount of the Group’s investments in the joint ventures and associates	281,163	301,583	332,246	327,299

The Group’s transactions and outstanding balances with the associates are disclosed in note 43 to the Historical Financial Information.

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Investments, at cost	3,615,323	4,573,539	4,573,539	4,573,539
impairment losses on investments in subsidiaries	(20,491)	(11,647)	(11,647)	(11,647)
Investments in subsidiaries	3,594,832	4,561,892	4,561,892	4,561,892

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Non-current portion:				
Unlisted equity investments, at fair value . .	6,518	6,629	6,728	6,756

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ACCOUNTANTS’ REPORT

22. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Impairment provision	Provision	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2022	374,937	499,840	7,499	2,359	884,635
Deferred tax credited/(charged) to profit or loss during the year	13,690	(47,628)	(6,127)	200	(39,865)
Gross deferred tax assets at 31 December 2022	388,627	452,212	1,372	2,559	844,770
Deferred tax credited/(charged) to profit or loss during the year	94,981	(1,677)	48	12,143	105,495
Gross deferred tax assets at 31 December 2023	483,608	450,535	1,420	14,702	950,265
Deferred tax (charged)/credit to profit or loss during the year	(55,406)	(21,112)	1,339	7,989	(67,190)
Gross deferred tax assets at 31 December 2024	428,202	429,423	2,759	22,691	883,075
Deferred tax (charged)/credit to profit or loss during the period	(125,507)	(30,797)	(2,301)	(7,585)	(166,190)
Gross deferred tax assets at 30 June 2025	302,695	398,626	458	15,106	716,885

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ACCOUNTANTS’ REPORT

Deferred tax liabilities

	Fair value of investment properties	Fair value adjustment arising from acquisitions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2022	552,016	93,462	7,393	652,871
Deferred tax charged/(credited) to profit or loss during the year	11,202	(6,318)	(253)	4,631
Gross deferred tax liabilities at 31 December 2022	563,218	87,144	7,140	657,502
Deferred tax charged/ (credited) to profit or loss during the year	2,532	(10,702)	(642)	(8,812)
Gross deferred tax liabilities at 31 December 2023	565,750	76,442	6,498	648,690
Deferred tax (credited)/ charged to profit or loss during the year	(23,131)	(2,969)	(287)	(26,387)
Gross deferred tax liabilities at 31 December 2024	542,619	73,473	6,211	622,303
Deferred tax (credited)/ charged to profit or loss during the period	(5,734)	–	473	(5,261)
Gross deferred tax liabilities at 30 June 2025	536,885	73,473	6,684	617,042

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	844,770	950,265	883,075	716,885
Net deferred tax liabilities recognised in the consolidated statements of financial position	657,502	648,690	622,303	617,042

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	2,631,392	2,387,230	3,057,648	3,928,778
Deductible temporary differences	425,267	560,524	693,678	479,734
Total	<u>3,056,659</u>	<u>2,947,754</u>	<u>3,751,326</u>	<u>4,408,512</u>

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. In Mainland China, the tax loss can be carried forward for 5 years, where the tax losses of entity recognised as a High and New Technology Enterprises can be carried forward for 10 years. The majority of tax losses in overseas can be carried forward indefinitely.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Provision for impairment of assets
	<u>RMB’000</u>
Gross deferred tax assets at 1 January 2022	212,349
Deferred tax credited to profit or loss during the year	614
Gross deferred tax assets at 31 December 2022	212,963
Deferred tax charged to profit or loss during the year	(1,082)
Gross deferred tax assets at 31 December 2023	211,881
Deferred tax charged to profit or loss during the year	(42)
Gross deferred tax assets at 31 December 2024	211,839
Gross deferred tax assets at 30 June 2025	211,839

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Deferred tax liabilities

	Fair value of investment properties
	<i>RMB’000</i>
Gross deferred tax liabilities at 1 January 2022	8,633
Deferred tax charged to profit or loss during the year	269
Gross deferred tax liabilities at 31 December 2022	8,902
Deferred tax charged to profit or loss during the year	209
Gross deferred tax liabilities at 31 December 2023	9,111
Deferred tax credited to profit or loss during the year	(1,150)
Gross deferred tax liabilities at 31 December 2024	7,961
Deferred tax credited to profit or loss during the period	(180)
Gross deferred tax liabilities at 30 June 2025	7,781

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ACCOUNTANTS’ REPORT

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	195,727	195,727	2,793,880	2,793,880
Deductible temporary differences	103,879	9,391	9,391	9,391
Total	<u>299,606</u>	<u>205,118</u>	<u>2,803,271</u>	<u>2,803,271</u>

The Company has tax losses arising in Chinese Mainland of RMB195,727,000, RMB195,727,000, and RMB2,793,880,000 and RMB2,793,880,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, that would expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses which are not considered to be probable that sufficient taxable profits will be available against which the tax losses can be utilised in the future.

23. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Properties held for sale	–	–	1,250,868	1,254,728
Finished goods	658,374	1,308,149	932,772	770,925
Raw materials	204,823	318,123	146,445	233,946
Goods in transit	7,087	13,635	28,713	134,370
Work in progress	177,200	118,927	118,446	18,181
Properties under development for sale	1,563,799	1,318,043	–	–
Others	<u>2,626</u>	<u>2,404</u>	<u>3,717</u>	<u>3,092</u>
	2,613,909	3,079,281	2,480,961	2,415,242
Less: Provision for impairment losses on inventories	<u>(231,825)</u>	<u>(210,678)</u>	<u>(214,007)</u>	<u>(143,911)</u>
	<u>2,382,084</u>	<u>2,868,603</u>	<u>2,266,954</u>	<u>2,271,331</u>

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The movements in provision

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of year/period	404,043	231,825	210,678	214,007
Impairment losses recognised (<i>note 6</i>)	25,437	70,687	93,735	86,863
Amounts written off	(197,392)	(90,645)	(90,406)	(154,054)
Disposal of subsidiaries	(263)	(1,189)	–	(2,905)
Carrying amount at the end of year/period	<u>231,825</u>	<u>210,678</u>	<u>214,007</u>	<u>143,911</u>

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	3,713,536	1,911,524	2,078,939	1,936,973
Bank acceptance notes, at amortised cost. . .	166,622	260,176	180,861	172,838
Bank acceptance notes, at fair value.	141,619	116,721	24,235	248,761
New energy vehicle subsidies receivables* . .	601,102	515,025	449,539	389,362
Less: Impairment losses	<u>(1,039,136)</u>	<u>(1,044,150)</u>	<u>(1,046,116)</u>	<u>(965,335)</u>
Net carrying amount	<u>3,583,743</u>	<u>1,759,296</u>	<u>1,687,458</u>	<u>1,782,599</u>

* New energy vehicle subsidies receivables is related to sales of qualified new energy passenger vehicles, which will be settled after appropriate review and approval by government.

The Group’s trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, certain bank acceptance notes measured at amortised cost amounting to RMB123,581,000, Nil, Nil and RMB37,799,000 respectively, were pledged to banks as collateral for issuance of bank acceptance notes (*note 40*).

As at 31 December 2022, 2023 and 2024 and 30 June 2025, certain bank acceptance notes measured at fair value amounting to RMB66,900,000, Nil, Nil and RMB234,969,000 respectively, were pledged to banks as collateral for issuance of bank acceptance notes (*note 40*).

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An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Period, based on the time of revenue recognition and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within six months	3,189,571	1,259,907	1,315,638	1,451,595
Seven months to one year	96,950	58,344	43,632	58,837
Over one year and within two years	80,229	258,916	84,679	64,081
Over two years and within three years	52,467	75,381	203,180	83,675
Over three years and within four years	20,523	49,475	26,048	105,806
Over four years and within five years	132,201	19,042	293	9,549
Over five years	11,802	38,231	13,988	9,056
Total	<u>3,583,743</u>	<u>1,759,296</u>	<u>1,687,458</u>	<u>1,782,599</u>

The movements in the impairment losses on trade receivables and new energy vehicle subsidies receivables are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	1,067,848	1,039,136	1,044,150	1,046,116
Impairment losses recognised	16,235	10,564	1,966	20,779
Amount written off as uncollectible	(40,680)	(5,469)	–	(101,085)
Disposal of subsidiaries	(4,267)	(81)	–	(475)
At end of year/period	<u>1,039,136</u>	<u>1,044,150</u>	<u>1,046,116</u>	<u>965,335</u>

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was immaterial as at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating ECLs for trade receivables and new energy vehicle subsidies receivables. Trade receivables and new energy vehicle subsidies receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of the reporting periods using a provision matrix to measure expected credit losses. The provision rates are based on aging information for groupings of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity.

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The Group

Set out below is the information about the credit risk exposure on the Group’s trade receivables and new energy vehicle subsidies receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2022							

On a collective basis:

Expected credit loss rate	0.1%	10.0%	30.0%	50.0%	80.0%	100.0%	2.7%
Gross carrying amount (RMB’000) . .	2,726,680	13,136	6,659	3,455	5,765	66,182	2,821,877
Expected credit losses (RMB’000) . . .	1,414	1,314	1,998	1,727	4,612	66,182	77,247

On individual basis:

Expected credit loss rate							64.4%
Gross carrying amount (RMB’000) . .							1,492,761
Expected credit losses (RMB’000) . . .							961,889

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total

As at 31 December 2023

On a collective basis:

Expected credit loss rate	0.1%	10.0%	30.0%	50.0%	80.0%	100.0%	5.5%
Gross carrying amount (RMB’000) . .	885,912	51,672	9,965	2,993	1,229	43,320	995,091
Expected credit losses (RMB’000) . . .	569	5,167	2,990	1,496	983	43,320	54,525

On individual basis:

Expected credit loss rate							69%
Gross carrying amount (RMB’000) . .							1,431,458
Expected credit losses (RMB’000) . . .							989,625

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total

As at 31 December 2024

On a collective basis:

Expected credit loss rate	0.2%	10.0%	30.0%	50.0%	80.0%	100.0%	4.2%
Gross carrying amount (RMB’000) . .	1,131,644	35,210	5,093	6,212	1,465	39,946	1,219,570
Expected credit losses (RMB’000) . . .	2,079	3,521	1,528	3,106	1,172	39,946	51,352

On individual basis:

Expected credit loss rate							76%
Gross carrying amount (RMB’000) . .							1,308,908
Expected credit losses (RMB’000) . . .							994,764

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	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 30 June 2025							
On a collective basis:							
Expected credit loss rate	0.3%	10.0%	30.0%	50.0%	80.0%	100.0%	4.6%
Gross carrying amount (RMB’000) . .	1,082,496	61,264	4,722	6,036	3,371	38,428	1,196,317
Expected credit losses (RMB’000) . . .	2,841	6,126	1,417	3,018	2,696	38,428	54,526
On individual basis:							
Expected credit loss rate							80.6%
Gross carrying amount (RMB’000) . .							1,130,018
Expected credit losses (RMB’000) . . .							910,809

The amounts due from related parties included in trade receivables are disclosed in note 42 to the Historical Financial Information.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Bank acceptance notes	500	1,250	–	113
Less: Impairment losses	–	–	–	–
Net carrying amount	500	1,250	–	113

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25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Other tax recoverable	113,581	320,562	277,874	237,384
Receivables for export tax rebate	41,374	23,225	82,951	48,146
Maintenance funds	20,511	20,944	28,175	28,146
Prepayments to suppliers	27,916	16,638	17,774	13,610
Dividends receivable	162,116	59,956	12,728	12,728
Receivables arising from the disposal of associates	–	10,183	5,366	5,366
Receivables arising from the disposal of subsidiaries.	10,236	6,218	3,336	3,336
Due from related parties	14,977	8,452	9,021	6,827
Deposits	6,924	3,086	1,673	4,345
Others	32,459	47,846	54,861	57,725
	<u>430,094</u>	<u>517,110</u>	<u>493,759</u>	<u>417,613</u>
Impairment allowance	<u>(38,191)</u>	<u>(39,425)</u>	<u>(41,816)</u>	<u>(44,171)</u>
	<u>391,903</u>	<u>477,685</u>	<u>451,943</u>	<u>373,442</u>
Non-current portion:				
Prepayments for items of property, plant and equipment	<u>1,512</u>	<u>3,845</u>	<u>5,648</u>	<u>7,279</u>
Total	<u>393,415</u>	<u>481,530</u>	<u>457,591</u>	<u>380,721</u>

These balances were interest-free, unsecured and repayable on demand.

An impairment analysis was performed at the end of each of the Relevant Periods. Impairment allowance for prepayments, other receivables and other assets was mainly due to the uncollectibility of these receivables as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group’s dividends receivable of RMB149,388,000, RMB47,228,000, Nil and Nil were pledged to secure bank and other borrowings, respectively (note 41).

The amounts due from related parties included in prepayments, other receivables and other assets are disclosed in note 43 to the Historical Financial Information.

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Dividends receivable	149,388	47,228	–	–
Receivables arising from the disposal of associates	–	10,183	–	–
Receivables arising from the disposal of subsidiaries.	10,236	6,218	3,336	3,336
Due from related parties	14,760	8,080	717	693
Others	1,057	854	2,275	935
	175,441	72,563	6,328	4,964
Impairment allowance	(3,136)	(3,667)	(3,462)	(3,464)
Total	172,305	68,896	2,866	1,500

These balances were interest-free, unsecured and repayable on demand.

26. CASH AND CASH EQUIVALENTS, TIME DEPOSITS, RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Cash and cash equivalents	1,743,112	986,333	1,321,676	1,895,598
Pledged time deposits with original maturity of more than three months and due within one year*	524,751	544,945	150,679	196,995
Restricted cash	453,603	1,893,421	2,207,049	1,341,510
Subtotal	2,721,466	3,424,699	3,679,404	3,434,103
Non-current portion:				
Non-pledged time deposits with original maturities over one year*	–	–	–	1,225,140
Total	2,721,466	3,424,699	3,679,404	4,659,243

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	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	1,548,269	843,814	1,071,384	1,479,632
Denominated in USD	79,937	41,016	71,844	170,470
Denominated in HKD.	65,880	59,174	122,830	185,156
Denominated in other foreign currencies . .	49,026	42,329	55,618	60,340
Total	<u>1,743,112</u>	<u>986,333</u>	<u>1,321,676</u>	<u>1,895,598</u>
Time deposits				
Denominated in RMB	524,751	544,945	150,679	1,322,258
Denominated in HKD	—	—	—	99,877
Total	<u>524,751</u>	<u>544,945</u>	<u>150,679</u>	<u>1,422,135</u>
Restricted cash				
Denominated in RMB	437,024	1,876,578	2,189,020	1,323,224
Denominated in USD	16,554	16,822	18,007	18,098
Denominated in other foreign currencies . .	25	21	22	188
Total	<u>453,603</u>	<u>1,893,421</u>	<u>2,207,049</u>	<u>1,341,510</u>

* Time deposits with an initial term of over one year, and pledged time deposits with original maturity of more than three months and due within one year are excluded from cash and cash equivalents, as management is of the opinion that these time deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Cash and cash equivalents	1,271,204	292,110	352,313	400,296
Pledged time deposits with original maturity of more than three months and due within one year	524,751	544,945	80,606	81,288
Restricted cash	<u>41,959</u>	<u>16,822</u>	<u>2,200</u>	<u>2,200</u>
Total	<u>1,837,914</u>	<u>853,877</u>	<u>435,119</u>	<u>483,784</u>

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	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents denominated in RMB	1,271,204	292,110	352,313	400,296
Time deposits denominated in RMB	524,751	544,945	80,606	81,288
Restricted cash				
Denominated in RMB	25,405	–	2,200	2,200
Denominated in USD	16,554	16,822	–	–
Total	41,959	16,822	2,200	2,200

The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, time deposits amounting to RMB524,751,000, RMB544,945,000, RMB150,679,000 and RMB196,995,000, respectively, were pledged to obtain bank borrowings (note 41).

As at 31 December 2022, 2023 and 2024 and 30 June 2025, restricted cash amounting to RMB15,792,000, RMB20,853,000, RMB49,037,000 and RMB54,982,000, respectively, were frozen by the People’s Court due to lawsuits (note 41).

As at 31 December 2022, 2023 and 2024 and 30 June 2025, restricted cash amounting to RMB437,811,000, RMB1,872,568,000, RMB2,158,012,000 and RMB1,286,528,000, respectively, were pledged as collateral for the issuance of bank acceptance notes, letter of credit and guarantee letter (note 41).

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group and the Company assessed the credit risk of cash and cash equivalents, time deposits and restricted cash to be minimal as they were placed in reputable financial institutions (note 41).

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27. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	2,955,227	2,921,583	3,463,745	3,262,858
Bills payable	465,170	1,973,539	2,215,191	2,874,687
Total	<u>3,420,397</u>	<u>4,895,122</u>	<u>5,678,936</u>	<u>6,137,545</u>

An ageing analysis of the trade and bills payables as at the end of each of Relevant Periods, based on invoice date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	3,363,215	4,748,784	4,909,696	5,570,426
1 to 2 years	8,693	124,257	696,836	531,436
2 to 3 years	20,535	2,876	58,473	16,378
Over 3 years	27,954	19,205	13,931	19,305
Total	<u>3,420,397</u>	<u>4,895,122</u>	<u>5,678,936</u>	<u>6,137,545</u>

The trade payables are interest-free and are normally settled within 30 to 90 days upon receipt of the invoice.

The amounts due to related parties included in trade and bills payables are disclosed in note 43 to the Historical Financial Information.

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28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
Due to third parties	332,096	351,310	352,923	307,983
Deposit from suppliers and distributors . . .	234,418	257,247	244,178	238,309
Accrued expenses	217,531	332,598	141,549	230,667
Due to related parties	65,974	93,404	151,929	140,969
Underrecognized amounts of endorsed undue bills	120,404	217,653	131,711	122,893
Payroll and welfare payable	91,194	77,193	76,106	111,679
Due to non-controlling shareholders of subsidiaries and third parties*	95,153	103,858	110,935	111,519
Other tax payables	68,870	49,648	93,099	60,694
Advance from customers	33,650	25,713	25,388	26,335
Government Grants	–	–	22,503	8,815
Payables for subscription under equity incentive plan	184,665	113,180	136	136
Advances from disposal of a subsidiary . . .	–	–	16,000	–
Other payables	10,080	19,022	17,267	16,501
Total	<u>1,454,035</u>	<u>1,640,826</u>	<u>1,383,724</u>	<u>1,376,500</u>

* During the relevant periods, due to non-controlling shareholders of subsidiaries and third parties bear interest at fixed interest rates ranging from 6% to 11% per annum

Other than due to non-controlling shareholders of subsidiaries and third parties, other payables in current portion were interest-free, unsecured and repayable on demand.

The amounts due to related parties included in other payables and accruals are disclosed in note 43 to the Historical Financial Information.

The Company

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
Due to third parties	24,522	25,914	23,024	26,471
Payroll and welfare payable	3,495	5,700	5,908	17,111
Deposit from suppliers and distributors . . .	3,575	3,343	2,787	2,361
Due to related parties	810	199	185	185
Payables for subscription under an equity incentive plan	184,665	113,180	136	136
Total	<u>217,067</u>	<u>148,336</u>	<u>32,040</u>	<u>46,264</u>

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29. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
Advance payment on sales	230,233	240,603	230,161	374,697
Advance payment for the house	328,774	34,225	13,620	116,142
Total	<u>559,007</u>	<u>274,828</u>	<u>243,781</u>	<u>490,839</u>

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2022		
	Effective interest rate		
	(%)	Maturity	RMB'000
Current			
Current portion of other borrowings – secured	3.65%	2023	255,359
Current portion of long term bank loan – secured . . .	3.65%-5.635%	2023	<u>347,333</u>
Total – Current			<u>602,692</u>
Non-current			
Other borrowings – secured	3.65%	2025	597,708
Long term bank loans – secured	3.65%-5.635%	2025-2027	<u>1,610,935</u>
Total – Non-current			<u>2,208,643</u>
Total			<u><u>2,811,335</u></u>

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As at 31 December 2023			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current			
Current portion of other borrowings – secured	3.65%	2024	254,479
Short term bank loans – secured	3.45%	2024	150,043
Short term bank loans – unsecured	1.65%-3.45%	2024	74,471
Current portion of long term bank loans – secured . .	3.65%-5.635%	2024	389,186
Total – Current			868,679
Non-current			
Non-current portion of other borrowings – secured .	3.65%	2025	337,829
Long term bank loans – secured	3.65%-5.635%	2025-2027	1,091,783
Total – Non-current			1,429,612
Total			2,298,291

As at 31 December 2024			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current			
Current portion of other borrowings – secured	3.65%	2025	52,087
Short term bank loans – secured	2.9%-3.3%	2025	440,364
Short term bank loans – unsecured	2.9%-3.1%	2025	177,056
Current portion of long term bank loans – secured . .	3.25%-5.135%	2025	526,432
Total – Current			1,195,939
Non-current			
Long term bank loans – secured	3.25%-5.135%	2026-2027	778,062
Long term bank loans – unsecured	3.45%	2026	42,869
Total – Non-current			820,931
Total			2,016,870

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As at 30 June 2025			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current			
Short term bank loans – secured	2.9%-3.3%	2025-2026	440,265
Short term bank loans – unsecured	2.7%-3.1%	2025-2026	80,060
Current portion of long term bank loan – secured . . .	3.25%-5.135%	2025-2026	488,498
Current portion of long term bank loan – unsecured . .	3.45%	2026	45,043
Total – Current			1,053,866
Non-current			
Long term bank loans – secured	3.15%-5.635%	2026-2027	727,963
Total – Non-current			727,963
Total			1,781,829

The Company

As at 31 December 2022			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current			
Current portion of other borrowings – secured	3.65%	2023	229,453
Current portion of long term bank loan – secured	3.65%	2023	272,768
Total – current			502,221
Non-current			
Non-current portion of other borrowings – secured . .	3.65%	2025	507,444
Long term bank loans – secured	3.65%	2025	933,981
Total – non-current			1,441,425
Total			1,943,646

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As at 31 December 2023			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current			
Current portion of other borrowings – secured	3.65%	2024	216,999
Current portion of long term bank loan – secured	3.65%	2024	341,796
Total – current			558,795
Non-current			
Non-current portion of other borrowings – secured .	3.65%	2025	288,581
Long term bank loans – secured	3.65%	2025	440,567
Total – non-current			729,148
Total			1,287,943

As at 31 December 2024			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current			
Current portion of other borrowings – secured	3.65%	2025	43,531
Short term bank loans – secured	3.10%-3.30%	2025	350,284
Current portion of long term bank loans – secured . .	3.25%-3.65%	2025	456,209
Total – current			850,024
Non-current			
Long term bank loans – secured	3.25%-3.65%	2026	132,500
Total – non-current			132,500
Total			982,524

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As at 30 June 2025			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current			
Short term bank loans – secured	3.10%-3.30%	2025	350,258
Current portion of long term bank loans – secured . .	3.25%-3.65%	2025-2026	425,236
Total – current			775,494
Non-current			
Long term bank loans – secured	3.15%-3.45%	2026	130,000
Total – non-current			130,000
Total			905,494

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Analysed into:				
Bank borrowings repayable:				
Within one year	347,333	613,700	1,143,852	1,053,866
In the second year	603,350	499,320	221,299	705,947
In the third to fifth years, inclusive	1,007,585	592,463	599,632	22,016
Subtotal	1,958,268	1,705,483	1,964,783	1,781,829
Other borrowings repayable:				
Within one year	255,359	254,979	52,087	–
In the second year	256,161	337,829	–	–
In the third to fifth years, inclusive	341,547	–	–	–
Subtotal	853,067	592,808	52,087	–
Total	2,811,335	2,298,291	2,016,870	1,781,829

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank borrowings repayable:				
Within one year	272,768	341,796	806,493	775,494
In the second year	407,135	440,567	132,500	130,000
In the third to fifth years, inclusive	526,846	—	—	—
Subtotal	1,206,749	782,363	938,993	905,494
Other borrowings repayable:				
Within one year	229,453	216,999	43,531	—
In the second year	217,476	288,581	—	—
In the third to fifth years, inclusive	289,968	—	—	—
Subtotal	736,897	505,580	43,531	—
Total	1,943,646	1,287,943	982,524	905,494

The Group and The Company’s bank loans and other borrowings are all denominated in RMB.

As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, the carrying amounts of certain assets secured for outstanding balances of bank and other borrowings are included in notes 14, 15, 16, 19, 25 and 26.

As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, the outstanding balances of bank loans guaranteed by Chongqing Lifan Real Estate Co., Ltd. (重慶力帆置業有限公司) (a related company refer to note 43) and Chongqing Red Star Macalline Real Estate Co., Ltd. (重慶紅星美凱龍房地產開發有限公司) were RMB696,617,000.00, RMB655,662,000, RMB629,062,000 and RMB610,762,000, respectively.

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31. DEFERRED INCOME

The Group

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
Government grants				RMB'000
Asset-related grants (a)	1,903	1,600	1,297	330,320
Reimbursement of future expenses (b)	–	–	2,576	1,759
Others	–	–	7,488	4,195
Total	<u>1,903</u>	<u>1,600</u>	<u>18,849</u>	<u>340,469</u>

Notes:

(a) Asset-related grants

The asset-related grants were the subsidies received from the Chinese government in relation to the Group’s property, plant and equipment.

(b) Reimbursement of future expenses

Government grants as reimbursement of future expenses were subsidies received in relation to the Group’s future operating activities.

32. PROVISIONS

	Note	As at 31 December			As at
		2022	2023	2024	30 June
		RMB'000	RMB'000	RMB'000	2025
Warranties.	(a)	47,319	43,375	53,626	53,327
Pending litigation		–	1,337	1,337	3,055
Others		820	7,145	30,402	34,507
Total		<u>48,139</u>	<u>51,857</u>	<u>85,365</u>	<u>90,889</u>

Note:

- (a) The Group provides for warranties in relation to the sales of passenger vehicles, motorcycles and other machine or parts. Provisions for warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

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33. SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid:				
Share capital	4,571,523	4,571,523	4,521,100	4,521,100

A summary of movements in the Company’s share capital is as follows:

	Number of shares	Share capital
	'000	RMB'000
At 1 January 2021	4,500,000	4,500,000
Issue of shares (<i>note (1)</i>)	71,523	71,523
At 31 December 2022 and 2023	4,571,523	4,571,523
Cancellation of treasury shares (<i>note (2)</i>)	(50,423)	(50,423)
At 31 December 2024 and 30 June 2025	4,521,100	4,521,100

Notes:

- (1) On 17 November 2022, the Company issued 71,523,000 new shares with a nominal value of RMB1.00 each in the Share Award Scheme at an issue price of RMB2.58 per share for total proceeds of RMB184,529,000.
- (2) On 7 June 2024, the Company repurchased and cancelled restricted shares that failed to meet the vesting conditions, resulting in a reduction of share capital by RMB50,423,000.

34. TREASURY SHARES

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Treasury Shares	314,848	259,710	133,881	133,881

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A summary of movements in the Company’s treasury shares is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January	126,365	314,848	259,710	133,881
Granted of incentive shares	184,529	–	–	–
Exercised of incentive shares	–	(54,438)	–	–
Cancellation of treasury shares	–	–	(130,091)	–
Debt restructuring	3,954	(700)	4,262	–
At 31 December/30 June	<u>314,848</u>	<u>259,710</u>	<u>133,881</u>	<u>133,881</u>

35. SHARE-BASED PAYMENTS

The Group approved and adopted a share award scheme (the “Share Award Scheme”) for certain employees of the Group (“Share Incentive Participants”) in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group and incentivise them to further promote the development of the Group.

As of 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, the restricted share awards granted to employees under the Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

Grant date	Number of shares granted	Subscription price	Fair values on the grant date	The basis for determining the fair value as of the grant date
		RMB per share	RMB per share	
2022/10/31 . . .	71,523,000	2.58	4.69	The closing price of the Company’s shares on the last trading day before the equity award date

The duration of the Share Award Scheme is 60 months, starting from the date of completion of the registration of the first granted restricted shares. The restricted shares granted under the Share Award Scheme have lock up periods of 12 months, 24 months, and 36 months respectively from the date of completion of the registration of the corresponding restricted shares granted; After the expiration of the lock up period, the Company will lift the restrictions for incentive objects that meet the conditions for lifting restrictions. For restricted stocks that have not been applied for lifting restrictions within the agreed lock up period or cannot be applied for lifting restrictions due to not meeting the conditions for lifting restrictions, the Company will repurchase the corresponding restricted stocks from the incentive objects according to the principles stipulated in the Share Award Scheme, and the related equity cannot be deferred to the next period. The restricted stocks granted to Share Incentive Participants under the Share Award Scheme shall not be transferred, used as collateral, or used to repay debts before the restriction is lifted. The Company does not have any plans or arrangements to provide loans, loan guarantees, or any other financial autonomy to incentive recipients.

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The restricted share granted for the first time under the Share Award Scheme will be unlocked in three phases starting from the first trading day 12 months after the completion of the registration of the restricted share granted for the first time, with a maximum lock-up period of 48 months. The specific unlocking time for the first batch is from the first trading day 12 months after the completion of the registration of the restricted stocks granted for the first time to the last trading day within 24 months after the completion of the registration of the restricted share granted for the first time. The number of unlocked shares is 34.00% of the total number of underlying stocks held under the Share Award Scheme. The second batch of unlocking time point: from the first trading day 24 months after the completion of the registration of the first granted restricted share to the last trading day within 36 months from the completion of the registration of the first granted restricted share, the number of unlocked shares is 33.00% of the total number of underlying stocks held by the Share Award Scheme. The third batch of unlocking time: from the first trading day 36 months after the completion of the registration of the first granted restricted stock to the last trading day within 48 months from the completion of the registration of the first granted restricted share, the number of unlocked shares is 33.00% of the total number of underlying stocks held by the Share Award Scheme. The restricted shares granted to Share Incentive Participants, which are acquired through the conversion of capital reserves into share capital, share dividends, or stock splits, are also restricted from sale and cannot be sold or transferred in any other way in the secondary market. The period for lifting the restrictions on such shares is the same as that for lifting the restrictions on restricted shares. If the company repurchases restricted stocks that have not yet been released from restrictions, such stocks shall be repurchased together.

On 12 April 2024 and 10 May 2024, due to performance conditions not being met, Company held the second meeting of the sixth board of directors and the 2023 annual general meeting of shareholders, and approved the “Proposal on Terminating the Implementation of the 2022 Restricted Stock Incentive Plan and Repurchasing and Cancelling Some Restricted Stocks”.

It was agreed to terminate the implementation of the Company’s “2022 Restricted Stock Incentive Plan (Revised Draft)”, and at the same time terminate the Company’s “2022 Restricted Stock Incentive Plan Implementation Assessment Management Measures” and other documents that support the Share Award Scheme, and repurchase and cancel 42,844,230 restricted shares that have been granted to incentive objects but have not yet been released from restrictions. The Company applied to China Securities Depository and Clearing Corporation Shanghai Branch for the corresponding repurchase and cancellation procedures, and completed the cancellation on 12 June 2024.

Movements in the number of restricted shares granted were as follows:

	Number of shares			
	As at 31 December			As at 30 June
	2022	2023	2024	2025
	'000	'000	'000	'000
At the beginning of the year/period	–	71,523	42,844	–
Granted during the year/period	71,523	–	–	–
Exercised during the year/period	–	(21,100)	–	–
Forfeited during the year/period	–	(7,579)	(42,844)	–
At the end of the year/period	<u>71,523</u>	<u>42,844</u>	<u>–</u>	<u>–</u>

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36. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) *Share premium*

Share premium of the Group mainly represents the premium in issuing shares.

(ii) *Statutory surplus reserve*

In accordance with the Company Law of Mainland China, companies which are domestic enterprises are required to allocate 10% of their profit after tax to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the Mainland China, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) *Exchange fluctuation reserve*

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iv) *Share-based payments reserve*

The share-based payment reserve represents the equity-settled share awards as set out in note 35 to the Historical Financial Information.

(v) *Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of FVOCI under IFRS 9 that was held and at the end of the Relevant Periods.

(vi) *Other reserve*

Other reserve comprises share of other reserve under equity method and the premium in acquisition of non-controlling interests.

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The Company

	Share premium	Share-based payment reserve	Statutory surplus reserve	Other reserve	Other comprehensive income	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	8,496,321	–	426,994	7,714	39,207	(1,106,062)	7,864,174
Profit for the year	–	–	–	–	–	85,768	85,768
Total comprehensive income for the year:							
Share of other comprehensive loss of associates	–	–	–	–	(55,918)	–	(55,918)
Total comprehensive income for the year	–	–	–	–	(55,918)	85,768	29,850
Granted of incentive shares	113,006	–	–	–	–	–	113,006
Debt restructuring	(1,676)	–	–	–	–	–	(1,676)
Share of other reserves of associates	–	–	–	28,406	–	–	28,406
As at 31 December 2022 and 1 January 2023	8,607,651	–	426,994	36,120	(16,711)	(1,020,294)	8,033,760
Profit for the year	–	–	–	–	–	45,885	45,885
Total comprehensive income for the year:							
Share of other comprehensive income of associates	–	–	–	–	64,697	–	64,697
Total comprehensive income for the year	–	–	–	–	64,697	45,885	110,582
Exercise of incentive shares	23,771	(23,771)	–	–	–	–	–
Share of other reserves of associates	–	–	–	7	–	–	7
Share-based payments	–	23,771	–	–	–	–	23,771
Debt restructuring	70,419	–	–	–	–	–	70,419
As at 31 December 2023 and 1 January 2024	8,701,841	–	426,994	36,127	47,986	(974,409)	8,238,539
Profit for the year	–	–	–	–	–	144,054	144,054
Total comprehensive income for the year:							
Share of other comprehensive income of associates	–	–	–	–	50,538	–	50,538
Total comprehensive income for the year	–	–	–	–	50,538	144,054	194,592
Cancellation of treasury shares	(79,668)	–	–	–	–	–	(79,668)
Share of other reserves of associates	–	–	–	(36)	–	–	(36)
Debt restructuring	(14,312)	–	–	–	–	–	(14,312)
As at 31 December 2024 and 1 January 2025	8,607,861	–	426,994	36,091	98,524	(830,355)	8,339,115
Profit for the period	–	–	–	–	–	154,681	154,681
Total comprehensive income for the period:							
Share of other comprehensive loss of associates	–	–	–	–	(25,475)	–	(25,475)
Total comprehensive income for the period	–	–	–	–	(25,475)	154,681	129,206
Share of other reserves of associates	–	–	–	10	–	–	10
As at 30 June 2025	8,607,861	–	426,994	36,101	73,049	(675,674)	8,468,331

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37. DISPOSAL OF SUBSIDIARIES

	Hbred Chongqing	Beijing Haibo Ruide	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	455	–	455
Current assets	281	6,364	6,645
Current liabilities	<u>15,868</u>	<u>8,709</u>	<u>24,577</u>
Non-controlling interests			<u>(1,355)</u>
Net liabilities disposed of			(16,122)
Gain on disposal of subsidiaries			<u>32,122</u>
Total consideration			<u><u>16,000</u></u>
Satisfied by:			
Advanced from disposal of a subsidiary (<i>note 28</i>) . . .			<u><u>16,000</u></u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	As at date of disposal
	<i>RMB'000</i>
Cash consideration	–
Cash and bank balances disposed of	<u>1.00</u>
Net outflow of cash and cash equivalents in respect of the disposal	<u><u>(1.00)</u></u>

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

Percentage of equity interests held by non-controlling interests:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	50%	45%	45%	45%
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	50%	50%	50%	50%

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Profit/(loss) for Relevant Periods allocated to non-controlling interests:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	9,075	(294,123)	(300,303)	(133,818)
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	13,471	11,740	(65,415)	(14,777)

Accumulated balances of non-controlling interests at the Relevant Periods:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	312,119	388,976	88,673	(46,489)
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	1,100,846	1,112,560	1,047,146	1,032,368

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	Year ended 31 December 2022	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產 開發有限公司)
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5,839,487	338,522
Profit/(loss) for the year	15,588	26,943
Total comprehensive income/(loss)	15,588	26,943
Current assets	3,369,319	1,716,389
Non-current assets	389,842	3,033,113
Current liabilities	3,126,272	1,293,395
Non-current liabilities	11,212	1,254,415
Net cash flows (used in)/generated from operating activities	(157,294)	195,237
Net cash flows (used in)/generated from investing activities	(85,679)	31
Net cash flows (used in)/generated from financing activities	600,000	(192,412)
Net increase/(decrease) in cash and cash equivalents	357,027	2,856
	<u>357,027</u>	<u>2,856</u>
	Year ended 31 December 2023	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產 開發有限公司)
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	3,484,496	521,945
(Loss)/profit for the year	(622,305)	23,481
Total comprehensive (loss)/income	(622,305)	23,481
Current assets	3,959,711	1,435,096
Non-current assets	1,771,214	3,040,646
Current liabilities	4,858,610	1,012,088
Non-current liabilities	12,530	1,238,533
Net cash flows (used in)/generated from operating activities	(731,564)	49,615
Net cash flows (used in)/generated from investing activities	(503,843)	–
Net cash flows (used in)/generated from financing activities	920,000	(69,845)
Net increase/(decrease) in cash and cash equivalents	(315,407)	(20,230)
	<u>(315,407)</u>	<u>(20,230)</u>

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	Year ended 31 December 2024	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產 開發有限公司)
	RMB'000	RMB'000
Revenue	3,037,817	171,671
Loss for the year	(667,340)	(130,830)
Total comprehensive loss	(667,340)	(130,830)
Current assets	3,207,278	1,356,645
Non-current assets	1,955,339	2,952,252
Current liabilities	4,862,280	1,038,309
Non-current liabilities	107,893	1,176,297
Net cash flows (used in)/generated from operating activities	383,796	12,453
Net cash flows (used in)/generated from investing activities	(353,133)	–
Net cash flows (used in)/generated from financing activities	(24,285)	(63,226)
Net increase/(decrease) in cash and cash equivalents	6,378	(50,773)
	Year ended 30 June 2025	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產 開發有限公司)
	RMB'000	RMB'000
Revenue	2,280,803	41,730
Loss for the period	(277,407)	(29,555)
Total comprehensive loss	(277,407)	(29,555)
Current assets	3,573,535	1,416,470
Non-current assets	1,789,969	2,924,794
Current liabilities	5,092,330	1,123,696
Non-current liabilities	356,136	1,152,831
Net cash flows (used in)/generated from operating activities	1,421,867	91,458
Net cash flows (used in)/generated from investing activities	(789,112)	–
Net cash flows (used in)/generated from financing activities	(177,193)	(32,818)
Net increase/(decrease) in cash and cash equivalents	455,562	58,640

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39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB4,132,000, RMB7,880,000, RMB119,000 and nil, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Other payables – subscription under equity incentive plan	Other payables – Due to non-controlling shareholders of subsidiaries and third parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	3,105,366	4,172	136	89,497	3,199,171
Changes from financing cash flows . . .	(421,617)	(3,454)	184,529	–	(240,542)
New leases	–	4,132	–	–	4,132
Termination	–	(119)	–	–	(119)
Interest expense	127,586	210	–	5,656	133,452
At 31 December 2022 and					
1 January 2023	2,811,335	4,941	184,665	95,153	3,096,094
Changes from financing cash flows . . .	(690,941)	(4,464)	(17,047)	–	(712,452)
Non-cash payment	63,374	–	–	–	63,374
New leases	–	7,880	–	–	7,880
Exercised of incentive shares	–	–	(54,438)	–	(54,438)
Interest expense	114,523	217	–	8,705	123,445
At 31 December 2023 and					
1 January 2024	2,298,291	8,574	113,180	103,858	2,523,903
Changes from financing cash flows . . .	(367,512)	(3,137)	(113,044)	–	(483,693)
New leases	–	119	–	–	119
Termination	–	(4,821)	–	–	(4,821)
Interest expense	86,091	168	–	7,077	93,336
At 31 December 2024 and					
1 January 2025	2,016,870	903	136	110,935	2,128,844
Changes from financing cash flows . . .	(275,629)	(158)	–	–	(275,787)
Interest expense	40,588	10	–	584	41,182
At 30 June 2025	1,781,829	755	136	111,519	1,894,239

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(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	
				(unaudited)	
Within operating activities . . .	684	6,560	9,686	4,945	10,023
Within financing activities . . .	3,454	4,464	3,137	1,988	158
Total	<u>4,138</u>	<u>11,024</u>	<u>12,823</u>	<u>6,933</u>	<u>10,181</u>

40. CONTINGENT LIABILITIES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Auto finance business guarantee (note (1)) .	226,128	180,421	107,272	90,662
Pending litigation (note (2))	88,573	208,772	–	–
Total	<u>314,701</u>	<u>389,193</u>	<u>107,272</u>	<u>90,662</u>

Notes:

- (1) The Company’s subsidiary, Chongqing Ruilan Automobile Technology Co., Ltd. (hereinafter referred to as “**Ruilan Technology**”), has entered into the “Cooperation Agreement on the ‘Quanchengtong’ Automobile Financial Network” with China Everbright Bank Co., Ltd. Hangzhou Branch (hereinafter referred to as “**Everbright Hangzhou Branch**”). The agreement stipulates that: For dealers joining the “Quanchengtong” network, after depositing funds equivalent to no less than 10% of the face value of the bank acceptance notes (as approved by Everbright Hangzhou Branch), Everbright Hangzhou Branch shall issue bank acceptance notes with a term of up to one year to such dealers within the approved credit limit. In the event that a dealer fails to fully honors the maturing bank acceptance notes within the time limit specified in the relevant sub-agreement, Ruilan Technology shall promptly urge the authorised lead unit to fulfill its corresponding repurchase obligations. If the authorised lead unit fails to complete the repurchase within 5 working days, Ruilan Technology or its subsidiary, Ruilan Sales Co., Ltd., shall jointly fulfill the repurchase obligations. The annual repurchase liability shall not exceed RMB150 million. As at 31 December 2022, 2023 and 2024 and 30 June 2025, invoices issued by dealers but not yet repaid amounted to RMB256,901,000, RMB380,035,000, RMB325,840,000 and RMB204,892,000, respectively.

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The Company’s subsidiary, Ruilan Technology, has also entered into the “Framework Agreement on Automobile Sales Network Financial Services” with Industrial Bank Co., Ltd. Ningbo Branch (hereinafter referred to as “**Industrial Bank Ningbo Branch**”). The agreement stipulates that: For dealers participating in the “Automobile Sales Network Financial Services,” after paying a margin of no less than 15% of the bank acceptance drafts (or providing pledges of fixed deposits of entities and individuals), Industrial Bank Ningbo Branch shall provide bank acceptance note support with a term of no less than three months to the cooperating dealers. In the event that Industrial Bank Ningbo Branch encounters difficulties in recovering credit funds from the cooperating dealers, Ruilan Technology or its subsidiary, Ruilan Sales Co., Ltd., shall undertake corresponding responsibilities such as adjustment sale and repurchase. The annual repurchase liability shall not exceed RMB100 million. As at 31 December 2022, 2023 and 2024 and 30 June 2025, invoices issued by dealers but not yet repaid amounted to RMB85,287,000, RMB60,903,000, RMB31,434,000 and RMB45,921,000, respectively.

Hence, as at 31 December 2022, 2023 and 2024 and 30 June 2025, the aggregate amounts of joint and several guarantee liabilities assumed by the Company’s subsidiaries in relation to their automobile finance business were RMB226,127,500, RMB180,421,000, RMB107,272,000 and RMB90,662,000, respectively.

- (2) During the years 2022 and 2023, certain subsidiaries of the Company were defendants in lawsuits instituted by certain parties, which alleged breaches and repudiation of contracts by such subsidiaries. The directors, based on the advice from the Group’s legal counsel, believe that the subsidiaries have valid defence against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

As at 30 June 2025, all of the above-mentioned lawsuits have been concluded, and the Group confirms that it has no statutory compensation obligations to assume.

As of the end of each Relevant Period, the Group had no other material contingent liabilities, guarantees, or litigations or claims of material importance (whether pending or threatened) against any member of the Group that remained undisclosed.

41. PLEDGE OF ASSETS

Details of the Group’s assets pledged as collateral for the Group’s bank and other borrowings, as well as for the issuance of bank acceptance bills, are included in notes 14, 15, 16, 19, 24, 25, 26 and 30, respectively, to the Historical Financial Information.

42. COMMITMENTS

The Group had the following capital commitments at the end of each of the relevant periods:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Contracted, but not provided for:				
Properties, plant and equipments	142,172	125,371	95,738	87,208
Capital commitments	–	–	–	200,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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43. RELATED PARTY TRANSACTIONS

The related companies with which the Group had transactions were as follows:

Name of related parties	Notes	Relationship with the Group
重慶銀行股份有限公司 (Chongqing Bank Co., Ltd.)		Associate
新能源汽車產業發展 (重慶) 有限公司 (New Energy Automobile Industry Development (Chongqing) Co., Ltd.)		Associate
重慶新能源汽車融資租賃有限公司 (Chongqing New Energy Automobile Finance Leasing Co., Ltd.)		Associate
張家港保稅區國際汽車城有限公司 (Zhangjiagang Free Trade Zone International Auto Mall Co., Ltd.)		Associate
李書福 (Mr. Li Shu Fu)		Significant equity holder
浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Co., Ltd.)	(1)	Controlled by Mr. Li Shu Fu
吉利科技集團有限公司 (Geely Technology Group Co., Ltd.,)	(1)	Controlled by Mr. Li Shu Fu
山東吉利新能源商用車有限公司 (Shandong Geely New Energy Commercial Vehicle Co., Ltd)	(1)	Controlled by Mr. Li Shu Fu
Geely Group	(1)	Controlled by Mr. Li Shu Fu
CaoCao Inc.	(2)	Controlled by Mr. Li Shu Fu
Caocao Group	(2)	Controlled by Mr. Li Shu Fu
浙江吉曜通行能源科技有限公司 (“Zhejiang Jiyao Pass Energy Technology Co., Ltd.”)	(3)	Controlled by Mr. Li Shu Fu
Jiyao Group	(3)	Controlled by Mr. Li Shu Fu
Yeoning Technology Group	(4)	Controlled by Mr. Li Shu Fu
浙江耀寧科技集團有限公司 (Zhejiang Yeoning Technology Group Co., Ltd.)	(4)	Controlled by Mr. Li Shu Fu
Dreamsmart Group	(5)	Controlled by Mr. Li Shu Fu
DREAMSMART INFINITY HK	(5)	Controlled by Mr. Li Shu Fu
杭州楓華科技有限公司 (Hangzhou Fenghua Souvenir CO.,LTD.)		Controlled by Mr. Li Shu Fu
浙江寰福科技有限公司 (Zhejiang e-CarX Technology Co.,Ltd.)		Controlled by Mr. Li Shu Fu
浙江濟底科技有限公司 (Zhejiang Jidi Technology Co., Ltd.)		Controlled by Mr. Li Shu Fu
浙江鋒銳發動機有限公司 (Zhejiang Fengrui Engine Co., Ltd.)		Controlled by Mr. Li Shu Fu
吉致汽車金融有限公司 (Geely Auto Finance Co., Ltd.) . .		Controlled by Mr. Li Shu Fu
浙江智慧普華融資租賃有限公司 (Zhejiang Zhihuipuhua Financial Leasing Co., Ltd.)		Controlled by Mr. Li Shu Fu
領為視覺智能科技 (寧波) 有限公司 (Lynway Vision Technology (Nb) Co., Ltd.)		Controlled by other significant equity holder
重慶力帆控股有限公司 (“Chongqing Lifan Holdings Ltd”, “Lifan holding group”)		Controlled by other significant equity holder
重慶力帆紅星商業管理有限公司 (Chongqing Lifan Hongxing Commercial Management Co., Ltd.)		Controlled by other significant equity holder
重慶裕弘昇物業管理有限公司 (Chongqing Yuhongsheng Property Management Co., Ltd.)		Controlled by other significant equity holder
力帆融資租賃 (上海) 有限公司 (Lifan Financial Leasing (Shanghai) Co., Ltd.)		Controlled by other significant equity holder
重慶力帆置業有限公司		Controlled by other significant equity holder
Lifan Group (Lifan holding group and its other subsidiaries, joint ventures and associates)		Controlled by other significant equity holder

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Name of related parties	Notes	Relationship with the Group
江西安馳新能源科技有限公司 (Jiangxi Anchi New Energy Technology Co., Ltd.)		Controlled by other significant equity holder
杭州六創電動汽車技術有限公司 (Hangzhou Liuchuang Electric Vehicle Technology Co., Ltd.)		Controlled by other significant equity holder
杭州楓華文化創意有限公司 (Hangzhou Fenghua Culture Creative Co., Ltd.)		Controlled by other significant equity holder
重慶新潤商業管理有限公司 (Chongqing Xinrun Commercial Management Co., Ltd.)		Controlled by other significant equity holder
武漢路特斯科技有限公司 (Wuhan Lutes Technology Co., Ltd.)	(6)	Controlled by other significant equity holder
原力數能 (重慶) 科技有限公司 (Force Data & Energy (Chongqing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder

Notes:

- (1) For the purposes of disclosure, the “Geely Group” was defined as Zhejiang Geely Holding Group Co., Ltd. (“浙江吉利控股集團有限公司”), Geely Technology Group Co., Ltd., (“吉利科技集團有限公司”), Shandong Geely New Energy Commercial Vehicle Co., Ltd. (山東吉利新能源商用車有限公司) and their respective subsidiaries, joint ventures, and associates.
- (2) For the purposes of disclosure, the “Caocao Group” was defined as CaoCao Inc. and their respective subsidiaries, joint ventures, and associates.
- (3) For the purposes of disclosure, the “Jiyao Group” was defined as Zhejiang Jiyao Pass Energy Technology Co., Ltd. (“浙江吉曜通行能源科技有限公司”) and its respective subsidiaries, joint ventures, and associates.
- (4) For the purposes of disclosure, the “Yeoning Technology Group” was defined as Zhejiang YoeNing Technology Group Co., Ltd. (“浙江耀寧科技集團有限公司”) and its respective subsidiaries, joint ventures, and associates.
- (5) For the purposes of disclosure, the “Dreamsmart Group” was defined as Dreamsmart Infinity Hong Kong Limited and its respective subsidiaries, joint ventures, and associates.
- (6) Mr. Li Shu Fu is an equity holder of the entity.
- (7) Mr. Yin Qi is an equity holder of the entity.

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(a) Transactions with related parties:

In addition to the transactions detailed elsewhere in the accountants’ report, the Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2024:

Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
(a-1) Sales of property, plant and equipment					
Geely Group	48	38	–	59	–
(a-2) Sales of goods					
Geely Group:					
Zhejiang Geely Automobile International Trading Co., Ltd.	–	623,789	1,093,021	643,244	288,291
Chongqing Xingfu Qianwanjia Automobile Sales Co., Ltd.	427,880	1,731	39,397	–	146,149
Hangzhou Yineng Battery Management Technology Co., Ltd.	1,727,975	32,248	337	–	8,785
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	–	30	1,257	–	5,111
Zhejiang Victor Motorcycle CO.,LTD.	1,745	1,556	86	–	1,406
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	–	–	–	396
Geely Automobile Research Institute (Ningbo) Co., Ltd.	–	656	3	–	68
Zhejiang Jisu Logistics Co., Ltd.	–	–	–	–	2
Hangzhou Geely Automobile Co., Ltd.	35,013	18,392	14,802	10,708	–
Zhejiang Geely Automobile Co., Ltd.	–	452	–	3,159	–
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	–	89	–	246	–
Ningbo Jirun Auto Parts CO.,LTD.	3,818	10,075	37	37	–
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	15,863	2,120	12	–	–
Zhejiang Geely Holding Group Automobile Sales Co.,Ltd.	–	–	8	–	–
Zhejiang Jisu Supply Chain Management Co., Ltd.	–	–	–	–	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	–	9,957	–	–	–
Chengdu Geely Automobile Manufacturing Co., Ltd.	–	565	–	–	–

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Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	–	357	–	–	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	–	63	–	–	–
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	231,106	27	–	–	–
Zhejiang Jirun Automobile Co., Ltd.	–	1	–	–	–
Shanxi Geely Auto Parts Co., Ltd.	11,099	–	–	–	–
Others	3,203	2,038	1,548	494	554
Caocao Group:					
Suzhou Geely Youxing Electronic Technology Co., Ltd.	18,626	–	–	–	–
Suzhou Caozhi Automobile Co., Ltd.	–	1,709,606	1,150,664	520,782	1,049,002
Hangzhou Zhongyue Travel Technology Co., Ltd.	–	122	2,723	–	445
Hangzhou Youxing Technology Co., Ltd.	1,387,801	87,093	–	–	–
Others	628	328	–	–	–
Dreamsmart Group	–	–	9,325	–	373
Hangzhou Liuchuang Electric Vehicle Technology Co., Ltd.	276	–	–	–	–
Ningbo Vision Auto Parts Co., Ltd.	–	7	8,032	3,738	4,829
Zhejiang Ruhoo Automobile CO.,LTD.	–	6,491	–	–	–
Wuhan Lutes Technology Co., Ltd.	–	–	250	1,000	–
Total	<u>3,865,033</u>	<u>2,507,793</u>	<u>2,321,502</u>	<u>1,183,408</u>	<u>1,505,411</u>

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Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(a-3) Receipt of service					
Geely Group:					
Zhejiang Jisu Logistics Co., Ltd. . .	50,717	49,736	51,345	20,856	23,075
Geely Automobile Research Institute (Ningbo) Co., Ltd. . . .	–	3,581	29	437	15,014
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	350	299	10,305	6,263	14,153
Zhejiang Jirun Automobile Co., Ltd.	9,305	17,594	7,828	10,412	10,465
Zhejiang Geely Business Services Co., Ltd.	6,563	20,161	12,094	6,196	5,781
Zhejiang Limin Industrial Group Co., Ltd.	–	–	–	–	5,080
Guizhou Geely Automobile Manufacturing Co., Ltd.	194	10	–	–	–
Zhejiang Vision AUTO-PARTS Fittings Company Limited	4,916	11,355	12,897	5,823	3,902
Zhejiang XuanFu Automatic Transmission Co., Ltd.	–	–	–	565	2,198
Zhejiang Geely Automobile Co., Ltd.	–	2	–	–	–
Fengsheng Automotive Technology Group Co., Ltd. . . .	51,575	–	–	–	–
Zhejiang Geely Automobile International Trading Co., Ltd.	–	78	904	278	1,420
Geely Automobile Holding (Shanghai) Co., Ltd.	–	15,712	–	159	146
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	–	217	–	–	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	–	170	1	16	–
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	–	438	1,135	5,290	–
Geely Automobile Group Co., Ltd.	1,253	5,428	150	2,897	–
Zhejiang Jisu Supply Chain Management Co., Ltd.	–	55	30,477	95	–
Hangzhou Geely Automobile Co., Ltd.	1	116	540	–	–
Hangzhou Yineng Battery Management Technology Co., Ltd.	–	942	–	–	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	2,264	493	–	–	–
Others	8,825	14,336	14,339	4,599	2,837

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Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Caocao Group:					
Hangzhou Youxing Technology Co., Ltd.	32	9	–	–	–
Suzhou Geely Youxing Electronic Technology Co., Ltd.	1	–	–	–	–
Others	9	33	10	4	4
Hangzhou Fenghua Culture Creative Co., Ltd.	2,556	–	–	–	–
Zhejiang Fengrui Engine Co., Ltd.	–	181	–	–	–
Zhejiang Jidi Technology Co., Ltd.	–	173	–	–	–
Yeoning Technology Group	–	–	–	–	317
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	408	–	682
Chongqing Yuhongsheng Property Management Co., Ltd.	6,366	4,185	3,424	2,222	1,951
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	2,316	706	20,473	316	1,672
Zhejiang Ruhoo Automobile CO.,LTD.	–	442	–	–	–
Hangzhou Fenghua Souvenir CO.,LTD.	–	5,297	5,030	456	4,194
Total	147,243	151,749	171,389	66,884	92,891

(a-4) Rendering of services

Geely Group:

Geely Automobile Research Institute (Ningbo) Co., Ltd. . . .	–	2	2,952	–	29,255
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	–	3,643	3,643	7,070
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	–	757	8,149	3,137	2,393
Zhejiang Geely Automobile Co., Ltd.	2,198	11,739	12,419	–	1,024
Sichuan Lingke Automobile Manufacturing Co., Ltd.	–	1	151	–	18
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	–	124	138	18	43
Zhejiang Geely Business Services Co., Ltd.	–	–	–	–	7
Ningbo Geely Automotive Research and Development Co., Ltd.	–	–	13,754	–	5
Zhejiang Geely Automobile International Trading Co., Ltd.	–	–	–	–	1
Chengdu Geely Automobile Manufacturing Co., Ltd.	–	14,447	230	230	–

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Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Zhejiang Jirun Automobile Co., Ltd.	–	–	63	63	–
Zhejiang Jisu Supply Chain Management Co., Ltd.	–	–	–	–	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	–	8	2,402	–	–
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	–	–	277	–	–
Hangzhou Yineng Battery Management Technology Co., Ltd.	–	–	50	–	–
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	–	4	47	–	–
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	103	51	–	–	–
Hangzhou Geely Automobile Co., Ltd.	49	1	–	–	–
Zhejiang Vision AUTO-PARTS Fittings Company Limited	–	–	–	–	–
Zhejiang Jisu Logistics Co., Ltd. . .	11	–	–	–	–
Others	51	601	1,288	752	6,912
Caocao Group:					
Hangzhou Youxing Technology Co., Ltd.	–	3,414	–	–	–
Suzhou Caozhi Automobile Co., Ltd.	–	4,099	49,690	47,996	1,322
Others	–	–	2	–	–
Chongqing Lifan Holdings Ltd	–	5	–	–	–
Lynway Vision Technology (Nb) Co., Ltd.	–	–	18	–	–
Zhejiang Ruhoo Automobile CO.,LTD.	–	–	7	7	–
Zhejiang Victor Motorcycle CO.,LTD.	–	–	–	5	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	67	46	–
Zhejiang Fengrui Engine Co., Ltd.	–	19	42	11	19
Wuhan Lutes Technology Co., Ltd.	–	–	–	–	125
Total	2,412	35,272	95,389	55,908	48,194

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Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(a-5) Purchases of products					
Geely Group:					
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	484,914	2,358,373	1,046,183	379,119	451,805
Zhejiang Geely Automobile Co., Ltd.	2,689,162	1,043,376	146,686	78,942	152,903
Fengsheng Automobile (Jiangsu) Co., Ltd.	1,179,887	170,370	252,315	–	105,676
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	11	57,080	22,658	56,870
Ningbo Vision Auto Parts Co., Ltd.	–	–	65,060	30,216	30,524
Hangzhou Geely Automobile Co., Ltd.	578	1,514	128,591	124,788	25,933
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	3,548	12,548	19,723	9,860	18,409
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	–	16,251	39,970	12,563	9,215
Zhejiang XuanFu Automatic Transmission Co., Ltd.	340	2,383	1,558	–	2,135
Zhejiang Fulin Guorun Automobile Parts Co., Ltd.	6,910	–	–	–	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	186	2,778	99,063	15,608	59
Zhejiang Jikrypton Intelligent Technology Co., Ltd.	–	507	–	–	–
Shanxi Geely Auto Parts Co., Ltd. .	1,001	–	–	–	5
Zhejiang Vision AUTO-PARTS Fittings Company Limited	6,969	11,447	4,014	4,008	–
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	–	3	–	–	–
Zhejiang Jirun Automobile Co., Ltd.	19	4	906	153	–
Fengsheng Automotive Technology Group Co., Ltd. . . .	71	–	–	123	–
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	12	14,010	–	–	–
Ningbo Jirun Auto Parts CO.,LTD.	20,550	45,657	34	34	–
Geely Automobile Group Co., Ltd.	–	–	2,897	–	–
Hangzhou Yineng Battery Management Technology Co., Ltd.	–	8,172	1,446	–	–
Others	6,525	6,659	10,227	406	1,557

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Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CaoCao Group	–	3	–	–	–
Livan holding group	–	50	–	–	–
Hangzhou Fenghua Souvenir CO.,LTD.	–	–	540	–	–
Yeoning Technology Group	–	–	52	40	–
Lynway Vision Technology (Nb) Co., Ltd.	–	–	10,413	3,132	–
Zhejiang e-CarX Technology Co.,Ltd.	–	2,217	313	1,237	9
Zhejiang Ruhoo Automobile CO.,LTD.	932	2,869	6,349	2,551	149
Zhejiang Victor Motorcycle CO.,LTD.	297	3,860	32,381	5,227	29,523
Jiangxi Anchi New Energy Technology Co., Ltd.	–	–	21,102	–	144,788
Zhejiang Fengrui Engine Co., Ltd.	146,346	124,159	190,336	89,657	134,996
Total	<u>4,548,247</u>	<u>3,827,221</u>	<u>2,137,239</u>	<u>780,322</u>	<u>1,164,556</u>
(a-6) Purchases of property, plant and equipment					
Hangzhou Fenghua Souvenir CO.,LTD.	–	202	–	–	–
Hangzhou Fenghua Culture Creative Co., Ltd.	752	–	–	–	–
Zhejiang Victor Motorcycle CO.,LTD.	247	–	–	–	–
Hangzhou Liuchuang Electric Vehicle Technology Co., Ltd.	148	–	–	–	–
Geely Group:					
Fengsheng Automotive Technology Group Co., Ltd.	3,218	–	–	738	–
Ningbo Jirun Auto Parts CO.,LTD.	4	1	–	–	–
Zhejiang Fulin Guorun Automobile Parts Co., Ltd.	27,489	–	–	–	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	1,000	–	–	–	–
Guizhou Geely Automobile Manufacturing Co., Ltd.	127	–	–	–	–
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	106	–	–	–	–
Shanxi Geely Auto Parts Co., Ltd.	1	–	–	–	–
Others	107	914	–	–	–
Total	<u>33,199</u>	<u>1,117</u>	<u>–</u>	<u>738</u>	<u>–</u>

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Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(a-7) Purchases of intangible assets					
Lynway Vision Technology (Nb) Co., Ltd.	–	–	9,506	–	–
Zhejiang e-CarX Technology Co., Ltd.	–	–	4,685	–	–
Hangzhou Fenghua Souvenir CO., LTD.	–	–	197	–	–
Yeoning Technology Group	–	–	53	–	–
Zhejiang Ruhoo Automobile CO., LTD.	–	–	53	–	–
Zhejiang Victor Motorcycle CO., LTD.	94	–	–	–	–
Geely Group:					
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	–	4,048	–	3,253
Hangzhou Geely Automobile Co., Ltd.	–	–	24	–	700
Qizheng New Energy Vehicle (Jinan) Co., Ltd	–	–	5,712	–	321
Fengsheng Automotive Technology Group Co., Ltd. . . .	33,234	–	–	14,052	–
Geely Automobile Holding (Shanghai) Co., Ltd.	22,072	–	412	158	–
Zhejiang XuanFu Automatic Transmission Co., Ltd.	–	–	7,546	–	–
Zhejiang Jirun Automobile Co., Ltd.	–	–	6,194	–	–
Geely Automobile Research Institute (Ningbo) Co., Ltd. . . .	19	–	5,830	–	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	–	–	677	–	–
Zhejiang Geely Automobile Co., Ltd.	–	–	410	–	–
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	100,254	539,291	–	–	–
Ningbo Geely Automotive Research and Development Co., Ltd.	76,310	36,625	–	–	–
Shanxi Geely Auto Parts Co., Ltd.	8	–	–	–	–
Others	5,737	10,166	15,210	1,134	1,615
Total	<u>237,728</u>	<u>586,082</u>	<u>60,557</u>	<u>15,344</u>	<u>5,889</u>

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Transactions with related parties	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(a-8) Interest expense					
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	149	134	90	–	70
	<u>149</u>	<u>134</u>	<u>90</u>	<u>–</u>	<u>70</u>
(a-9) Lease expenses					
Zhejiang Jidi Technology Co., Ltd. . .	570	561	–	–	–
Geely Group	114	3,020	–	–	–
	<u>114</u>	<u>3,020</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	684	3,581	–	–	–
	<u>684</u>	<u>3,581</u>	<u>–</u>	<u>–</u>	<u>–</u>
(a-10) Rental income					
Suzhou Geely Youxing Electronic Technology Co., Ltd.	–	–	13,203	8,302	4,956
Force Data & Energy (Chongqing) Technology Co., Ltd.	–	–	–	–	215
Geely Group	401	2	–	–	141
Zhejiang Victor Motorcycle CO.,LTD.	–	–	–	–	74
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>74</u>
Total	401	2	13,203	8,302	5,386
	<u>401</u>	<u>2</u>	<u>13,203</u>	<u>8,302</u>	<u>5,386</u>

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties.

(a-11) Related Party Guarantees

Guarantee issued to related parties

In 2022, Chongqing Lifan Holding Co., Ltd. and Mr. Yin Mingshan (尹明善, the Company’s former shareholder) provided the Company with a total credit line of RMB1,744,846,000 in guarantees for its bank borrowings. Concurrently, the lending bank required the Company to provide counter-guarantees of equivalent amount to Chongqing Lifan Holding Co., Ltd. and Mr. Yin Mingshan. In 2023, the guarantees provided by the Company to Chongqing Lifan Holding Co., Ltd. and Yin Mingshan were canceled.

Guarantee provided by related parties

During the relevant periods, certain borrowings were guaranteed by related parties. The guarantees were effective from 17 June 2017 to 18 June 2027. As of 31 December 2022, 2023 and 2024 and June 30, 2025, the outstanding guarantee balances were RMB696,617,000.00, RMB655,662,000, RMB629,062,000 and RMB610,762,000, respectively.(note 30)

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(a-12) Related Party financial services

Receiving financial services from Bank of Chongqing Co., Ltd.

During the relevant periods, Bank of Chongqing Co., Ltd. provides the Company with financial services including deposits, loans, and settlement services. These related-party transactions are part of the Company’s ordinary course of business, conducted based on mutual agreements between the parties, and are executed on terms no more favorable than those offered by the bank to non-related parties for similar transactions. The interest rates on deposits are determined in accordance with the benchmark rates and floating ranges issued by the People’s Bank of China.

Other financial service with other related companies

The Company’s subsidiary, Chongqing Ruilan Automobile Sales Co., Ltd. (“**Ruilan Sales**”), entered into Financial Cooperation Agreements with Geely Auto Finance Co., Ltd. (“**Geely Finance**”) and Zhejiang Zhihuipuhua Financial Leasing Co., Ltd. (“**Zhihuipuhua**”), respectively. Under these agreements, Geely Finance and Zhihuipuhua will provide auto loan services and financial leasing services, respectively, to assist end customers in purchasing automotive products from Ruilan Sales’ authorized dealers. Ruilan Sales will provide interest subsidy support not exceeding RMB200 million in aggregate, and the agreements are valid for a term of three years.

As of 31 December 2022, the cumulative interest subsidy support provided amounted to RMB298,579.82, of which RMB272,711.50 was allocated to Geely Finance and RMB25,868.32 to Zhihuipuhua.

As of 31 December 2023, the cumulative interest subsidy support provided amounted to RMB9,102,380.83, of which RMB8,506,181.79 was allocated to Geely Finance and RMB596,199.04 to Zhihuipuhua.

As of 31 December 2024, the cumulative interest subsidy support provided amounted to RMB21,071,216.58, of which RMB19,248,812.27 was allocated to Geely Finance and RMB1,822,404.31 to Zhihuipuhua.

As of 30 June 2025, the cumulative interest subsidy support provided amounted to RMB22,950,906.33, of which RMB21,121,502.02 was allocated to Geely Finance and RMB1,829,404.31 to Zhihuipuhua.

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(b) Outstanding balances with related parties:

Due to related parties

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	Balance	Balance	Balance	Balance
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances				
Chongqing Bank Co., Ltd.	617,692	19,308	37,673	5,448
Contract liabilities				
Wuhan Lutes Technology Co., Ltd. .	–	–	708	590
Geely Group	106	125	98	111
Zhejiang Victor Motorcycle CO.,LTD.	2,212	544	544	35
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	954	230	–	–
Livan holding group	21	–	–	–
Other tax payables				
Wuhan Lutes Technology Co., Ltd. .	–	–	92	77
Geely Group	14	16	13	14
Zhejiang Victor Motorcycle CO.,LTD.	288	71	71	5
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	124	30	–	–
Livan holding group	3	–	–	–
Other borrowings				
Chongqing Bank Co., Ltd.	–	–	82,568	–
Livan holding group	3,667	3,801	–	–
Other payables				
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	5,500	14,099
Zhejiang Jidi Technology Co., Ltd. . .	800	173	173	173
Zhejiang e-CarX Technology Co.,Ltd.	–	1,407	1,720	150
Hangzhou Fenghua Souvenir CO.,LTD.	–	–	99	99
Zhejiang Victor Motorcycle CO.,LTD.	–	–	–	37
Hangzhou Fenghua Culture Creative Co., Ltd.	126	107	–	–
Livan Holding Group:				
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	40,445	40,291	81,490	69,891
Lifan Financial Leasing (Shanghai) Co., Ltd.	–	42,630	42,630	42,630
Chongqing Yuhongsheng Property Management Co., Ltd.	3,325	3,325	3,330	3,330
Others	1,225	1,225	1,225	1,225

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	As at 31 December			As at 30 June
	2022	2023	2024	2025
	Balance	Balance	Balance	Balance
	RMB'000	RMB'000	RMB'000	RMB'000
Geely Group:				
Zhejiang Jisu Logistics Co., Ltd. . .	10,542	1,783	5,753	1,121
Geely Automobile Group Co., Ltd.	757	231	341	769
Zhejiang Geely Holding Group Automobile Sales Co.,Ltd.	350	299	8,610	460
Zhejiang Geely Business Services Co., Ltd.	–	544	304	401
Zhejiang Jirun Automobile Co., Ltd.	515	10	43	87
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	–	–	30	30
Geely Automobile Research Institute (Ningbo) Co., Ltd. . . .	–	–	–	4
Sichuan Lingke Automobile Manufacturing Co., Ltd.	–	–	256	–
Zhejiang Jisu Supply Chain Management Co., Ltd.	–	41	–	–
Fengsheng Automotive Technology Group Co., Ltd. . . .	6,140	15	–	–
Zhejiang Geely Automobile Co., Ltd.	334	–	–	–
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	22	–	–	–
Others	964	1,206	251	6,367
Trade payables				
Zhejiang Jidi Technology Co., Ltd. . .	5	–	–	–
Zhejiang Fengrui Engine Co., Ltd. . .	50,950	18,455	54,036	77,653
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	126	104
Zhejiang Ruhoo Automobile CO.,LTD.	298	85	2,277	65
Hangzhou Fenghua Souvenir CO.,LTD.	–	–	102	7
Zhejiang e-CarX Technology Co.,Ltd.	–	–	–	1
Zhejiang Victor Motorcycle CO.,LTD.	195	44	–	1
Lynway Vision Technology (Nb) Co., Ltd.	–	1,553	–	–
Hangzhou Fenghua Culture Creative Co., Ltd.	32	93	–	–
Jiangxi Anchi New Energy Technology Co., Ltd.	–	–	–	24,345
CaoCao Group	9	–	–	–
Livan Holding Group:				
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	2,017	2,345	2,594	4,266
Chongqing Yuhongsheng Property Management Co., Ltd.	3,156	2,968	2,628	1,384

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	As at 31 December			As at 30 June
	2022	2023	2024	2025
	Balance	Balance	Balance	Balance
	RMB’000	RMB’000	RMB’000	RMB’000
Geely Group:				
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	58,253	467,636	426,183	426,183
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	199,419	603,729	360,972	279,966
Zhejiang Geely Automobile Co., Ltd.	542,734	565,754	248,905	152,793
Sichuan Lingke Automobile Manufacturing Co., Ltd.	173	257	88,950	87,546
Guizhou Geely Automobile Manufacturing Co., Ltd.	203	–	28,537	82,689
Ningbo Geely Automotive Research and Development Co., Ltd.	71,351	107,105	86,824	77,151
Hangzhou Geely Automobile Co., Ltd.	684	1,047	27,751	26,646
Zhejiang Jirun Automobile Co., Ltd.	5,038	4,119	2,441	10,280
Ningbo Vision Auto Parts Co., Ltd.	–	–	21,269	9,582
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	3,548	5,003	3,362	8,183
Zhejiang Vision AUTO-PARTS Fittings Company Limited	138,956	49,051	5,144	4,046
Zhejiang XuanFu Automatic Transmission Co., Ltd.	–	–	8,539	2,135
Zhejiang Jisu Logistics Co., Ltd. . .	19,775	5,361	13,447	6,617
Ningbo Jirun Auto Parts CO.,LTD.	20,550	5,514	–	53
Geely Automobile Holding (Shanghai) Co., Ltd.	–	8,886	6,856	47
Geely Automobile Group Co., Ltd.	2,319	7,342	10,239	4,372
Geely Automobile Research Institute (Ningbo) Co., Ltd. . . .	14	2,396	1,253	480
Qizheng New Energy Vehicle (Jinan) Co., Ltd	–	9,357	7,775	266
Fengsheng Automobile (Jiangsu) Co., Ltd.	762,418	174,501	358,761	–
Fengsheng Automotive Technology Group Co., Ltd. . . .	34,275	10	14,564	–
Zhejiang Jisu Supply Chain Management Co., Ltd.	–	–	4,227	–
Zhejiang Geely Business Services Co., Ltd.	1,268	–	930	127
Zhejiang Fulin Guorun Automobile Parts Co., Ltd.	34,469	–	–	–
Shanxi Geely Auto Parts Co., Ltd. .	29	–	–	–
Others	16,591	5,264	19,408	3,730

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	As at 31 December						As at 30 June	
	2022	2022	2023	2023	2024	2024	2025	2025
	Balance	Allowance	Balance	Allowance	Balance	Allowance	Balance	Allowance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables								
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	–	–	8,080	–	293	29	293	29
Force Data & Energy (Chongqing) Technology Co., Ltd.	–	–	–	–	–	–	98	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	–	–	53	–	30	3
Lifan Financial Leasing (Shanghai) Co., Ltd.	14,760	–	–	–	–	–	–	–
New Energy Automobile Industry Development (Chongqing) Co., Ltd.	–	–	–	–	–	–	1,000	–
Zhangjiagang Free Trade Zone International Auto Mall Co., Ltd.	–	–	–	–	5,365	–	–	–
Geely Group:								
Zhejiang Geely Business Services Co., Ltd.	–	–	–	–	400	20	400	40
Fengsheng Automobile (Jiangsu) Co., Ltd.	–	–	–	–	–	–	47	–
Chongqing Xingfu Qianwanjia Automobile Sales Co., Ltd.	–	–	–	–	1,071	–	–	–
Chengdu Geely Automobile Manufacturing Co., Ltd.	–	–	370	–	–	–	–	–
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	103	–	–	–	–	–	–	–
Others	20	–	–	–	248	–	2,302	–
Prepayments								
Geely Group	92	–	1	–	1,584	–	1,754	–
Jiyao Group	–	–	–	–	–	–	903	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	–	–	6	–	–	–
CaoCao Group	2	–	–	–	–	–	–	–
Dividends receivable								
New Energy Automobile Industry Development (Chongqing) Co., Ltd.	1,000	–	1,000	–	1,000	–	1,000	–
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	11,728	11,728	11,728	11,728	11,728	11,728	11,728	11,728

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	As at 31 December						As at 30 June	
	2022	2022	2023	2023	2024	2024	2025	2025
	Balance	Allowance	Balance	Allowance	Balance	Allowance	Balance	Allowance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables								
Livan holding group	856	856	856	856	856	856	856	856
Caocao Group:								
Suzhou Caozhi Automobile Co., Ltd.	–	–	117,423	–	118,240	1,633	176,377	3,011
Hangzhou Youxing Technology Co., Ltd.	534,571	–	24,667	–	19,557	1,948	19,557	1,956
Suzhou Geely Youxing Electronic Technology Co., Ltd.	–	–	–	–	826	–	826	–
Hangzhou Zhongyue Travel Technology Co., Ltd.	230,403	–	215,983	–	18,970	–	261	–
Zhejiang Victor Motorcycle CO.,LTD.	–	–	–	–	–	–	219	–
Dreamsmart Infinity HK	–	–	–	–	6,868	–	–	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	–	–	115	–	–	–
Zhejiang Ruhoo Automobile CO.,LTD.	–	–	1,525	–	–	–	–	–
Geely Group:								
Zhejiang Geely Automobile International Trading Co., Ltd.	–	–	175,626	–	282,636	–	192,871	–
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	–	–	–	–	–	67,160	–
Zhejiang Geely Holding Group Automobile Sales Co.,Ltd.	–	–	–	–	–	–	63,838	–
Chongqing Xingfu Qianwanjia Automobile Sales Co., Ltd.	422,880	–	127,582	–	73,994	–	21,311	–
Hangzhou Yineng Battery Management Technology Co., Ltd.	823,032	336	10,288	329	4,894	–	13,629	–
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	–	–	–	–	–	–	8,170	817
Ningbo Vision Auto Parts Co., Ltd.	–	–	–	–	752	–	910	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	–	–	63	–	1,417	–	472	–
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	189,537	–	8,170	–	8,170	817	–	–
Chengdu Geely Automobile Manufacturing Co., Ltd.	–	–	14,076	–	–	–	–	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	–	–	9,921	–	–	–	–	–
Hangzhou Geely Automobile Co., Ltd.	19,388	–	4,160	–	–	–	–	–
Ningbo Jirun Auto Parts CO.,LTD.	3,818	20	247	–	–	–	–	–
Zhejiang Jirun Automobile Co., Ltd.	–	–	1	–	–	–	–	–
Shanxi Geely Auto Parts Co., Ltd.	1,160	–	–	–	–	–	–	–
Others	968	6	16	–	140	–	11,568	–

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Subsidiaries:				
Non-traded related:				
Due from subsidiaries	6,234,272	5,760,620	5,776,713	5,778,086
Due to subsidiaries	112,022	93,571	12,544	9,382

These balances were interest-free, unsecured and repayable on demand.

Further details of trade related outstanding balances with related parties are included in note 24.

(c) Compensation of key management personnel of the Group:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind Performance related bonuses	10,036	10,917	8,711	4,097
Total	10,036	10,917	8,711	4,097

Further details of directors’ and supervisors; emoluments are included in note 9 to the Historical Financial Information.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

The Group

As at 31 December 2022

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	141,619	3,442,124	3,583,743
Financial assets included in prepayments, other receivables and other assets	–	250,365	250,365
Restricted cash	–	453,603	453,603
Time deposits	–	524,751	524,751
Cash and cash equivalents	–	1,743,112	1,743,112
Total	141,619	6,413,955	6,555,574

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Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	3,420,397
Financial liabilities included in other payables and accruals	1,259,893
Interest-bearing bank borrowings	2,811,335
Total	7,491,625

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	116,721	1,642,575	1,759,296
Financial assets included in prepayments, other receivables and other assets	–	140,484	140,484
Restricted cash	–	1,893,421	1,893,421
Time deposits	–	544,945	544,945
Cash and cash equivalents	–	986,333	986,333
Total	116,721	5,207,758	5,324,479

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	4,895,122
Financial liabilities included in other payables and accruals	1,488,155
Interest-bearing bank borrowings	2,298,291
Total	8,681,568

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As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	24,235	1,663,223	1,687,458
Financial assets included in prepayments, other receivables and other assets	–	154,705	154,705
Restricted cash	–	2,207,049	2,207,049
Time deposits	–	150,679	150,679
Cash and cash equivalents	–	1,321,676	1,321,676
Total	24,235	5,497,332	5,521,567

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	5,678,936
Financial liabilities included in other payables and accruals	1,188,956
Interest-bearing bank borrowings	2,016,870
Total	8,884,762

As at 30 June 2025

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	248,761	1,533,838	1,782,599
Financial assets included in prepayments, other receivables and other assets	–	119,790	119,790
Restricted cash	–	1,351,135	1,351,135
Time deposits	–	187,370	187,370
Cash and cash equivalents	–	1,895,598	1,895,598
Total	248,761	6,312,871	6,561,632

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Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade and bills payables	6,137,545
Financial liabilities included in other payables and accruals	1,177,696
Interest-bearing bank borrowings	1,781,829
Total	<u>9,097,070</u>

45. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognised entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables due to such suppliers and discounted certain bank acceptance bills with commercial banks (collectively, the “**Derecognised Bills**”) with carrying amounts in aggregate of RMB1,030,872,000, RMB2,587,364,000, RMB2,489,082,000 and RMB3,023,329,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. The Derecognised Bills had a maturity ranging from 1 to 12 months at the end of each Relevant Periods. In accordance with the Law of Negotiable Instruments of Mainland China, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the “**Continuing Involvement**”). In the opinion of the Company’s directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

Transferred financial assets that are not derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “**Endorsed Bills**”). In the opinion of the Company’s directors, the Group has retained substantially the risks and rewards, which include the default risks relating to those Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Group has not retained any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills as at the year ended 31 December 2022, 2023 and 2024 and 30 June 2025 to which the suppliers have recourse were RMB120,403,000, RMB217,652,000, RMB148,585,000 and RMB122,892,000, respectively.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial assets measured at fair value through other comprehensive income, trade and bills payables, financial liabilities included in other payables and accruals, short-term interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. The non-current portion of interest-bearing bank and other borrowings approximates to their carrying amounts mainly due to the floating interest rate.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows. The fair values have been assessed to be approximate to their carrying amounts.

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The fair value of investment properties is measured at the market value obtained at the end of the reporting period. The main valuation techniques adopted by the Company are income capitalisation method and market approach. Some of the Group's investment properties have been leased out and entered into lease contracts. The rental market for similar properties in the surrounding areas is relatively developed, and a certain amount of market rental information similar to the investment properties being appraised can be collected in the nearby areas. Therefore, the income approach is adopted for the appraisal of the above properties. Recent transaction information similar to the corresponding buildings can be collected in the vicinity of other investment properties of the Group, which are eligible for market approach assessment. Therefore, the above properties are valued using the market comparison approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of unlisted equity investments measured at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to equity ("P/E") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investments measured at fair value through profit or loss Investment properties	Income capitalisation method	Pre-tax discount rate	31 December 2022: 6.0%-14.1%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB372,627,000.
			31 December 2023: 6.0%-10.3%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB362,890,000.
			31 December 2024: 6.0%-10.8%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB346,510,000.
			30 June 2025: 5.5%-11.6%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB115,296,000.
Investments measured at fair value through other comprehensive income Unlisted equity investments	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2022: 30.3%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB60,000.
		DLOM	31 December 2023: 35.4%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB68,000.
		DLOM	31 December 2024: 37.2%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB59,500.
		DLOM	30 June 2025: 37.2%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB53,050.

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Investment properties	–	–	3,245,573	3,245,573
Bills receivable, at fair value	–	141,619	–	141,619
Unlisted equity investments, at fair value	–	–	6,518	6,518
Total	–	141,619	3,252,091	3,393,710

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Investment properties	–	–	3,256,257	3,256,257
Bills receivable, at fair value	–	116,721	–	116,721
Unlisted equity investments, at fair value	–	–	6,629	6,629
Total	–	116,721	3,262,886	3,379,607

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Investment properties	–	–	3,160,670	3,160,670
Bills receivable, at fair value	–	24,235	–	24,235
Unlisted equity investments	–	–	6,728	6,728
Total	–	24,235	3,167,398	3,191,633

As at 30 June 2025

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	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Investment properties	–	–	3,137,253	3,137,253
Bills receivable, at fair value	–	248,761	–	248,761
Unlisted equity investments	–	–	6,756	6,756
Total	–	248,761	3,144,009	3,392,770

The movements in fair value measurements within Level 3 during the year/period are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Equity investments designated at fair value through other comprehensive income				
At the beginning of the year/period	5,967	6,518	6,629	6,728
Total gains recognised in the statements of profit or loss and comprehensive income	551	111	99	28
At the end of the year/period	6,518	6,629	6,728	6,756
Investment properties measured at fair value through profit or loss				
At the beginning of the year/period	3,199,673	3,245,573	3,256,257	3,160,670
Total gains/(losses) recognised in the statements of profit or loss	45,900	10,684	(95,587)	(23,417)
At the end of the year/period	3,245,573	3,256,257	3,160,670	3,137,253

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, comprise bank loans, other interest-bearing borrowings, and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

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Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long term debt obligations with a floating interest rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank and other borrowings had increased/decreased by 50 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB13,933,000, RMB10,355,000, RMB6,989,000 and RMB6,266,000 for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025 respectively and the Group’s total equity would have decreased/increased by RMB13,933,000, RMB10,355,000, RMB6,989,000 and RMB6,266,000, respectively. This is mainly attributable to the Group’s exposure to variable interest rates on its bank loans.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Group’s profit/loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in profit/loss before tax
	%	RMB’000
Year ended 31 December 2022		
If the RMB weakens against the USD	(5)	48,756
If the RMB strengthens against the USD	5	(48,756)
Year ended 31 December 2023		
If the RMB weakens against the USD	(5)	44,290
If the RMB strengthens against the USD	5	(44,290)
Year ended 31 December 2024		
If the RMB weakens against the USD	(5)	54,013
If the RMB strengthens against the USD	5	(54,013)
Six months ended 30 June 2025		
If the RMB weakens against the USD	(5)	53,879
If the RMB strengthens against the USD	5	(53,879)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

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As at 31 December 2022

	12-month ECLs	Simplified approach	Total
	Stage 1		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables*	–	4,481,260	4,481,260
Financial assets included in prepayments, other receivables and other assets.			
– Normal**	288,556	–	288,556
Restricted cash			
– Not yet past due	453,603	–	453,603
Time deposits.			
– Not yet past due	524,751	–	524,751
Cash and cash equivalents.			
– Not yet past due	1,743,112	–	1,743,112
Total	3,010,022	4,481,260	7,491,282

As at 31 December 2023

	12-month ECLs	Simplified approach	Total
	Stage 1		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables*	–	2,686,725	2,686,725
Financial assets included in prepayments, other receivables and other assets.			
– Normal**	179,909	–	179,909
Restricted cash			
– Not yet past due	1,893,421	–	1,893,421
Time deposits.			
– Not yet past due	544,945	–	544,945
Cash and cash equivalents.			
– Not yet past due	986,333	–	986,333
Total	3,604,608	2,686,725	6,291,333

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As at 31 December 2024

	12-month ECLs		
	Stage 1	Simplified approach	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	2,709,339	2,709,339
Financial assets included in prepayments, other receivables and other assets.			
– Normal**	196,521	–	196,521
Restricted cash			
– Not yet past due	2,207,049	–	2,207,049
Time deposits.			
– Not yet past due	150,679	–	150,679
Cash and cash equivalents.			
– Not yet past due	1,321,676	–	1,321,676
Total	<u>3,875,925</u>	<u>2,709,339</u>	<u>6,585,264</u>

As at 30 June 2025

	12-month ECLs		
	Stage 1	Simplified approach	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	2,499,173	2,499,173
Financial assets included in prepayments, other receivables and other assets			
– Normal**	163,961	–	163,961
Restricted cash			
– Not yet past due	1,341,510	–	1,341,510
Time deposits.			
– Not yet past due	1,422,135	–	1,422,135
Cash and cash equivalents.			
– Not yet past due	1,895,598	–	1,895,598
Total	<u>4,823,204</u>	<u>2,499,173</u>	<u>7,322,377</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

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Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing.

The maturity profile of the Group’s financial liabilities as at the end of the each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2022					
Interest-bearing bank borrowings . . .	347,333	859,511	469,439	281,985	1,958,268
Trade and bills payables	3,420,397	–	–	–	3,420,397
Financial liabilities included in other payables	1,259,893	–	–	–	1,259,893
Financial guarantee granted	226,128	–	–	–	226,128
Total	<u>5,253,751</u>	<u>859,511</u>	<u>469,439</u>	<u>281,985</u>	<u>6,864,686</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023					
Interest-bearing bank borrowings . . .	613,737	500,528	40,030	552,433	1,706,728
Trade and bills payables	4,895,122	–	–	–	4,895,122
Financial liabilities included in other payables	1,488,155	–	–	–	1,488,155
Financial guarantee granted	180,421	–	–	–	180,421
Total	<u>7,177,435</u>	<u>500,528</u>	<u>40,030</u>	<u>552,433</u>	<u>8,270,426</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2024				
Interest-bearing bank borrowings	1,143,852	221,299	599,632	1,964,783
Trade and bills payables	5,678,936	–	–	5,678,936
Financial liabilities included in other payables	1,188,956	–	–	1,188,956
Financial guarantee granted	107,272	–	–	107,272
Total	<u>8,119,016</u>	<u>221,299</u>	<u>599,632</u>	<u>8,939,947</u>

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	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
30 June 2025				
Interest-bearing bank borrowings	1,053,866	705,947	22,016	1,781,829
Trade and bills payables	6,137,545	–	–	6,137,545
Financial liabilities included in other payables	1,177,696	–	–	1,177,696
Financial guarantee granted	90,662	–	–	90,662
Total	<u>8,459,769</u>	<u>705,947</u>	<u>22,016</u>	<u>9,187,732</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity as of the end of the year or period. Total debt is define to include interest-bearing bank and other borrowings and lease liabilities which are all interest-bearing borrowings. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest-bearing bank and other borrowings	2,811,335	2,298,291	2,016,870	1,781,829
Lease liabilities.	4,941	8,574	903	755
Total debt	<u>2,816,276</u>	<u>2,306,765</u>	<u>2,017,773</u>	<u>1,782,584</u>
Total equity	<u>11,664,392</u>	<u>11,961,170</u>	<u>11,665,242</u>	<u>11,562,062</u>
Gearing ratio	<u>24%</u>	<u>19%</u>	<u>17%</u>	<u>15%</u>

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48. EVENTS AFTER THE RELEVANT PERIODS

Consolidation of Chongqing Afari Intelligent Drive Co., Ltd.

In June 2025, the Company established Chongqing Afari Intelligent Drive Co., Ltd. (“**Afari Intelligent Drive**”) in the Mainland China, as a joint venture through Chongqing Jianghe Qixing Enterprise Management Partnership (Limited Partnership) (“**重慶江河啟興企業管理合夥企業(有限合夥)**”, “**Jianghe Qixing**”), with third parties. Jianghe Qixing is a limited partnership established in the Mainland China, with our wholly-owned subsidiary, Chongqing Zhiqi Xinwang Enterprise Management Co., Ltd. (“**重慶智騏鑫旺企業管理有限公司**”, “**Zhiqi Xinwang**”) as the sole general partner. With a view to enhancing the Company’s “AI + Mobility” solutions, and to securing the control over Afari Intelligent Drive,

- (1) the partners of Jianghe Qixing have unanimously agreed to amend the partnership agreement of Jianghe Qixing authorizing Zhiqi Xinwang to control the key corporate matters of Jianghe Qixing, and;
- (2) Jianghe Qixing entered into a Proxy Agreement with its shareholder on 28 September 2025. Pursuant to such Proxy Agreement and the Shareholders’ approval dated 15 October 2025, the Company controls more than 50% of the voting rights in Afari Intelligent Drive and exercises effective control over its board of directors.

Accordingly, Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since 15 October 2025.

Disposal of Assets

On 31 July 2025, the Company convened the 23rd Meeting of the 6th Board of Directors and on 18 August 2025, the Company convened the 4th Extraordinary General Meeting of Shareholders for 2025. Both meetings deliberated and approved the Proposal on Asset Disposal and Related Party Transactions.

The resolution authorised the Company’s wholly-owned subsidiary, Chongqing Livan Automobile Manufacturing Co., Ltd., to enter into the Technology Transfer Agreement for Project P658 with Ningbo Geely Automobile Research and Development Co., Ltd. (“**寧波吉利汽車研究開發有限公司**”, “**Ningbo Research Institute**”), a related party. Under the agreement, the intellectual property rights related to the technology of the under-development vehicle model will be transferred to Ningbo Research Institute at a transaction price of RMB345,220,000 (including tax).

The transaction price is determined based on the Asset Appraisal Report No. Walker Appraisal (2025) 1533 issued by Walker (Beijing) International Asset Appraisal Co., Ltd. (“**沃克森(北京)國際資產評估有限公司**”).

Share Incentive Plan

On 29 September 2025, the Company convened the 26th meeting of the 6th Board of Directors, at which it reviewed and approved the proposal regarding the “Company’s 2025 Employee Share Incentive Plan (Draft)”. The specific Share Incentive Plan was approved by the shareholders’ meeting on 15 October 2025.

49. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 30 June 2025.

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**IIIA SUPPLEMENTARY PRE-ACQUISITION FINANCIAL INFORMATION OF
CHONGQING AFARI INTELLIGENT DRIVE CO., LTD. AND ITS
SUBSIDIARIES**

Financial information of Chongqing Afari Intelligent Drive Co., Ltd. ("**Afari Intelligent Drive**") and its subsidiaries ("**Afari Intelligent Drive Group**") for the period from 27 June 2025 to 30 June 2025 (the "**Pre-acquisition Period**") has been prepared by the directors of Afari Intelligent Drive in accordance with the accounting policies as set out in Section II Note 2.3 above. The financial information is hereafter referred to as the "Financial Information of Afari Intelligent Drive Group".

1. FINANCIAL INFORMATION OF AFARI INTELLIGENT DRIVE GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Since the Afari Auto Intelligence has only been incorporated for 3 days, and all the formalities for shareholders' capital contributions were completed as of June 30 2025. Therefore the consolidated statements of profit or loss have not been presented.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

Since the Afari Auto Intelligence has only been incorporated for 3 days, and all the formalities for shareholders' capital contributions were completed as of June 30 2025. Therefore the consolidated statements of comprehensive income have not been presented.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 30 June 2025
		RMB’000
NON-CURRENT ASSETS		
Property, plant and equipment	5	19,751
Right-of-use assets	6	11,476
Other intangible assets	7	1,758,831
Prepayments, other receivables and other assets	10	4,167
Total non-current assets		1,794,225
CURRENT ASSETS		
Trade receivables	9	15,900
Prepayments, other receivables and other assets	10	45,289
Cash and cash equivalents	11	2,106
Total current assets		63,295
CURRENT LIABILITIES		
Other payables and accruals	12	345,444
Lease liabilities	6	4,784
Total current liabilities		350,228
NET CURRENT ASSETS/LIABILITIES		(286,933)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,507,292
NON-CURRENT LIABILITIES		
Lease liabilities	6	6,981
Provisions	13	311
Total non-current liabilities		7,292
Net assets		1,500,000
EQUITY		
Equity attributable to owners of the parent		
Paid in capital	13	4,500
Share premium	14	1,495,000
Total equity		1,500,000

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2025

	Attributable to owners of the parent		
	Paid in capital	Capital reserve*	Total
	<i>RMB’000</i> <i>Note 14</i>	<i>RMB’000</i> <i>Note 15</i>	<i>RMB’000</i>
As at 27 June 2025	—	—	—
Capital injection from equity holders (<i>note 16</i>)	4,500	1,495,000	1,500,000
As at 30 June 2025	<u>4,500</u>	<u>1,495,000</u>	<u>1,500,000</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three days ended 30 June 2025
	<i>RMB’000</i>
CASH FLOWS FROM FINANCING ACTIVITIES	—
Capital injection from equity holders	<u>2,106</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,106</u>
Cash and cash equivalents at end of period	<u>2,106</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	<u>2,106</u>
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position	<u>2,106</u>

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STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 30 June 2025
		<i>RMB’000</i>
NON-CURRENT ASSETS		
Investments in subsidiaries	8	1,500,000
Total non-current assets		1,500,000
CURRENT ASSETS		
Total current assets		–
CURRENT LIABILITIES		
Total current liabilities		–
NET CURRENT ASSETS		–
TOTAL ASSETS LESS CURRENT LIABILITIES		1,500,000
NON-CURRENT LIABILITIES		
Total non-current liabilities		–
Net assets		1,500,000
EQUITY		
Paid-in-capital		4,500
Capital Reserve		1,495,500
Total equity		1,500,000

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2. CORPORATE INFORMATION

Chongqing Afari Intelligent Drive Co., Ltd. was incorporated as a company with limited liability on 27 June 2025. The registered office of the Afari Auto Intelligence is located at No. 2, Huanghuan North Road, Jinshan Avenue, Liangjiang New District, Chongqing, the PRC.

Afari Auto Intelligence was engaged in the research and development, production and sale of Intelligent Driving devices.

As of 30 June 2025, Maichi Zhixing (Chongqing) Technology Co., Ltd. (“邁馳智行(重慶)科技有限公司”, “**Maichi Chongqing**”, an equity holder of the Company) contributed equity interests in its subsidiaries, Beijing Maichi Zhixing Technology Co., Ltd., (“北京邁馳智行科技有限公司”, “**Beijing Maichi**”) with its subsidiaries (“**Beijing Maichi Group**”) as capital contribution. Therefore, the list of the Company’s subsidiaries as of 30 June 2025, is set forth below:

Name	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered paid-in capital (‘000)	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Beijing Maichi Zhixing Technology Co., Ltd. 北京邁馳智行科技有限公司	PRC/Chinese Mainland/ 27 December 2022	RMB10,000	100	–	Scientific Research and Technical Services
Ningbo Chi Jie Technology Co., Ltd. 寧波馳界科技有限公司	PRC/Chinese Mainland/ 20 January 2025	RMB10	–	100	Scientific Research and Technical Services
Maichi Yue Xin (Chongqing) Technology Co., Ltd. 邁馳躍新(重慶)科技有限公司	PRC/Chinese Mainland/ 27 September 2024	RMB500	–	100	Scientific Research and Technical Services

3. MATERIAL ACCOUNTING POLICIES

The Financial Information of Afari Intelligent Drive Group has been prepared in accordance with the accounting policies as set out in Section II Note 2.3 above.

4. DIVIDENDS

No dividends were paid or declared by Afari Auto Intelligence during the Pre-acquisition Period.

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5. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and electronic devices
	<u>RMB'000</u>
At 27 June 2025:	
Net carrying amount	—
Asset acquisition (<i>note 16</i>)	<u>19,751</u>
At 30 June 2025:	
Cost	<u>19,751</u>
Net carrying amount	<u>19,751</u>

6. LEASES

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Pre-acquisition Period are as follows:

	Office equipment and electronic devices
	<u>RMB'000</u>
At 27 June 2025	—
Asset acquisition (<i>note 16</i>)	<u>11,476</u>
At 30 June 2025	<u>11,476</u>

APPENDIX I

ACCOUNTANTS' REPORT

(b) Lease liabilities

The carrying amount of lease liabilities (not included under interest-bearing bank and other borrowings) and the movements during the Pre-acquisition Period are as follows:

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB'000</i>
As at 27 June 2025	–
Asset acquisition (<i>note 16</i>)	11,765
As at 30 June 2025	11,765
Analysed into:	
Current portion	4,784
Non-current portion	6,981

7. OTHER INTANGIBLE ASSETS

	<u>Patents</u>
	<i>RMB'000</i>
As at 27 June 2025	–
Asset acquisition (<i>note 16</i>)	1,758,831
As at 30 June 2025	1,758,831

8. INVESTMENTS IN SUBSIDIARIES

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB'000</i>
Investments, at cost	1,500,000

APPENDIX I

ACCOUNTANTS’ REPORT

9. TRADE RECEIVABLES

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB’000</i>
Trade receivables	15,900
	<u>15,900</u>

An ageing analysis of Afari Intelligent Drive Group’s trade receivables, based on the past due information and net of loss allowance, as at the end of each of the Pre-acquisition Period is as follows:

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB’000</i>
Within six months	15,900
	<u>15,900</u>

10. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB’000</i>
Current portion:	
Other tax recoverable	37,899
Prepayments to suppliers	6,807
Deposits and other receivables	583
	<u>45,289</u>
Non-current portion:	
Prepayments for items of property, plant and equipment	4,167
	<u>4,167</u>
As at 30 June 2025	49,456
	<u>49,456</u>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

11. CASH AND CASH EQUIVALENTS

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB’000</i>
Current:	
Cash and cash equivalents	2,106
	<u>2,106</u>
Denominated in RMB	2,106
	<u>2,106</u>

APPENDIX I

ACCOUNTANTS’ REPORT

12. OTHER PAYABLES AND ACCRUALS

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB’000</i>
Due to third parties	278,445
Accrued expenses	34,847
Payroll and welfare payable	22,690
Other tax payables	<u>9,462</u>
As at 30 June 2025	<u><u>345,444</u></u>

13. PROVISIONS

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB’000</i>
Warranties (a)	<u><u>311</u></u>

(a) Warranties

Provision was made for estimated warranty in respect of products sold which were still under warranty at the end of each of the Pre-acquisition Period.

14. PAID IN CAPITAL

	<u>As at 30 June</u>
	<u>2025</u>
	<i>RMB’000</i>
Paid in Capital	4,500

15. CAPITAL RESERVE

Capital reserve of the Afari Intelligent Drive Group mainly represents the premium arising from capital contributions by its equity holders.

APPENDIX I

ACCOUNTANTS’ REPORT

16. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS

Afari Intelligent Drive was incorporated as a company with limited liability on 27 June 2025. As of 30 June 2025, Maichi Chongqing contributed equity interests in its subsidiaries, Beijing Maichi Group exchange for 4,500,000 of paid-in-capital.

Since all equity transfer procedures were completed on 30 June 2025, this date is recognized as the acquisition date on which control over Beijing Maichi Group was obtained.

This acquisition has been accounted for as acquisition of assets in the Afari Intelligent Drive’s consolidated financial statements. Beijing Maichi Group failed to constitute a business under IFRS 3 because the management of the Group assessed that the acquisition has satisfied the criteria of concentration test. The purchase cost is allocated to the assets and liabilities acquired on the basis of their relative fair values at the date of purchase.

An analysis of the cash flows in respect of the acquisition of Beijing Maichi Group is as follows:

	RMB’000
Cash consideration	–
Cash and bank balances acquired	2,106
Net inflow of cash and cash equivalents	
included in cash flows from financing activities	2,106
Total net cash inflow	2,106

17. EVENTS AFTER THE PRE-ACQUISITION PERIODS

From July 2025 to September 2025, the shareholders of Afari Intelligent Drive as the following:

- Chongqing Jianghe Qixing Corporate Management Partnership Enterprise (Limited Partnership) (重慶江河啟興企業管理合夥企業(有限合夥)) (“**Jianghe Qixing**”)
- Maichi Zhixing
- Zhejiang Jirun Automobile Co., Ltd. (浙江吉潤汽車有限公司) (“**Zhejiang Jirun**”)
- Chongqing Zhijiang Zhongwang Corporate Management Consulting Partnership (Limited Partnership) (重慶智江眾旺企業管理諮詢合夥企業(有限合夥)) (“**Zhijiang Zhongwang**”)
- Ningbo Lotus Robotics Co., Ltd. (寧波路特斯機器人有限公司) (“**Lotus Robotics**”)

made capital contributions on a pro-rata basis, with registered capital amounts of RMB60 million, RMB60 million, RMB60 million, RMB10 million and RMB10 million, and corresponding equity percentages of 30%, 30%, 30%, 5% and 5%, respectively.

APPENDIX IIA UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIB

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

**I UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION OF THE ENLARGED GROUP AS AT 30 JUNE 2025**

**(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED
GROUP**

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position of the Group, Chongqing Afari Technology Co., Ltd. and its subsidiaries (the "**Chongqing Afari**", the "**Group**") and Chongqing Afari Intelligent Drive Co., Ltd. ("**Afari Intelligent Drive**") (the "**Enlarged Group**") (the "**Unaudited Pro Forma Financial Information of the Enlarged Group**"), in connection with the proposed acquisition of Afari Intelligent Drive, which have been prepared on the basis of the notes set out below for the purpose of illustrating the impact of transactions on the Group's consolidated balance sheet as at 30 June 2025 as if the transactions had been completed as at 30 June 2025.

This Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors of the Group in accordance with paragraph 4.29 of the Listing Rules and Accounting Guide line 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, based on their judgements, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 June 2025 or at any future date following the completion of the transactions.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on the audited consolidated statement of financial position of the Group as at 30 June 2025 as set out in the accountants' report of the Group included in Appendix I to the Document, and the audited consolidated statement of financial position of Afari Intelligent Drive as at 30 June 2025 as set out in Appendix I to the Document, after giving effect to the pro forma adjustments relating to the transactions as described in the accompanying notes. Narrative description of the pro forma adjustments that are (i) directly attributable to the transactions and not relating to future events or decisions; and (ii) factually supported, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on a number of assumptions, estimates, and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had transactions been completed as at 30 June 2025. The Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict future financial position or results of the Enlarged Group.

APPENDIX IIB

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	The Group	Afari Intelligent Drive	Acquisition of Afari Intelligent Drive	The Enlarged Group
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i> <i>(Note 3)</i>	<i>RMB'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	1,894,900	19,751	–	1,914,651
Investment properties	3,137,253	–	–	3,137,253
Right-of-use assets	444,569	11,476	–	456,045
Other intangible assets	1,674,750	1,758,831	–	3,433,581
Goodwill	167,566	–	–	167,566
Investments in joint ventures and associates	5,259,710	–	–	5,259,710
Deferred tax assets	716,885	–	–	716,885
Equity investments designated at fair value through other comprehensive income	6,756	–	–	6,756
Time deposits	1,225,140	–	–	1,225,140
Prepayments, other receivables and other assets	7,279	4,167	–	11,446
Total non-current assets	14,534,808	1,794,225	–	16,329,033
CURRENT ASSETS				
Inventories	2,271,331	–	–	2,271,331
Trade and bills receivables	1,782,599	15,900	–	1,798,499
Prepayments, other receivables and other assets	373,442	45,289	–	418,731
Restricted cash	1,351,135	–	–	1,351,135
Time deposits	187,370	–	–	187,370
Cash and cash equivalents	1,895,598	2,106	–	1,897,704
Total current assets	7,861,475	63,295	–	7,924,770
CURRENT LIABILITIES				
Trade and bills payables	6,137,545	–	–	6,137,545
Contract liabilities	490,839	–	–	490,839
Other payables and accruals	1,376,500	345,444	–	1,721,944
Interest-bearing bank and other borrowings	1,053,866	–	–	1,053,866
Lease liabilities	755	4,784	–	5,539
Tax payable	2,548	–	–	2,548
Total current liabilities	9,062,053	350,228	–	9,412,281

APPENDIX IIB

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	The Group	Afari Intelligent Drive	Acquisition of Afari Intelligent Drive	The Enlarged Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	
NET CURRENT				
ASSETS/(LIABILITIES)	<u>(1,200,578)</u>	<u>(286,933)</u>	<u>–</u>	<u>(1,487,511)</u>
TOTAL ASSETS LESS				
CURRENT LIABILITIES	<u>13,334,230</u>	<u>1,507,292</u>	<u>–</u>	<u>14,841,522</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	727,963	–	–	727,963
Lease liabilities	–	6,981	–	6,981
Deferred tax liabilities	617,042	–	–	617,042
Provisions	90,889	311	–	91,200
Deferred income	336,274	–	–	336,274
Total non-current liabilities	<u>1,772,168</u>	<u>7,292</u>	<u>–</u>	<u>1,779,460</u>
Net assets	<u>11,562,062</u>	<u>1,500,000</u>	<u>–</u>	<u>13,062,062</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	4,521,100	4,500	(4,500)	4,521,000
Treasury shares	(133,881)	–	–	(133,881)
Reserves	6,166,718	1,495,000	(1,627,670)	6,034,548
	10,553,937	1,500,000	(1,632,170)	10,421,767
Non-controlling interests	<u>1,008,125</u>	<u>–</u>	<u>1,632,170</u>	<u>2,640,295</u>
Total equity	<u>11,562,062</u>	<u>1,500,000</u>	<u>–</u>	<u>13,062,062</u>

Notes:

- The amounts are extracted from the audited consolidated statement of financial position of the Group as at 30 June 2025 as set out in the accountants' report of the Group included in Appendix I to the Document.

APPENDIX IIB

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

2. The amounts are extracted from the audited consolidated statement of financial position of Afari Intelligent Drive as at 30 June 2025 as set out in the supplementary pre-acquisition financial information of Afari Intelligent Drive included in Appendix I Section IIIA to the Document.

3. These adjustments represent:

Chongqing Zhiqi Xinwang Enterprise Management Co., Ltd. (重慶智騏鑫旺企業管理有限公司) (“**Zhiqi Xinwang**”), a wholly-owned subsidiary of the Company, established Chongqing Jianghe Qixing Corporate Management Partnership Enterprise (Limited Partnership) (重慶江河啟興企業管理合夥企業(有限合夥)) (“**Jianghe Qixing**”), holding 13.34% partnership interests. The total capital consideration payable by the Company is of RMB20,000,000. Zhiqi Xinwang is the sole general partner of Jianghe Qixing.

In September 2025, pursuant to the amended partnership agreement of Jianghe Qixing dated September 27, 2025, Jianghe Qixing has been consolidated into the Group’s consolidated financial statements.

In June 2025, the Company established Chongqing Afari Intelligent Drive Co., Ltd. (“**Afari Intelligent Drive**”) in the Mainland China, as a joint venture through Jianghe Qixing, with third parties. Jianghe Qixing entered into a Proxy Agreement with another equity holder of Afari Intelligent Drive on 28 September 2025. Pursuant to such Proxy Agreement and the Shareholders’ approval dated 15 October 2025, the Company is able to control more than 50% of the voting rights in Afari Intelligent Drive and exercises effective control over its board of directors, through Jianghe Qixing.

The acquisition of Afari Intelligent Drive constitutes a major transaction of the Company after the Track Record Period. The Group initially recognises the non-controlling interest (the “**NCI**”) at the proportionate share of the acquiree’s net assets.

**(B) INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

**INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

To the Directors of Chongqing Afari Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Chongqing Afari Technology Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Group and Afari Intelligent Drive (hereinafter collectively referred to as the “**Enlarged Group**”) as at 30 June 2025, and related notes as set out on pages IIB-[1] and IIB-[2] of the Document dated [REDACTED] issued by the Company (the “**Unaudited Pro Forma Financial Information of the Enlarged Group**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information of the Enlarged Group are described in Appendix IIB to the Document.

APPENDIX IIB

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The Unaudited Pro Forma Financial Information of the Enlarged Group has been compiled by the Directors to illustrate the impact of the acquisition of Afari Intelligent Drive on the Group's consolidated statement of financial position as at 30 June 2025 as if the transaction had taken place at 30 June 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2025, on which an accountants' report has been published. Information about Afari Intelligent Drive's financial position has been extracted by the Directors from Afari Intelligent Drive's financial statements for the period ended 30 June 2025 included in Appendix I section IIIA to the Document, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information of the Enlarged Group in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information of the Enlarged Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information of the Enlarged Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

APPENDIX IIB

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information of the Enlarged Group in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information of the Enlarged Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information of the Enlarged Group.

The purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group included in the Document is solely to illustrate the impact of the acquisition of Afari Intelligent Drive on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information of the Enlarged Group has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information of the Enlarged Group provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information of the Enlarged Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information of the Enlarged Group has been compiled, and other relevant engagement circumstances.

APPENDIX IIB

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information of the Enlarged Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information of the Enlarged Group has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

[●]

Certified Public Accountants

Hong Kong

[date]

APPENDIX IIC

[REDACTED]

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Document received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 31 July 2025 of the selected property interests held by the Group.



Asia-Pacific Consulting and Appraisal Limited

Flat/Rm A, 12/F
Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

[●] 2025

The Board of Directors
Chongqing Afari Technology Co., Ltd.
No. 2 Huanghuan North Road,
Jinshan Avenue,
Liangjiang New Area,
Chongqing Municipality,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions to value the selected property interests held by Chongqing Afari Technology Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the selected property interests as at 31 July 2025 (the “**Valuation Date**”).

The selected property interests form part of the Group’s property activities that have a carrying amount of 1% or more of the Group’s total assets and therefore the valuation report of these property interests is required to be included in this Document.

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

APPENDIX III

PROPERTY VALUATION REPORT

Methods of Valuation

We have valued property no. 1 by the income approach which is by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair values at an appropriate capitalization rate.

We have valued property no. 2 by the comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the selected property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the selected property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the selected property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Valuation Standards

In valuing the selected property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

APPENDIX III

PROPERTY VALUATION REPORT

Document and Title Investigation

We have been shown copies of various title documents including Real Estate Title Certificate and other official permits relating to the selected property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the selected property interests in the PRC and any material encumbrance that might be attached to the selected property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Fangda Partners concerning the validity of the selected property interests in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in August 2025 by David Cheng, who is a member of Royal Institution of Chartered Surveyor and has over 20 years' experience in property valuation in the PRC and Ivy Liu who has 7 years' experience in property valuation in the PRC.

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our valuation summary and certificates are attached below for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited
David G. D. Cheng
MRICS
Partner

Note: David G. D. Cheng is a Chartered Surveyor who has 20 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

APPENDIX III

PROPERTY VALUATION REPORT

SUMMARY OF VALUES

No.	Property	Market value in existing state as at the Valuation Date
		<i>RMB</i>
Group I — Property interests held for investment by the Group in the PRC		
1.	Aiqin Hai Shopping Mall No. 1003, Fu No. 1-128, No. 130-282, No. 284-338, No. 340-341, No. 343, Jinkai Avenue, Liangjiang New Area, Chongqing Municipality, The PRC	2,925,161,000
Group II — Property interests held for sale by the Group in the PRC		
2.	Hongxing Plaza No. 2, No. 26, No. 28, No. 30, No. 32, No. 34, No. 36, No. 38, No. 40, No. 42, No. 1001, No. 1003, No. 999, Jinkai Avenue and Jinzhou Avenue, Liangjiang New Area, and No. 1, No. 3, No. 5, No. 7, Long'an Road, Liangjiang New Area, Chongqing Municipality, The PRC	1,579,990,000
Sub-total:		4,505,151,000

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interests held for investment by the Group in the PRC

				Market value in existing state as at the Valuation Date										
No.	Property	Description and tenure	Particulars of occupancy	RMB										
1.	Aiqin Hai Shopping Mall No. 1003, Fu No. 1-128, No. 130-282, No. 284-338, No. 340-341, No. 343, Jinkai Avenue, Liangjiang New Area, Chongqing Municipality, The PRC	Aiqin Hai Shopping Mall is a development complex with retail, underground parking spaces and storage rooms components. The project was completed in 2018. It is well-served by public transportation. The Property has a total gross floor area of approximately 236,024.67 sq.m. The details are set out as follows: <table><thead><tr><th>Usage</th><th>Gross Floor Area (GFA) (sq.m.)</th></tr></thead><tbody><tr><td>Commercial</td><td>110,380.45</td></tr><tr><td>Underground parking spaces</td><td>124,328.71 (3,290 lots)</td></tr><tr><td>Storage rooms</td><td>1,315.51 (23 lots)</td></tr><tr><td>Total:</td><td>236,024.67</td></tr></tbody></table> The land use rights of the property have been granted for a term of 40 years expiring on 31 March 2053 for commercial use.	Usage	Gross Floor Area (GFA) (sq.m.)	Commercial	110,380.45	Underground parking spaces	124,328.71 (3,290 lots)	Storage rooms	1,315.51 (23 lots)	Total:	236,024.67	As at the valuation date, some units of the property with a total gross floor area of approximately 117,322.07 sq.m. have been leased to multiple tenants for commercial purposes. Among the underground parking spaces of the property, 250 are for monthly rental, 3,040 are for temporary parking, and the storage rooms are currently vacant.	2,925,161,000 Please refer to the scope of valuation in Note 2.
Usage	Gross Floor Area (GFA) (sq.m.)													
Commercial	110,380.45													
Underground parking spaces	124,328.71 (3,290 lots)													
Storage rooms	1,315.51 (23 lots)													
Total:	236,024.67													

APPENDIX III

PROPERTY VALUATION REPORT

Notes:

1. Chongqing Runtian Real Estate Development Co., Ltd. (the “**Chongqing Runtian**”) is a 50% subsidiary of the Company.
2. According to the information provided by the Chongqing Runtian, part of the commercial units and underground parking spaces have been sold and handed over to the purchasers, they have been excluded from the scope of valuation. The scope of valuation for this property is as follows:

<u>Buildings in Aiqin Hai Shopping Mall</u>	<u>Current Status</u>	<u>GFA</u>	(Excluded from valuation)	(Scope of Valuation)
			<u>Sold GFA and Handed Over</u>	<u>Remaining GFA</u>
		(sq.m.)	(sq.m.)	(sq.m.)
Commercial	Completed	124,253.33	13,872.88	110,380.45
Underground parking spaces	Completed	125,057.72	729.01	124,328.71
Storage rooms	Completed	1,315.51	–	1,315.51
Total		250,626.56	14,601.89	236,024.67

3. Pursuant to 4 Real Estate Title Certificates — Yu (2017) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 000396912, Yu (2024) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 001187840, Yu (2018) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 001187842 and Yu (2025) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 000242552, a building with a gross floor area of approximately 250,626.56 sq.m. has been granted to Chongqing Runtian for a term expiring on 31 March 2053 for commercial use (including the property).
4. Pursuant to various Tenancy Agreements entered into between Chongqing Runtian and various third parties, portions of the property with a total gross floor area of approximately 117,322.07 sq.m. are leased to various independent third parties for retail and parking purposes with the expiry dates between 22 October 2016 and 17 July 2040 and the total monthly rent receivable as at the valuation date was approximately RMB6,982,892, exclusive of management fees, water and electricity charges.
5. As advised by the Company’s PRC Legal Adviser:
 - a. the Group has obtained the real estate title certificates of the aforementioned property;
 - b. the Group has mortgaged the buildings under Real Estate Title Certificates — Yu (2017) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 000396912 and Yu (2024) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 001187840.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interests held for sale by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date
				RMB
2.	Hongxing Plaza No. 2, No. 26, No. 28, No. 30, No. 32, No. 34, No. 36, No. 38, No. 40, No. 42, No. 1001, No. 1003, No. 999, Jinkai Avenue and Jinzhou Avenue, Liangjiang New Area, and No. 1, No. 3, No. 5, No. 7, Long'an Road, Liangjiang New Area, Chongqing Municipality, The PRC	Hongxing Plaza is a commercial complex erected on 3 parcels of land with a total site area of approximately 215,210.80 sq.m. and was completed between 2016 and 2023. The property comprises unsold residential, commercial and office units, villa, hotel, kindergarten, supporting facilities units and 2,641 underground parking spaces of Hongxing Plaza with a total gross floor area of 230,005.83 sq.m. The details are set out in note 2. The land use rights of the property have been granted for a term of 40 years expiring on 31 March 2053 for commercial use and a term of 50 years expiring on 31 March 2063 for residential use.	The property is vacant for sale.	1,579,990,000 Please refer to the scope of valuation in Note 2.

APPENDIX III

PROPERTY VALUATION REPORT

Notes:

- According to the information provided by the Chongqing Runtian, part of the residential units, commercial units, villa, office units and underground parking spaces have been sold and handed over to the purchasers, they have been excluded from the scope of valuation. The scope of valuation for this property is as follows:

Buildings in Hongxing Plaza	Current Status	GFA	Non- saleable GFA	Saleable GFA	(Excluded from valuation) Sold GFA and Handed Over	Pre-sold GFA	Unsold GFA	(Scope of Valuation) Remaining Saleable GFA	
					(sq.m.) a=b+c			(sq.m.) b	(sq.m.) C=d+e+f
Residential . . .	Completed	65,331.49	–	65,331.49	39,281.01	11,413.39	14,637.09	26,050.48	
Commercial . . .	Completed	209,555.39	90.33	209,465.06	151,562.56	1,125.11	56,777.39	57,902.50	
Villa	Completed	8,709.73	–	8,709.73	2,795.86	2,910.83	3,003.04	5,913.87	
Kindergarten . .	Completed	1,740.44	–	1,740.44	–	1,740.44	–	1,740.44	
Hotel	Completed	27,567.52	–	27,567.52	–	–	27,567.52	27,567.52	
Underground Parking Spaces	Completed	143,792.56	–	143,792.56	34,543.44	2,365.18	99,813.84	102,179.02	
Office	Completed	37,372.40	–	37,372.40	36,775.82	–	596.58	596.58	
Supporting facilities . . .	Completed	985.32	–	985.32	–	–	985.32	985.32	
Total		495,054.85	90.33	494,964.52	264,958.69	19,554.95	203,380.78	222,935.73	

- Pursuant to 26 Real Estate Title Certificates — the land use rights of 3 parcels of land with a total site area of approximately 215,210.80 sq.m., on which the property is situated, have been granted to Chongqing Runtian for a term of 40 years expiring on 31 March 2053 for commercial use and a term of 50 years expiring on 31 March 2063 for residential use, and 16 buildings with a total saleable gross floor area of approximately 495,054.85 sq.m. are owned by the Company. The details are set out as follows:

No.	Certificate No.	Usage	Gross Floor Area (sq.m.)
1	Yu (2016) Liangjiang New Area No. 000474841	Residential	24,621.42
2	Yu (2016) Liangjiang New Area No. 000768493	Commercial	11,885.47
3	Yu (2016) Liangjiang New Area No. 000768608	Supporting facilities	9,502.23
4	Yu (2016) Liangjiang New Area No. 000768723	Commercial	11,620.51
5	Yu (2017) Liangjiang New Area No. 000396912	Commercial	116,023.32
6	Yu (2017) Liangjiang New Area No. 000813263	Underground Parking Spaces	22,504.49
7	Yu (2019) Liangjiang New Area No. 000593904	Underground Parking Spaces	8,076.39
8	Yu (2019) Liangjiang New Area No. 000221669	Underground Parking Spaces	26,517.11
9	Yu (2019) Liangjiang New Area No. 000289510	Office	37,372.40
10	Yu (2021) Liangjiang New Area No. 000848338	Kindergarten	1,740.44

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PROPERTY VALUATION REPORT

No.	Certificate No.	Usage	Gross Floor Area (sq.m.)
11	Yu (2022) Liangjiang New Area No. 000073497	Underground Parking Spaces	1,568.35
12	Yu (2022) Liangjiang New Area No. 001157706	Villa	1,369.59
13	Yu (2023) Liangjiang New Area No. 000167976	Underground Parking Spaces	6,229.16
14	Yu (2023) Liangjiang New Area No. 001216255	Residential	40,710.07
15	Yu (2024) Liangjiang New Area No. 000054367	Villa	1,167.14
16	Yu (2024) Liangjiang New Area No. 000054443	Villa	1,343.92
17	Yu (2024) Liangjiang New Area No. 000054359	Villa	3,793.63
18	Yu (2024) Liangjiang New Area No. 000054410	Villa	1,035.45
19	Yu (2024) Liangjiang New Area No. 000564599	Underground Parking Spaces	7,274.86
20	Yu (2024) Liangjiang New Area No. 000919556	Hotel	27,567.52
21	Yu (2024) Liangjiang New Area No. 000919567	Commercial	17,531.59
22	Yu (2025) Liangjiang New Area No. 000111311	Underground Parking Spaces	21,930.88
23	Yu (2025) Liangjiang New Area No. 000409001	Commercial	8,308.45
24	Yu (2025) Liangjiang New Area No. 000497221	Underground Parking Spaces	4,184.32
25	Yu (2025) Liangjiang New Area No. 000506143	Commercial/Underground Parking Spaces/ Supporting facilities	74,992.59
26	Yu (2017) Liangjiang New Area No. 000156641	Commercial	6,183.55
Total		Residential	495,054.85

3. As advised by the Group, portions of the property comprising various residential, commercial units, basement units, hotel unit, kindergarten unit, and office unit with a total GFA of approximately 19,554.95 sq.m. have been pre-sold to various independent third parties at a total consideration of RMB173,150,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account of the contracted prices of those portions of the property.
4. As advised by the Company’s PRC Legal Adviser:
 - a. the Group has obtained the real estate title certificates of the aforementioned property except for a garage located at No. 7, Long’an Road;
 - b. the Group has mortgaged the buildings under Real Estate Title Certificates — Yu (2017) Liangjiang New Area No. 000396912, Yu (2025) Liangjiang New Area No. 000409001, Yu (2025) Liangjiang New Area No. 000497221 and Yu (2025) Liangjiang New Area No. 000506143.
5. As at the valuation date, 137 car parking spaces with a total GFA of approximately 7,070.10 sq.m have not obtained the real estate title certificates. Therefore, we have attributed no commercial value to the above portions. However, for reference purpose, we are of the opinion that the total reference value of the above portions as at the valuation date would be RMB9,060,000 assuming the property can be freely transferred, leased, mortgaged or otherwise disposed of by our Group.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix contains the summary of the main provisions of the Company's Articles of Association, which will come into effect on the date on which the Company's H shares are [REDACTED] on the Hong Kong Stock Exchange. This Appendix is mainly intended to provide [REDACTED] with an overview of the Company's Articles of Association, it may not contain all the information that is important to [REDACTED].

SHARE ISSUANCE

The Company's shares are in the form of registered shares.

The issuance of the Company's shares follows the principles of openness, fairness and justice. Each share of the same class has equal rights. For shares under the same class issued in the same offering, the issuance conditions and prices per share are the same; subscribers pay the same price for each share they subscribe for.

The A shares issued by the Company are centrally deposited with the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. The H shares issued by the Company may, in accordance with the laws and the practices of securities registration and depository of the place where the H shares are listed, be mainly deposited with the nominee company under Hong Kong Securities Clearing Company Limited, and may also be held by shareholders under their own names.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Increase and Decrease of Shares

The Company may, in accordance with laws, regulations and the securities regulatory rules of the place where the Company's shares are listed, and upon a resolution passed by the shareholders' meeting, increase its capital in the following ways based on the needs of its operation and development:

- (1) issuance of shares to unspecified parties;
- (2) issuance of shares to specified parties;
- (3) distribution of bonus shares to existing shareholders;
- (4) conversion of capital reserves into share capital;
- (5) any other methods as prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the CSRC and other competent authorities.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

The Company may reduce its registered capital. In the event that the Company reduce its registered capital, it shall do so in accordance with the Company Law and any other relevant regulations and the procedures stipulated in these Articles of Association.

Share Repurchase

The Company may not purchase its own shares except under the following circumstances:

- (1) reducing the Company's registered capital;
- (2) merging with another company that holds the Company's shares;
- (3) using the shares for employee stock ownership plans or equity incentives;
- (4) purchasing the shares held by the shareholders who object to the resolution on the Company's merger or division passed by the shareholders' meeting and demand the Company to buy back the shares held by them;
- (5) using the shares for the conversion of convertible corporate bonds issued by the Company;
- (6) maintaining the Company's value and the rights and interests of shareholders as deemed necessary by the Company;
- (7) any other circumstances permitted by laws, administrative regulations, and relevant regulatory rules of the place where the company's shares are listed.

The Company may purchase its own shares through public centralized trading or any other methods accepted by laws, administrative regulations, relevant regulatory rules of the place where the Company's shares are listed, and the CSRC.

When the Company purchases its own shares under the circumstances specified in sub-paragraphs (3), (5), and (6) above, it shall do so through public centralized trading.

When the Company purchases its own shares under the circumstances specified in sub-paragraphs (1) and (2) above, it shall be resolved by the shareholders' meeting; when the Company purchases its own shares under the circumstances specified in sub-paragraphs (3), (5), and (6) above, it shall, subject to the compliance with the securities regulatory rules of the place where the Company's shares are listed, be resolved by a board meeting attended by more than two-thirds of the directors.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Upon the purchase by the Company of its own shares in accordance with the above — mentioned provisions, and subject to the compliance with the securities regulatory rules of the place where the Company's shares are listed, for the circumstances under sub-paragraph (1), the shares have to be cancelled within ten days from the date of purchase; for the circumstances under sub-paragraphs (2) and (4), the shares have to be transferred or cancelled within six months; for the circumstances in sub-paragraphs (3), (5), and (6), the total number of the Company's own shares held by the Company is not allowed to exceed 10% of the total number of the Company's issued shares, and the shares have to be transferred or cancelled within three years.

SHARE TRANSFER

The Company's shares may be transferred in accordance with the law.

The shares issued prior to the Company's public offering of A shares may not be transferred within one year from the date on which the Company's shares are listed and traded on the stock exchange.

The Company's directors and senior management members shall report to the Company the shares of the Company they hold and the changes therein. During the term of office determined at the time of taking office, the number of shares transferred each year may not exceed 25% of the total number of the shares of the same class they hold in the Company; the shares of the Company they hold may not be transferred within one year from the date on which the Company's shares are listed and traded on the stock exchange. These personnel may not transfer the shares of the Company they hold within six months after leaving office. If laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, the CSRC, or any other competent authorities impose any provisions on the transfer of the Company's shares by shareholders, such provisions prevail.

Shareholders, directors, and senior management members who hold more than 5% of the Company's shares may not sell the Company's Shares or any other equity securities they hold within six months after purchase, or buy them back within six months after sale. The gain earned therefrom should belong to the Company, and the Company's board of directors shall recover such gain. However, this does not apply to securities companies that hold more than 5% of the shares due to the purchase of the remaining shares after underwriting, and not apply to any other circumstances specified by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, the CSRC, or any other competent authorities. The shares or any other equity securities held by directors, senior management members, and natural person shareholders mentioned herein include those held by their spouses, parents, children, and those held under other individuals' accounts.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

If the Company's board of directors fails to act under the above — mentioned provision, shareholders have the right to demand the board of directors to act as such within 30 days. If the Company's board of directors fails to act as such within the above — mentioned time limit, shareholders have the right to directly file a lawsuit before the people's court in their own name for the interests of the Company. If the Company's board of directors still fails to act under the above — mentioned provision, the responsible directors is liable for joint and several liability in accordance with the law.

SHAREHOLDERS AND THE SHAREHOLDERS' MEETING

General provisions on shareholders

The Company shall establish a shareholders' register based on the supporting documents provided by the securities registration and clearing house. The shareholders' register is a sufficient evidence to prove the shareholding in the Company of the shareholders. Shareholders enjoy rights and bear obligations under the class of shares they hold; shareholders holding the same class of shares enjoy equal rights and bear the same obligations. The Company shall keep a branch register of overseas — listed shares at its domicile; the entrusted overseas agency shall ensure the consistency of the principal and the branch(es) of the register(s) of overseas — listed shares at all times. The Hong Kong branch of the shareholders' register must be available for shareholders for inspection, but the Company may, if necessary, close the register in accordance with the provisions equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

When the Company intends to convene a shareholders' meeting, distribute dividends, conduct liquidation, or engage in any other activities that require the confirmation of shareholders' identities, the board of directors or the convener of the shareholders' meeting shall determine a record date. Shareholders registered in the register after the close of trading on the record date are the shareholders entitled to relevant rights and interests.

Shareholders of the Company enjoy the following rights:

- (1) to receive dividends and any other forms of profit distribution based on the number of shares they hold;
- (2) to request, convene, preside over, attend, or appoint a proxy to attend a shareholders' meeting in accordance with the laws, and exercise the corresponding voting rights;
- (3) to supervise the Company's operations, make suggestions, or raise enquiries;
- (4) to transfer, donate, or pledge the shares they hold subject to the provisions of laws, administrative regulations, and these Articles of Association;

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

- (5) to inspect and photocopy these Articles of Association, the register of shareholders, the minutes of shareholders' meetings, the resolutions of the board of directors' meetings, and the financial and accounting reports. Shareholders meeting relevant requirements may inspect the Company's accounting books and vouchers;
- (6) to participate in the distribution of the Company's remaining assets in proportion to the number of shares they hold when the Company is terminated or liquidated;
- (7) to demand the Company to purchase the shares they hold if such shareholders object to the resolution on the Company's merger or division passed by the shareholders' meeting;
- (8) to enjoy any other rights as provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

If the contents of the resolutions of the Company's shareholders' meeting or the board of directors violate laws or administrative regulations, shareholders the right to request the people's court to declare them invalid.

If the meeting procedures or voting methods of the shareholders' meeting or the board of directors violate the laws, administrative regulations, or these Articles of Association, or if the contents of the resolutions violate these Articles of Association, shareholders have the right to request the people's court to revoke the resolutions within 60 days from the date on which the resolutions are passed. However, this provision is not applicable if the meeting procedures or voting methods of the shareholders' meeting or the board of directors have only minor defects and have no substantial impact on the resolutions.

If there is a dispute among the board of directors, shareholders, and any other relevant parties regarding the validity of the resolutions of the shareholders' meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes any judgment or ruling to revoke the resolutions, the relevant parties shall implement the resolutions of the shareholders' meeting. The Company, its directors, and senior management members shall earnestly perform their duties to ensure the normal operation of the Company.

When the people's court makes a judgment or ruling on relevant matters, the Company shall fulfill its information disclosure obligations in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the CSRC, and the stock exchange, and fully explain the effect, and actively cooperate with the implementation after the judgment or ruling takes effect. If it involves the correction of previous matters, the Company shall handle them in a timely manner and fulfill the corresponding information disclosure obligations.

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SUMMARY OF ARTICLES OF ASSOCIATION

Shareholders of the Company shall assume the following obligations:

- (1) to abide by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association;
- (2) to pay the subscription money for the shares they subscribe for and on the way of capital contribution;
- (3) not to withdraw the capital they contributed except in cases provided by laws and regulations;
- (4) not to abuse their rights to harm the interests of the Company or other shareholders; or abuse the independent status of the Company as a legal person and the limited liability of shareholders to harm the interests of the Company's creditors;
- (5) to assume any other obligations as provided by laws, administrative regulations, the securities regulatory rules of the place where the Company's stocks are listed, and these Articles of Association.

If a shareholder of the Company abuses his/her rights and causes losses to the Company or other shareholders, he/she is liable for compensation in accordance with the laws. If a shareholder of the Company abuses the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously harms the interests of the Company's creditors, he/she is liable for joint and several liability for the Company's debts.

Controlling shareholder(s) and actual controller(s)

The controlling shareholder(s) and actual controller(s) of the Company exercise their rights and assume their obligations in accordance with laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed, and safeguard the interests of the Company.

The controlling shareholder(s) and actual controller(s) of the Company shall comply with the following provisions:

- (1) to exercise shareholder rights in accordance with the laws, and not to abuse their controlling power or use affiliated (connected) relationships to harm the legitimate rights and interests of the Company or other shareholders;
- (2) to strictly fulfill the public representations and various commitments made, and not to change or be exempted from them without authorization;
- (3) to strictly fulfill the obligation of information disclosure in accordance with relevant regulations, actively cooperate with the Company in information disclosure, and promptly inform the Company of any major events that have occurred or are likely to occur;

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

- (4) not to appropriate the Company's funds in any way;
- (5) not to force, instruct, or demand the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to seek benefits by using the Company's unpublished material information, not to disclose the Company's unpublished material information in any way, and not to participate in any illegal activities or violations such as insider trading, short-term trading, and market manipulation;
- (7) not to harm the legitimate rights and interests of the Company and other shareholders through any means such as unfair affiliated (connected) transactions, profit distribution, asset restructuring, and external investment;
- (8) to ensure the integrity of the Company's assets, the independence of personnel, finance, corporation, and business, and not to affect the independence of the Company in any way;
- (9) to comply any other provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If the controlling shareholders or actual controllers of the Company do not serve as directors of the Company but actually handle the Company's affairs, the provisions of these Articles of Association regarding the directors' duties of fiduciary and diligence apply.

If the controlling shareholders or actual controllers of the Company instruct the directors or senior management members to engage in acts that harm the interests of the Company or shareholders, they shall bear joint and several liability with such directors and senior management members.

When the controlling shareholders or actual controllers pledge the Company's shares they hold or actually control, they shall maintain their controlling power and the stability of the production and operation of the Company.

When the controlling shareholders or the actual controllers transfer the shares they hold in the Company, they are required to comply with the restrictive provisions on share transfer under the laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed, as well as the commitments they have made regarding restriction on share transfer.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

General provisions on the shareholders' meeting

The Company's shareholders' meeting is composed of all shareholders. The shareholders' meeting is the Company's authority and exercise the following powers in accordance with the laws:

- (1) to elect and replace directors who are not employee representatives and determine matters concerning the remuneration of directors;
- (2) to review and approve the reports of the board of directors;
- (3) to review and approve the Company's profit distribution plan and loss-making compensation plan;
- (4) to resolve on the increase or decrease of the Company's registered capital;
- (5) to resolve on the issuance of corporate bonds;
- (6) to resolve on the Company's merger, division, dissolution, liquidation or change of the Company's form;
- (7) to alter these Articles of Association;
- (8) to resolve on the engagement or dismissal of the accounting firm that undertakes the Company's audit business;
- (9) to review and approve any guarantee that must be reviewed by the shareholders' meeting as stipulated in these Articles of Association;
- (10) to review any purchase or disposal by the Company of significant assets exceeding 30% of the Company's most recently audited total assets within one year;
- (11) to review and approve any matters regarding the change of the use of proceeds raised;
- (12) to review the equity incentive plan and the employee shareholding plan;
- (13) to review any other matters that have to be determined by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

The shareholders' meeting may authorize the board of directors to resolve on the issuance of corporate bonds.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

The following external guarantees of the Company must be reviewed and approved by the shareholders' meeting:

- (1) any guarantee provided by the Company and its holding subsidiaries if the total amount of external guarantees exceeds 50% of the audited net assets of the immediate prior period;
- (2) any guarantee provided by the Company if the total amount of external guarantees exceeds 30% of the audited total assets of the immediate prior period;
- (3) any guarantees that the amount of the guarantees provided by the Company to others within one year exceeds 30% of the audited total assets of the immediate prior period;
- (4) any guarantees provided for the guaranteed party with a debt-to-asset ratio exceeding 70%;
- (5) any single guarantee with the amount exceeding 10% of the audited net assets of the immediate prior period;
- (6) any guarantees provided to shareholders, actual controllers and their affiliated (connected) parties;
- (7) any other guarantee that is required to be reviewed at the shareholders' meeting as stipulated by laws, regulations, securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

If the Company provides any guarantee for any affiliated (connected) parties, in addition to being reviewed and approved by the majority of all non-affiliated directors, the guarantee also requires to be reviewed and approved by more than two-thirds of the non-affiliated directors attending the board meeting and a resolution has to be passed, and the matter is required to be submitted to the shareholders' meeting for review. If the Company provides any guarantee for a controlling shareholder, an actual controller and their affiliated (connected) parties, the controlling shareholder, the actual controller and their affiliated (connected) parties are required to provide counter — guarantees.

The shareholders' meeting is divided into the annual shareholders' meeting and the extraordinary general meeting of shareholders. The annual shareholders' meeting is held once a year and held within six months after the end of the previous financial year.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

In case of any of the following circumstances, the Company shall hold an extraordinary general meeting of shareholders within two months from the date on which the following event occurs:

- (1) when the number of directors is less than eight;
- (2) when the accumulated losses of the Company reach one-third of its total share capital;
- (3) when the shareholders holding individually or in aggregate more than 10% of the Company's shares so request;
- (4) when the board of directors deems it necessary;
- (5) when the audit committee proposes to hold the meeting;
- (6) any other circumstances stipulated by laws, administrative regulations, departmental rules or these Articles of Association.

Convening of shareholders' meeting

The board of directors shall convene the shareholders' meeting within the prescribed time limit.

With the consent of more than half of all independent directors, the independent directors have the power to propose to the board of directors to convene an extraordinary general meeting of shareholders. Regarding the proposal of independent directors to convene an extraordinary general meeting of shareholders, the board of directors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the provisions of these Articles of Association, issue a written reply on whether to agree or disagree to convene an extraordinary general meeting of shareholders within ten days upon the receipt of the proposal. If the board of directors agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice to convene the shareholders' meeting within five days after the board resolution is passed; if the board of directors disagrees to convene the extraordinary general meeting of shareholders, it shall state the reasons and make an announcement.

The audit committee has the power to propose to the board of directors to convene an extraordinary general meeting of shareholders, and such proposal has to be submitted to the board of directors in writing. The board of directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the provisions of these Articles of Association, provide a written reply on whether to agree or disagree to convene an extraordinary general meeting of shareholders within ten days upon the receipt of the proposal.

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If the board of directors agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice to convene the shareholders' meeting within five days after the board resolution is passed. Any changes to the original proposal in the notice have to be approved by the audit committee.

If the board of directors disagrees to convene an extraordinary general meeting of shareholders or fails to issue any reply within ten days upon the receipt of the proposal, the board of directors is deemed to have failed to perform or refuses to perform its duty of convening the shareholders' meeting, and the audit committee may convene and preside over the meeting on its own.

Shareholders who individually or jointly hold more than 10% of the Company's shares have the right to request the board of directors to convene an extraordinary general meeting of shareholders, and such request has to be submitted to the board of directors in writing. The board of directors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the provisions of these Articles of Association, provide a written reply on whether to agree or disagree to convene the extraordinary general meeting of shareholders within ten days upon the receipt of the request.

If the board of directors agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice to convene the shareholders' meeting within five days after the board resolution is passed. Any changes to the original request in the notice have to seek the approval by the relevant shareholders.

If the board of directors disagrees to convene the extraordinary general meeting of shareholders or fails to issue a reply feedback within ten days upon the receipt of the request, shareholders who individually or jointly hold more than 10% of the Company's shares have the right to propose to the audit committee to convene an extraordinary general meeting of shareholders, and such request has to be submitted to the audit committee in writing.

If the audit committee agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice to convene the shareholders' meeting within five days upon the receipt of the request. Any changes to the original request in the notice have to seek the approval by the relevant shareholders.

If the audit committee fails to issue the notice of the shareholders' meeting within the prescribed time limit, the audit committee is deemed to have failed to convene and preside over the shareholders' meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares continuously for more than 90 days may convene and preside over the meeting on their own.

If the audit committee or shareholders decide to convene the shareholders' meeting on their own, they shall notify the board of directors in writing and file a record with the stock exchange at the same time.

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When issuing the notice of the shareholders' meeting and the announcement of the resolution of the shareholders' meeting, the audit committee or the shareholder(s) who convene(s) the meeting shall submit relevant supporting documents to the stock exchange.

Before the announcement of the resolution of the shareholders' meeting, the shareholding ratio of the shareholder(s) who convene(s) the meeting may not be less than 10%.

Proposals and Notices for the General Meetings of Shareholders

The content of the proposals should fall within the ambit of authority of the shareholders' meeting, have clear agenda and specific matters for resolutions, and comply with relevant provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

When the Company convenes a general meeting of shareholders, the board of directors, the audit committee, and shareholders who individually or jointly hold more than 1% of the Company's shares have the right to submit proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener ten days before the convening of the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two days upon the receipt of the proposal to announce the content of the temporary proposal, and submit the temporary proposal to the shareholders' meeting for consideration, except for any temporary proposal which violates the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the provisions of these Articles of Association, or which falls outside the ambit of authority of the shareholders' meeting.

Except as otherwise provided in the preceding paragraph, once the notice and the announcement of the shareholders' meeting are issued, the convener is not allowed to modify the proposals set out in the notice of the shareholders' meeting or add new proposals.

Any proposal which is not set out in the notice of the shareholders' meeting or not in compliance with the provisions of these Articles of Association may not be put to vote and resolved at the shareholders' meeting.

The convener will notify each shareholder in writing (including announcements) 20 days before an annual shareholders' meeting, and the notice of an extraordinary general meeting of shareholders will be given to each shareholder by way of announcement 15 days before the meeting.

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The notice of a shareholders' meeting includes the following particulars:

- (1) the time, place and duration of the meeting;
- (2) the matters and proposals to be submitted to the meeting for consideration;
- (3) a clear written statement indicating that all shareholders have the right to attend the shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote on their behalf. The shareholder proxy does not have to be a shareholder of the Company;
- (4) the record date for the shareholders to determine the eligibility to attend the shareholders' meeting;
- (5) the name and telephone number of the standing contact person for the meeting;
- (6) the time and procedures for voting online or by other means;
- (7) any other contents required by relevant announcement format guidelines of the stock exchange and the securities regulatory rules of the place where the Company's shares are listed.

If the shareholders' meeting is held online or by other means, the notice of the shareholders' meeting is required to clearly state the time and procedures for voting online or by other means.

Holding of the shareholders' meeting

All shareholders registered on the record date or their proxies are entitled to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

Shareholders may attend the shareholders' meeting in person or appoint proxies to attend and vote on their behalf. The proxy does not need to be a shareholder of the Company. Shareholders have the right to speak and vote at the shareholders' meeting, unless such shareholders are required by applicable laws, administrative regulations, departmental rules, regulatory documents and the securities regulatory rules of the place where the Company's shares are listed to abstain from voting on a specific matters.

A shareholders' meeting is presided over by the chairman of the board. If the chairman is unable or fails to perform his/her duties, the meeting will be presided over by the vice-chairman (if there are two or more vice-chairmen in the Company, the vice-chairman jointly recommended by more than half of the directors or such vice-chairman designated by the Chairman). If the vice-chairman is unable or fails to perform his/her duties, the meeting will be presided over by a director jointly recommended by more than half of the directors.

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The shareholders' meeting convened by the audit committee on its own initiative is presided over by the convener of the audit committee. If the convener of the audit committee is unable or fails to perform his/her duties, the meeting will be presided over by an audit committee member jointly recommended by more than half of the audit committee members.

The shareholders' meeting convened by shareholders on their own initiative is presided over by the convener or a representative recommended by the convener.

If the chairperson of the meeting violates the rules of procedure and makes it impossible for the shareholders' meeting to proceed, with the consent of more than half of the shareholders with voting rights present at the shareholders' meeting, the shareholders' meeting may elect a person to act as the meeting chairperson to continue the meeting.

The shareholders' meeting should have meeting minutes which are taken by the secretary of the board.

The meeting minutes record the following contents:

- (1) the time, place, agenda of the meeting and the name of the convener;
- (2) the name of the chairperson of the meeting and the directors and senior management members in attendance of the meeting;
- (3) the number of shareholders and proxies attending the meeting, the total number of shares with voting rights they hold and the proportion of such shares to the total number of the Company's shares;
- (4) the consideration process, key points of speeches and voting results for each proposal;
- (5) the questions or suggestions raised by shareholders and the corresponding replies or explanations;
- (6) the names of the lawyer, the vote-counter(s) and the scrutineer(s);
- (7) any other contents that should be recorded in the meeting minutes as stipulated by the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

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Voting and Resolutions of the Shareholders' Meeting

Resolutions of the shareholders' meeting are categorized into ordinary resolutions and special resolutions.

Passing an ordinary resolution at the shareholders' meeting requires more than half of the votes being cast by the shareholders attending the shareholders' meeting.

Passing a special resolution at the shareholders' meeting requires more than two-thirds of the votes being cast by the shareholders attending the shareholders' meeting.

The following matters require an ordinary resolution to be passed at a shareholders' meeting:

- (1) the work report of the board of directors;
- (2) the profit distribution plan and loss-making compensation plan formulated by the board of directors;
- (3) appointment and removal of the members of the board of directors, their remuneration and payment methods;
- (4) resolution on the engagement and dismissal of an accounting firm by the Company and the determination of the audit fees of the accounting firm;
- (5) any other matters except those that require special resolution to be passed as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

The following matters require a special resolution to be passed at a shareholders' meeting:

- (1) increase or decrease of the company's registered capital;
- (2) division, spin-off, merger, dissolution and liquidation of the Company;
- (3) alteration of these Articles of Association;
- (4) purchase or sale of the Company's substantial assets or provision of guarantees to others within one year with the amount exceeding 30% of the Company's most recently audited total assets;
- (5) any equity incentive plan;
- (6) any other matters that are stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or these Articles of Association, and that are determined by an ordinary resolution of the shareholders' meeting as having a significant impact on the Company and requiring approval by a special resolution.

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If the Company's issued share capital comprises different classes of shares, any changes to the rights attached to the class shares must be approved by more than two-thirds of the votes of the shareholders present at the shareholders' meeting of that class of shares and having the right to vote.

Shareholders exercise their voting rights based on the number of voting shares they hold, and each share shall have one vote.

When a material matter affecting the interests of small and medium investors is considered at the shareholders' meeting, the votes of small and medium investors have to be counted separately. The results of the separate vote counting should be publicly disclosed in a timely manner.

The Company's shares held by the Company itself have no voting rights, and such shares are not counted in the total number of voting shares present at the shareholders' meeting.

If a shareholder violates the provisions of Paragraph 1 and Paragraph 2 of Article 63 of the Securities Law when purchasing the Company's voting shares, the voting rights under the shares which exceed the prescribed proportion are not allowed to be exercised within 36 months after the purchase, and are not counted in the total number of voting shares present at the shareholders' meeting.

The Company's board of directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection bodies established in accordance with laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed may publicly solicit shareholders' voting rights. When soliciting shareholders' voting rights, information such as the specific voting intentions shall be fully disclosed to the solicited persons. Soliciting shareholders' voting rights with consideration or any consideration in disguised form is prohibited. Except for legal requirements, the Company is not allowed to set a minimum shareholding ratio limit for the solicitation of voting rights.

The term "shareholders" mentioned above includes shareholders who attend the shareholders' meeting by proxies.

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DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions on Directors

The Company's directors are natural persons. Any person under the following circumstances is not allowed to serve as a director of the Company:

- (1) those who have no capacity for civil conduct or have limited capacity for civil conduct;
- (2) those who have been sentenced to criminal penalty for embezzlement, bribery, encroachment or misappropriation of property, or disruption of the socialist market economic order, or have been deprived of political rights due to committing crime, and the expiration of the penalty period has not exceeded five years; for those who have been declared suspended sentence, the period since the expiration of the suspended sentence has not exceeded two years;
- (3) those who have served as directors, factory managers, or managers of a company or an enterprise which has bankrupted and been liquidated and are personally liable for the bankruptcy of such company or enterprise, and the period since the completion of the bankruptcy and liquidation of such company or enterprise has not exceeded three years;
- (4) those who have served as the legal representatives of a company or an enterprise whose business license has been revoked or which has been ordered to close down due to illegal acts and are personally liable for such, and the period since such company or enterprise had its business license revoked or was ordered to close down has not exceeded three years;
- (5) those who have large amount of debts that are overdue and have been listed as judgment debtors by the people's court;
- (6) those who have been subject to a ban from the securities market by the CSRC or any other competent securities regulatory authorities and the period has not expired;
- (7) those who have been publicly announced by a stock exchange as unfit to serve as, among others, directors or senior management members of a listed company and the period has not expired;
- (8) any other circumstances stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or departmental rules.

If a director is elected or appointed in violation of the above — mentioned provisions, such election, appointment, or engagement shall be invalid. If a director falls under the circumstances described in this Article during his term of office, the Company shall remove him/her from his/her position and terminate his/her duties.

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Directors are elected or replaced by the shareholders' meeting, and the shareholders' meeting may remove them from their positions before the expiration of their terms of office. The term of office of a director is three years. Subject to compliance with laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the Company's shares are listed, a director may be re-elected upon the expiration of his term.

The term of office of a director is calculated from the date of his/her assumption of office until the expiration of the term of the current board of directors. If a director's term of office has expired and a replaced director has not been elected in a timely manner, the original director shall still perform his duties as a director in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association of the Company before the newly-elected director assumes office.

A director may concurrently serve as a senior management member. However, the total number of directors who concurrently hold senior management positions and directors who are employee representatives may not exceed half of the total number of directors of the Company.

The members of the board of directors of the Company include a director who is an employee representative democratically elected by the employees of the Company through an employees' representative meeting, a staff meeting, or by any other means, and such appointment does not need to be submitted to the shareholders' meeting for consideration.

Directors shall abide by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association of the Company, and have a duty of loyalty to the Company. They shall take measures to avoid conflict of interests between them and the Company and is not allowed to abuse their positions to seek improper benefits.

Directors shall abide by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association of the Company, and have a duty of diligence to the Company. When performing their duties, they shall exercise the reasonable care that a manager usually should have for the maximum interests of the Company.

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The Board of Directors

The Company has a board of directors, which comprises eleven directors, including four independent directors (at least one professional accounting practitioner) and one director who is an employee representative.

The board of directors has one chairman and three vice-chairmen. The chairman and vice-chairmen are elected by the board of directors by a majority of affirmative vote of all directors. Directors may comprise executive directors, non-executive directors, and independent directors (the meaning of "**independent directors**" is the same as "independent non-executive directors" as defined in the "Hong Kong Listing Rules"). Non-executive directors refer to the directors who do not hold management positions in the Company, and independent directors refer to those parties who meet the requirements of the regulatory rules of the stock exchange where the Company's shares are listed.

The board of directors exercises the following powers:

- (1) to convene a shareholders' meeting and report their work to the shareholders' meeting;
- (2) to implement the resolutions of the shareholders' meeting;
- (3) to determine the Company's business plans and investment plans;
- (4) to formulate the Company's profit distribution plan and loss-making compensation plan;
- (5) to formulate plans for the Company to increase or decrease its registered capital, issue bonds or other securities, and seek listing status;
- (6) to propose plans for the Company's substantial acquisitions, repurchase of the Company's shares, mergers, divisions, dissolution, and conversion of the Company's status;
- (7) to decide on such matters as the Company's external investment, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, affiliated (connected) transactions, and external donations within the ambit of the authorization granted by the shareholders' meeting,;
- (8) to determine the establishment of the Company's internal management bodies;
- (9) to decide on the appointment or dismissal of the Company's president (general manager), co-president (co-general manager), board secretary, and any other senior management members, and determine their remuneration, rewards, and punishments; to decide on the appointment or dismissal of senior management members such as the Company's vice-presidents and the officer in charge of finance based on the nominations of the president (general manager) and co-president (co-general manager), and determine their remuneration, rewards, and punishments;

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- (10) to formulate the Company's fundamental management systems;
- (11) to formulate a plan for the alteration of these Articles of Association;
- (12) to manage the Company's information disclosure matters;
- (13) to propose to the shareholders' meeting to engage or replace the accounting firm for the Company's audit;
- (14) to listen to the work reports of the Company's president (general manager) and co-president (co-general manager) and inspect their work;
- (15) to exercise any other powers granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, these Articles of Association, or the shareholders' meeting.

Matters beyond the ambit of the authorization grant by the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

The chairman of the board exercises the following powers:

- (1) to preside over the shareholders' meeting and convene and preside over the board of directors' meetings;
- (2) to supervise and inspect the implementation of board resolutions;
- (3) to exercise any other powers granted by the board of directors.

The vice-chairperson(s) of the Company assists the chairperson in his/her work. If the chairperson is unable or fails to perform his/her duties, the vice-chairperson shall perform such duties (if the Company has two or more than two vice-chairpersons, the vice-chairperson who is jointly recommended by more than half of the directors shall perform the duties, or the chairperson may designate one of the vice-chairpersons to perform the duties). If the vice-chairperson is unable or fails to perform his/her duties, a director jointly recommended by more than half of the directors shall perform the duties.

The board of directors shall hold at least four meetings each year, which shall be convened by the chairperson. All directors shall be notified in writing at least 14 days before a regular meetings.

Shareholders representing more than one - tenth of the voting rights, or more than one-third of the directors, or the audit committee may propose to hold an extraordinary board meeting. The chairperson shall convene and preside over the board meeting within 10 days upon the receipt of the proposal.

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A board meeting may not be held until more than half of the directors are present. Resolutions of the board of directors must be passed by more than half of all the directors. If there are any other provisions in these Articles of Association, relevant laws, regulations, regulatory documents, or the securities regulatory rules of the place where the Company's shares are listed, such provisions prevail.

Each director has one vote when voting on board resolutions.

Independent Directors

Independent directors shall earnestly perform their duties in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association. They shall participate in decision – making process of, perform supervision and provide check and balance on, and give professional advice to, the board of directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

To serve as an independent director of the Company, the party must meet the following conditions:

- (1) to be qualified to serve as a director of a listed company in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and any other relevant provisions;
- (2) to satisfy the independence requirements stipulated in these Articles of Association;
- (3) to have a basic knowledge of the operation of a listed company and be familiar with relevant laws, regulations, and rules;
- (4) to have more than five years of work experience in law, accounting, or economics, which is necessary for performing the duties of an independent director;
- (5) to have good personal moral character and no major negative records such as default;
- (6) to meet any other conditions stipulated in laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

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As members of the board of directors, independent directors owe a duty of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (1) to participate in the decision-making process of the board of directors and express clear opinions on the matters under discussion;
- (2) to supervise any potential substantial conflicts of interest between the Company and its controlling shareholders, actual controllers, directors, and senior management to protect the legitimate rights and interests of minority shareholders;
- (3) to provide professional and objective suggestions for the Company's business development to promote the improvement of the quality of the board of directors' decision-making;
- (4) to perform any other duties stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Independent directors exercise the following special powers:

- (1) to independently engage intermediaries to audit, provide consultation on or verify specific matters of the Company;
- (2) to propose to the board of directors to convene an extraordinary general meeting of shareholders;
- (3) to propose to convene a board meeting;
- (4) to legally solicit shareholders' rights from shareholders publicly;
- (5) to express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (6) to exercise any other powers stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

When independent directors exercise the powers set out in the first to third sub-paragraphs above, they shall obtain the consent of more than half of all independent directors. When independent directors exercise the powers set out above, the Company shall disclose the information in a timely manner. If the above powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

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Special committees of the board of directors

The Company's board of directors shall establish an audit committee to exercise the powers of the board of supervisors stipulated in the Company Law and any other powers stipulated by the securities regulatory rules of the place where the Company's shares are listed.

The audit committee comprises five members who are the directors not serving as senior management members of the Company, including three independent directors. The convener is an professional accounting practitioner among the independent directors.

The audit committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters should be submitted to the board of directors for consideration after obtaining the consent from more than half of all members of the audit committee:

- (1) the disclosure of the financial information in the financial and accounting reports and the periodic reports, and the internal control evaluation report;
- (2) engagement or dismissal of the accounting firm that undertakes the Company's audit;
- (3) appointment or dismissal of the officer in charge of the Company's finance;
- (4) the changes to accounting policies or accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;
- (5) any other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

The Company's board of directors shall establish other special committees, such as the Strategy and ESG (Environment, Social and Governance) Committee, Nomination Committee, and Compensation and Appraisal Committee. These committees perform their duties in accordance with the securities regulatory rules of the place where the Company's shares are listed, these Articles of Association, and the authorization of the board of directors. Proposals from the special committees shall be submitted to the board of directors for consideration and decision. The working procedures of the special committees are formulated by the board of directors.

The Strategy and ESG Committee comprises three members, and the chairman of the Company serves as the convener.

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The main duties and powers of the Strategy and ESG Committee are as follows:

- (1) to conduct research and provide suggestions on the Company's medium- and long- term development strategic plan;
- (2) to conduct research and provide suggestions on substantial investment and financing plans that require the approval of the board of directors as stipulated in these Articles of Association;
- (3) to conduct research and provide suggestions on major capital operation and asset operation projects that require the approval of the board of directors as stipulated in these Articles of Association;
- (4) to conduct research on the Company's ESG strategy, goals, and major issues, identify ESG risks and opportunities related to the Company, review the Company's ESG-related reports, and provide suggestions;
- (5) to conduct research and provide suggestions on other major issues affecting the Company's development;
- (6) to inspect the implementation of the above matters;
- (7) to conduct any other matters authorized by the board of directors and any other matters indicated in relevant laws, regulations, securities regulatory rules of the place where the Company's shares are listed, and regulatory documents.

The Nomination Committee comprises five members, including three independent directors. An independent director serves as the convener.

The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management members, selecting and reviewing candidates for directors and senior management members and their qualifications, and providing recommendations to the board of directors on the following matters:

- (1) to nominate, appoint or remove any director;
- (2) to appoint or dismiss any senior management member;
- (3) to conduct any other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

The Remuneration and Appraisal Committee comprises five members, including three independent directors. An independent director serves as the convener.

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The Remuneration and Appraisal Committee is responsible for formulating the appraisal criteria for directors and senior management members and conducting appraisals, and formulating and reviewing the remuneration policies and plans for directors and senior management members, including the remuneration determination mechanism, decision-making process, payment, and claw-back arrangements, and provides recommendations to the board of directors on the following matters:

- (1) the remuneration of directors and senior management members;
- (2) the formulation or amendment of equity incentive plans and employee shareholding plans, and the conditions that the incentive recipients must fulfil for the grant and exercise of their rights;
- (3) the arrangement of shareholding plans for directors and senior management members in the proposed spin-off subsidiaries;
- (4) any other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

SENIOR MANAGEMENT

The Company has one president (general manager) and one co-president (co-general manager), and the decisions on their appointments and dismissals rest with the board of directors.

The Company has vice-presidents (deputy general managers) and an officer in charge of finance, and the decisions on their appointments and dismissals rest with the board of directors.

The provisions herein regarding the circumstances under which an individual is not allowed to serve as a director and the management system for resignation and removal also apply to senior management members.

The provisions herein regarding the duties of fiduciary and diligence of directors also apply to senior management members.

Any individual who holds administrative positions other than director or supervisor in the Company's controlling shareholder entity may not serve as a senior management member of the Company.

The Company's senior management members receive their remuneration only from the Company, and the controlling shareholder may not pay any remuneration to them on behalf of the Company.

The term of office of the president (general manager) and co-presidents (co-general managers) is three years each. They may be re-appointed upon expiration of their terms of office.

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The president (general manager) and co-president (co-general manager) is responsible to the board of directors and exercise the following duties and functions:

- (1) to be in charge of the Company's production, operation, and management, organize the implementation of the resolutions of the board of directors, and report their work to the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to formulate plans for the establishment of the Company's internal management bodies;
- (4) to formulate the Company's fundamental management systems;
- (5) to formulate the Company's detailed rules and regulations;
- (6) to make recommendation to the board of directors on the appointment or dismissal of the Company's vice presidents (deputy general managers) and the officer in charge of finance;
- (7) to decide on the appointment or dismissal of any management members other than those whose appointments or dismissals rest with the board of directors;
- (8) to perform any other duties and functions stipulated by the securities regulatory rules of the place where the Company's shares are listed, these Articles of Association or the board of directors.

The president (general manager) and the co-presidents (co-general managers) sit in on the board of directors' meetings.

The Company has a secretary to the board of directors, who is responsible for, among others, the preparation of the Company's shareholders' meetings and the board meetings, document storage, management of the Company's shareholders' information, and handling of information disclosure.

If a senior management member causes damage to others while performing their duties for the Company, the Company is liable for compensation; if such the senior management member is found to have acted knowingly and willfully or with gross negligence, he/she is also liable for compensation.

If a senior management member violates the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the provisions of these Articles of Association while performing his/her duties for the Company and cause losses to the Company, he/she is liable for compensation.

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The Company's senior management members shall faithfully perform their duties and safeguard the maximum interests of the Company and the shareholders as a whole.

If a senior management member of the Company fails to perform his/her duties faithfully or breaches the duty of integrity and cause damage to the interests of the Company and the public shareholders, he/she is liable for compensation in accordance with the law.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and accounting systems

The Company is required to formulate its financial and accounting systems in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the requirements of relevant state departments.

The Company is required to submit and disclose its annual reports to the local offices of the CSRC and the stock exchange where the Company's shares are listed within 4 months after the end of each financial year, and submit and disclose its interim reports to the local offices of the CSRC and the stock exchange where the Company's shares are listed within 2 months after the end of the first half of each financial year.

The above-mentioned annual reports and interim reports are prepared in accordance with relevant laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed.

In addition to the statutory accounting books, the Company may not keep any separate accounting books. The Company's funds are not allowed to be deposited in any accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company's statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund reaches 50% or more of the Company's registered capital, no further allocation is required.

If the Company's statutory reserve fund is insufficient to make up for the losses of previous years, the current year's profits are used to make up for the losses before allocating them to the statutory reserve fund in accordance with the provisions of the previous paragraph.

After the Company allocates the after-tax profits to the statutory reserve fund, upon the resolution of the shareholders' meeting, it may also allocate the after-tax profits to other surplus reserve.

After the Company uses the after-tax profits to make up for the losses and allocates them to the reserve funds, the remaining after-tax profits may be distributed in proportion to the shares held by the shareholders, except as otherwise provided in these Articles of Association.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

If the shareholders' meeting distributes profits to the shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the law to the Company; if losses are caused to the Company, the shareholders and the responsible directors and senior management member are liable for compensation.

The Company's shares held by the Company may not be used for profit distribution.

The aim of the Company's cash dividend policy is to maintain a continuous and stable profit distribution. For the profit distribution of the Company, emphasis should be placed on bringing reasonable investment returns to the investors, but the amount of distribution may not exceed the amount of the cumulative distributable profits and the distribution may not harm the Company's continuous operation as a going concern.

If the audit report of the Company for latest year contains modified opinion or an unqualified opinion with a paragraph on material uncertainties related to going concern, the Company is allowed not to distribute profits.

The Company's reserve funds are used to make up for the Company's losses, expand the Company's production and operation, or increase the Company's registered capital.

When using the reserve funds to make up for the Company's losses, other surplus reserve fund and the statutory reserve fund shall be used first; if they are still insufficient, the capital reserve fund may be used in accordance with the regulations.

If the statutory reserve fund is converted to increase the capital, the balance in such reserve should be no less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement an internal audit system, clarifying its leadership system, its functions and powers, personnel deployment, its funding, use of the audit results, and accountability for the internal audit work.

The Company's internal audit system shall be implemented after being approved by the board of directors and disclosed to the public.

The Company's internal audit body shall supervise and inspect the Company's business activities, risk management, internal control, financial information and other matters.

The internal audit body is responsible to the board of directors.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Engagement of an accounting firm

The Company shall engage an accounting firm that complies with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed to provide auditing of accounting statements, verification of net assets, and any other related consulting services. The engagement term shall be one year and may be renewed.

The Company may, by an ordinary resolution passed at a shareholders' meeting, engage or dismiss an accounting firm. The board of directors may not appoint any accounting firm before a decision is made by the shareholders' meeting.

The Company shall ensure the provision of true and complete accounting vouchers, accounting books, financial and accounting reports, and any other accounting materials to the engaged accounting firm, and is not allowed to withhold or conceal such documents, or make any false reports.

The audit fees of the accounting firm is decided by the shareholders' meeting.

When the Company dismisses or decides not to renew the engagement of an accounting firm, it shall notify the accounting firm thirty days in advance. When the shareholders' meeting of the Company votes on the dismissal of the accounting firm, the accounting firm shall be allowed to express its opinions. If the accounting firm resigns, it shall explain to the shareholders' meeting whether there are any improper circumstances of the Company.

MERGER, DIVISION, CAPITAL INCREASE OR REDUCTION, DISSOLUTION, AND LIQUIDATION

Merger, division, capital increase, and capital reduction

The Company may effect a merger by way of absorption or formation of a new company.

When a company absorbs another company, it is an absorption merger, and the absorbed company is dissolved. When two or more companies merge to form a new company, it is a merger by formation of new company, and all the merging parties are dissolved.

If the consideration paid by the Company for a merger does not exceed 10% of the Company's net assets, the merger may be carried out without a resolution of the shareholders' meeting, unless otherwise provided in these Articles of Association.

If the Company effects a merger in accordance with the preceding paragraph without a resolution of the shareholders' meeting, the merger is subject to a resolution of the board of directors.

When the Company is divided, its property is be divided accordingly.

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SUMMARY OF ARTICLES OF ASSOCIATION

When the Company is divided, it shall prepare a balance sheet and a detailed list of property. The Company shall notify its creditors within ten days, and make an announcement on the designated media or on the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within thirty days, from the date of approval of the resolution on division. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise, the relevant provisions must also be complied with.

When the Company reduces its registered capital, it shall prepare a balance sheet and a detailed list of property.

The Company shall notify its creditors within ten days, and make an announcement on the designated media or on the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within thirty days, from the date of the resolution of the shareholders' meeting on reducing the registered capital. Creditors who receive the notice have the right to require the Company to settle its debts or provide corresponding guarantees within thirty days from the date of receiving the notice. Creditors who do not receive the notice have the right to do so within forty-five days from the date of the announcement.

When the Company reduces its registered capital, it shall reduce the amount of capital contributions or shares accordingly in proportion to the shares held by the shareholders, unless otherwise provided by laws, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

If the Company reduces its registered capital in violation of the Company Law and other relevant regulations, the shareholders shall return the funds they have received, and the reduced amount of the shareholders' capital contributions should be restored to the original amount. If losses are caused to the Company, the shareholders and the responsible directors and senior management member(s) are liable for compensation.

When the Company issues new shares to increase its registered capital, the shareholders do not have the pre-emptive rights, unless otherwise provided in these Articles of Association or decided by a resolution of the shareholders' meeting that the shareholders should have the pre-emptive rights.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

Dissolution and Liquidation

The Company may be dissolved for the following reasons:

- (1) The business term stipulated in these Articles of Association expires or other dissolution events stipulated in these Articles of Association occur;
- (2) The Company is dissolved by a resolution of the shareholders' meeting;
- (3) The Company has to be dissolved as a result of merger or division;
- (4) The Company's business license is revoked, or the Company is ordered to close or deregistered in accordance with the laws;
- (5) If the Company encounters serious problems in its business operation and management, and continuing its existence will cause significant losses to the shareholders' interests and such problems cannot be resolved through any other means, the shareholders holding more than 10% of the voting rights of the Company may request the people's court to dissolve the Company.

When the Company encounters a dissolution event set out in the preceding paragraph, it shall inform the public of the dissolution event through the National Enterprise Credit Information Publicity System within ten days.

If the Company is under such circumstance as set out in sub-paragraphs (1) and (2) above and has not distributed its property to the shareholders, it may continue to exist by alteration of these Articles of Association or by a resolution of the shareholders' meeting.

To alter these Articles of Association or make a resolution by the shareholders' meeting in accordance with the preceding paragraph, it must be passed by more than two-thirds of the vote cast by the shareholders with voting rights present at the shareholders' meeting.

If the Company is dissolved due to the reasons set out in sub-paragraphs (1), (2), (4) and (5) above, the Company has to be liquidated. The directors are the liquidation obligors of the Company and shall form a liquidation group for liquidation within fifteen days from the date when the dissolution event occurs.

The liquidation group comprises the directors, unless otherwise provided in these Articles of Association, the securities regulatory rules of the place where the Company's shares are listed, or a resolution of the shareholders' meeting to select other parties.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

If the liquidation obligors fail to perform their liquidation obligations in a timely manner, which causes losses to the Company or creditors, they are liable for compensation.

The liquidation group shall notify the creditors within ten days, and make an announcement in the designated media or on the National Enterprise Credit Information Publicity System within sixty days, from the date of its formation. Creditors are required to declare their claims to the liquidation group within thirty days from the date of receiving the notice, and those creditors who have not received the notice may declare their claims within forty-five days from the date of the announcement.

When creditors declare their claims, they shall state the relevant matters of the claims and provide supporting materials. The liquidation group shall register the claims.

During the period that the creditors are claiming their rights, the liquidation team shall not make any payment to creditors.

After completion of the asset inventory for the Company, and preparation of the statement of assets and liabilities and the inventory of property, the liquidation team shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

After the Company's property has been used to pay the liquidation expenses, employees' salaries, social insurance premiums and statutory compensation, and overdue taxes, and settle the Company's debts, the remaining property is distributed among the shareholders in proportion to their shareholdings.

During the liquidation period, the Company continues to exist, but may not engage in any business activities unrelated to the liquidation.

The Company's property may not be distributed to the shareholders before settlement of its payment obligations in accordance with the provisions of the preceding paragraph.

After completion of the asset inventory for the Company, and preparation of the statement of assets and liabilities and the inventory of property, if the liquidation team finds that the Company's property is insufficient to settle its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the laws.

APPENDIX IV

SUMMARY OF ARTICLES OF ASSOCIATION

After the people's court accepts the bankruptcy application, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator appointed by the people's court.

After the Company's liquidation is completed, the liquidation team shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit it to the Company registration authority to apply for deregistration of the Company.

ALTERATION OF THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

- (1) After the Company Law or relevant laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed are revised, any matters set out in these Articles of Association conflict with the provisions of the revised laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed;
- (2) The occurrence of any changes to the Company results in any inconsistency with the matters set out in these Articles of Association;
- (3) The shareholders' meeting decides to alter these Articles of Association.

If the alteration of these Articles of Association, which is passed by the resolution of the shareholders' meeting, is subject to the approval of the competent authority, such alteration is required to be submitted to the competent authority for approval; if the alteration involves the registration of the Company, the change of registration shall be handled in accordance with the laws.

The board of directors shall alter these Articles of Association in accordance with the resolution of the shareholders' meeting on alteration of these Articles of Association and the approval opinion of relevant competent authorities.

If the provisions hereunder to be altered are information required to be disclosed by laws and regulations, such alteration is subject to announcement as required.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR COMPANY

Establishment of our Company

Our Company was established as a limited liability company in the PRC on December 1, 1997 and was converted into a joint stock limited company with limited liability on December 28, 2007 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB4,521,100,071.

Our Company has established a place of business in Hong Kong at Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on October 3, 2025. Ms. Chong Wan Kai, one of our joint company secretaries, has been appointed as the authorized representative in Hong Kong and our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association” in Appendix IV to this Document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in the section headed “Regulatory Overview” in this Document.

Changes in Share Capital of Our Company

Save as disclosed in the section headed “History, Development and Corporate Structure — Corporate Development and Major Changes in Share Capital and Shareholdings,” there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

Changes in 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.

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STATUTORY AND GENERAL INFORMATION

The following subsidiaries have been incorporated within the two years immediately preceding the date of this Document:

<u>Name of Subsidiary</u>	<u>Place of Incorporation</u>	<u>Date of Incorporation</u>
Chongqing Jianghe Qixing Corporate Management Partnership Enterprise (Limited Partnership)* (重慶江河啟興企業管理合夥企業(有限合夥)) . . .	PRC	June 27, 2025
Chongqing Afari Intelligent Drive Technology Co., Ltd.* (重慶千里智駕科技有限公司)	PRC	June 27, 2025
Chongqing Zhiqi Xinwang Enterprise Management Co., Ltd.* (重慶智騏鑫旺企業管理有限公司)	PRC	June 3, 2025
Ningbo Qianli Zhichuang Corporate Management Consulting Co., Ltd.* (寧波千里智創企業管理諮詢有限公司)	PRC	May 6, 2025
Chongqing LIVAN Automobile Trade Co., Ltd.* (重慶睿藍汽車貿易有限公司)	PRC	December 30, 2024
Ningbo Qianli Haohan Technology Co., Ltd.* (寧波千里浩瀚科技有限公司)	PRC	October 14, 2025

We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of the particulars of any alternation in the capital of our subsidiaries which are not Major Subsidiaries within two years immediately preceding the date of this Document. For details, see “Waivers and Exemptions — Particulars of Information of Our Subsidiaries.”

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The following alterations in the share capital of our Major Subsidiaries have taken place within the two years immediately preceding the date of this Document:

On June 27, 2025, Afari Intelligent Drive was established as a limited liability company with a share capital of RMB10.5 million. On July 3, 2025, it increased its registered capital from RMB10.5 million to RMB140 million, and further increased its registered capital to RMB200 million on July 4, 2025.

On September 29, 2025, Chongqing Lifan Ruichi Motorcycle Co., Ltd. * (重慶力帆瑞馳摩托車有限公司) increased its registered capital from RMB20 million to RMB200 million.

On September 30, 2025, Chongqing Lifan Industry (Group) IMP. & EXP. Co., Ltd.* (重慶力帆實業(集團)進出口有限公司) increased its registered capital from RMB2,000 million to RMB2,500 million.

Resolutions of our Shareholders

At the extraordinary general meeting of our Company held on September 29, 2025, the following resolutions, among other things, were duly passed:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the above number of H Shares to be [REDACTED];
- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on [REDACTED]; and
- (d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of H Shares on the Hong Kong Stock Exchange.

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FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

We have entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that is or may be material:

(a) [REDACTED].

Intellectual Property Rights

As of the date of this Document, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of date of this Document, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration Number	Category	Owner	Place of Registration	Date of Registration	Expiry date
1 . . .	HONLEI	3181522	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 7, 2003	June 6, 2033
2 . . .		47622426	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	December 7, 2021	December 6, 2031
3 . . .	LIFAN	3224615	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 28, 2003	June 27, 2033
4 . . .	LIFAN	3851874	7	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 21, 2006	June 20, 2026
5 . . .		868501	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	September 7, 1996	September 6, 2026
6 . . .		3249402	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	August 7, 2003	August 6, 2033
7 . . .		1191129	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	July 14, 1998	July 13, 2028

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No.	Trademark	Registration Number	Category	Owner	Place of Registration	Date of Registration	Expiry date
8 . . .		3224611	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 28, 2003	June 27, 2033
9 . . .	力帆 LIFAN	3037886	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 28, 2004	June 27, 2034
10 . .		3949330	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	April 14, 2006	April 13, 2026
11 . .	力帆	868524	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	September 7, 1996	September 6, 2026
12 . .	力帆	3006318	7	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	July 21, 2004	July 20, 2034
13 . .		69052246	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	September 7, 2024	September 6, 2034
14 . .	派方泰坦	64619743	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	November 7, 2022	November 6, 2032
15 . .	派方星环	64700364	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	October 28, 2022	October 27, 2032
16 . .	派方星舰	64597049	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	November 7, 2022	November 6, 2032
17 . .	派方星雷	64722764	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	November 7, 2022	November 6, 2032
18 . .	派方引力	64605413	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	November 7, 2022	November 6, 2032
19 . .	LIFAN	7306892	35	The Company	PRC	October 7, 2010	October 6, 2030
20 . .	MEILUN	1725738	12	The Company	PRC	March 7, 2002	March 6, 2032
21 . .	美仑 MEILUN	1191131	12	The Company	PRC	July 14, 1998	July 13, 2028
22 . .		37794252	12	The Company	PRC	March 21, 2020	March 20, 2030

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No.	Trademark	Registration Number	Category	Owner	Place of Registration	Date of Registration	Expiry date
23 . .		73428025	12	Beijing Maichi Zhixing Technology Co.,Ltd. (北京邁馳智行科技有限公司)	PRC	March 7, 2024	March 6, 2034
24 . .		73421020	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	March 7, 2024	March 6, 2034
25 . .		73409239	09	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	February 28, 2024	February 27, 2034
26 . .	MAICH	68074935	09	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	May 7, 2024	August 20, 2033
27 . .	MACH-DRIVE	67346815	09	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	June 28, 2023	June 27, 2033
28 . .	MACH-DRIVE	67335974	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	June 28, 2023	June 27, 2033
29 . .	MACH-DRIVE	67329345	35	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	June 28, 2023	June 27, 2033
30 . .	迈驰智行	66120271	12	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	April 28, 2025	April 27, 2035
31 . .	微驰智行	65768169	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	March 28, 2023	March 27, 2033
32 . .	微驰	65765010	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	February 28, 2023	February 27, 2033
33 . .	迈驰智行	65764993	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	March 28, 2024	March 27, 2034
34 . .	迈驰智行	65743404	09	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	April 28, 2025	April 27, 2035

APPENDIX V

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As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Category	Applicant	Place of Registration	Application number	Application date
1 . . .		9, 12, 42	The Company	Hong Kong	307021953	8/9/2025
2 . . .	千里科技	9, 12, 42	The Company	Hong Kong	307022718	9/9/2025
3 . . .	Λ F Λ R I	9, 12, 42	The Company	Hong Kong	307022727	9/9/2025

Patents

As of the date of this Document, we have registered the following patents which we consider to be or may be material to our business:

No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
1 . . .	An engine lubrication oil circulation system (一種發動機潤滑油循環系統)	The Company	Invention	2018109235195	PRC
2 . . .	A valve timing mechanism with small intake and exhaust manifolds angle arranged in a staggered distribution (一種錯位分佈小進排氣夾角的配氣機構)	The Company	Invention	2019108851936	PRC
3 . . .	A small internal combustion dual-power generator structure (一種小型內燃機雙電源發電機結構)	The Company	Utility model	2021233785978	PRC
4 . . .	Motorcycle gasoline-electric hybrid engine (摩托車油電混合動力發動機)	The Company	Invention	2016111967953	PRC
5 . . .	Motorcycle oil-cooled electric drive device (摩托車油冷電驅動裝置)	The Company	Utility model	2022217523919	PRC
6 . . .	Motorcycle CVT transmission air guide structure (摩托車CVT變速箱導風結構)	The Company	Utility model	2022229988368	PRC

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
7 . . .	Battery cells of battery pack for electric vehicles (電動汽車電池包的電芯單元)	The Company	Invention	2017112771649	PRC
8 . . .	Wireless communication-based distributed battery power supply control system and method for vehicles (基於無線通訊的汽車分佈式電池供電控制系統及方法)	The Company	Invention	2018100234958	PRC
9 . . .	A calibration site and calibration method for a 360° panoramic system (一種360°全景系統的標定場地和標定方法)	The Company	Invention	2018100314469	PRC
10 . . .	Load-bearing structure of quick-swap battery packs for new energy vehicles (新能源汽車快換電池包受力結構)	The Company	Invention	2017112785355	PRC
11 . . .	An electronic fuel injection throttle for general engines (一種用於通機的電噴節氣門)	The Company	Utility model	2023218056792	PRC
12 . . .	Crankcase and crankcase end cover (曲軸箱及曲軸箱端蓋)	The Company	Invention	2017107581061	PRC
13 . . .	A charging case and modular charging station (一種充電盒及模組化充電站)	The Company	Invention	2017114472285	PRC
14 . . .	Motorcycle engine cooling passage structure (摩托車發動機冷卻水道結構)	The Company	Invention	2021113255009	PRC
15 . . .	Motorcycle engine (摩托車發動機)	The Company	Invention	2021116001409	PRC
16 . . .	Motorcycle water-cooled engine (摩托車水冷發動機)	The Company	Invention	2017108688297	PRC
17 . . .	Inline twin-cylinder motorcycle engine (直列雙缸摩托車發動機)	The Company	Invention	2021114030587	PRC
18 . . .	Intake manifold installation structure for motorcycle v-twin engines (適用於摩托車V缸發動機的進氣歧管安裝結構)	The Company	Invention	2022101839259	PRC

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
19 . .	Engine and its ignition system (發動機及其點火系統)	The Company	Invention	2017109655479	PRC
20 . .	Motorcycle (LF400) (摩托車(LF400))	The Company	Appearance design	2024300524124	PRC
21 . .	All-terrain vehicle power battery installation structure (全地形車動力電池安裝結構)	The Company	Invention	202210668079X	PRC
22 . .	Automatic clutch main body assembly, right crankshaft and clutch main body assembly and motorcycle (自動離合器主體組合、右曲軸與離合器主體組合及摩托車)	Chongqing Lifan Ruichi Motorcycle Co. Ltd. (重慶力帆瑞馳摩托車有限公司)	Utility model	2016209140558	PRC
23 . .	Motorcycle crankcases that help suppress noise (有助於抑制噪音的摩托車曲軸箱)	Chongqing Lifan Ruichi Motorcycle Co. Ltd	Utility model	2021227516705	PRC
24 . .	Motorcycle engine lubricating oil channel structure (摩托車發動機潤滑油道結構)	Chongqing Lifan Ruichi Motorcycle Co. Ltd	Invention	2021113251597	PRC
25 . .	Two-wheeled motorcycle (LF125-2E upgrade) (兩輪摩托車(LF125-2E升級))	Chongqing Lifan Ruichi Motorcycle Co. Ltd	Appearance design	2024302552260	PRC
26 . .	Two-wheeled motorcycles (LF2000DT/LF4000DT) (兩輪摩托車(LF2000DT/LF4000DT))	Chongqing Lifan Ruichi Motorcycle Co. Ltd	Appearance design	2024302552966	PRC
27 . .	Gasoline engine air filter (汽油機空濾器)	Chongqing Lifan Power Co. Ltd. (重慶力帆內燃機有限公司)	Utility model	2019218238417	PRC
28 . .	Adjustable internal combustion engine air filter and engine structure (可調式內燃機空濾器及發動機結構)	Chongqing Lifan Power Co. Ltd.	Utility model	2019218238421	PRC
29 . .	A complete oil circuit device and flow direction control method (一種整機油路裝置及流向控制方法)	Chongqing Lifan Power Co. Ltd.	Invention	2018103293500	PRC

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No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
30 . .	A sealing cover structure for the cylinder head of a silent variable frequency generator set engine (一種靜音變頻發電機組發動機氣缸頭密封罩結構)	Chongqing Lifan Power Co. Ltd.	Utility model	2024211076465	PRC
31 . .	An integrated radiator assembly (一種集成式散熱器組件)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2018116492470	PRC
32 . .	Motor heating control method, controller and system based on table lookup and closed-loop control (基於查表和閉環控制的電機發熱控制方法、控制器及系統)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2019113601199	PRC
33 . .	A vehicle projection method, device, equipment and terminal (一種車輛投影方法、裝置、設備及終端)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2019103751838	PRC
34 . .	A vehicle monitoring method, device and vehicle (一種車輛監控方法、裝置及車輛)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.; LIVAN Auto	Invention	2020110891099	PRC
35 . .	A heat pump system and battery thermal management method (一種熱泵系統及電池熱管理方法)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2021100935061	PRC
36 . .	A vehicle-mounted projection device, vehicle, and vehicle projection control method (一種車載投影裝置、車輛及車輛的投影控制方法)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	202011131051X	PRC
37 . .	A battery charging mechanism (一種電池充電機構)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2019106826431	PRC

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No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
38 . .	A vehicle-mounted audio and video control system and method (一種車載影音控制系統及方法)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2020111310613	PRC
39 . .	A method, device, equipment and storage medium for determining battery health status (一種電池健康狀態的確定方法、裝置、設備及存儲介質)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2020106877582	PRC
40 . .	A heat exchanger assembly for vehicles and vehicle (一種車輛的換熱器總成及車輛)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2022103594078	PRC
41 . .	Graphical user interface for vehicle terminal (用於車載終端的圖形用戶界面)	Afari Intelligent Drive	Appearance design	2019300112354	PRC
42 . .	Automotive simulation cockpit (汽車模擬駕駛艙)	Afari Intelligent Drive	Utility model	2019209423029	PRC
43 . .	Attention determination method, model training method and corresponding device (注意力判定方法、模型訓練方法及對應裝置)	Afari Intelligent Drive	Invention	2021105683758	PRC
44 . .	Lane line detection method, electronic device, storage medium and computer program product (車道線檢測方法、電子設備、存儲介質及計算機程序產品)	Afari Intelligent Drive	Invention	2023101263022	PRC
45 . .	Real-time road condition detection method, device, system and storage medium (路況的實時檢測方法、裝置、系統和存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019103251555	PRC
46 . .	Expression recognition method, device and system (表情識別方法、裝置及系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019100901636	PRC

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<u>No.</u>	<u>Patent description</u>	<u>Owner</u>	<u>Patent Category</u>	<u>Patent Number</u>	<u>Place of Registration</u>
47 . .	Adaptive gaze tracking method, device, system and storage medium (一種自適應視線追蹤方法、裝置、系統及存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019101653192	PRC
48 . .	Automotive user identification method, device, system and storage medium (一種汽車用戶識別方法、裝置、系統及存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019104240878	PRC
49 . .	Method and device for obtaining camera parameters of in-vehicle multi-camera surround view system (一種車載多攝像機環視系統的攝像機參數獲得方法及裝置)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	201811307429X	PRC
50 . .	Object monitoring method and device, electronic equipment, storage medium (對象監控方法及裝置、電子設備、存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019106208082	PRC
51 . .	Image data processing method and device for automotive simulation cockpit (汽車模擬駕駛艙圖像數據處理方法及裝置)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019105425284	PRC
52 . .	Lane line recognition method, device, equipment and storage medium (車道線識別方法、裝置、設備和存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019111474288	PRC
53 . .	Matching method of traffic light and lane, device and electronic equipment (交通燈與車道的匹配方法、裝置及電子設備)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019113054110	PRC
54 . .	Behavior recognition method, device and computer storage medium (行為識別的方法、裝置及計算機存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2020101734008	PRC

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No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
55 . .	Method, device, system and storage medium for determining multiple object trajectories in video (用於確定視頻中多目標軌跡的方法、裝置、系統及存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	202110839348X	PRC
56 . .	Target detection method, computer program product and electronic device (目標檢測方法、計算機程序產品和電子設備)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2022102603915	PRC
57 . .	Image annotation method and image annotation device (圖像標注方法和圖像標注裝置)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2022102033432	PRC
58 . .	Obstacle detection method, electronic device, storage medium and program product (一種障礙物檢測方法、電子設備、存儲介質及程序產品)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2022112029151	PRC
59 . .	Target detection method, electronic device and storage medium (目標檢測方法、電子設備及存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	202211214510X	PRC
60 . .	3D target detection method, device, equipment and medium (一種3D目標檢測方法、裝置、設備和介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2023100789346	PRC

For material patents and patent applications of our Group as of the Latest Practicable Date, see the paragraph headed “Business — Intellectual Property” for more details.

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Copyrights

As of the date of this Document, we have registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
1 . . .	Thermal System Simulation System	The Company	2017SR088733	March 23, 2017	PRC
2 . . .	Lifan Group Quality Inspection Form Entry System (力帆集團質檢單錄入系統)	The Company	2011SR017110	April 1, 2011	PRC
3 . . .	Lifan Engine Production Management System (力帆發動機生產管理系統)	The Company	2003SR6678	June 24, 2003	PRC
4 . . .	Motorcycle engine electronic fuel injection control system (摩托車發動機電子燃油噴射控制系統)	The Company	31-2001-軟件-421號	January 19, 2001	PRC
5 . . .	Lifan Group Website Software (力帆集團網站軟件)	The Company	31-2002-軟件-799	January 22, 2002	PRC
6 . . .	Lifan Diagnostic Software (力帆診斷軟件)	Chongqing Lifan EFI Software Co., Ltd. (重慶力帆電噴軟件有限公司)	2024SR0249195	February 7, 2024	PRC
7 . . .	Lifan Motorcycle OBD Diagnostic Tool (力帆摩托車OBD診斷工具)	Chongqing Lifan EFI Software Co., Ltd.	2021SR0039315	February 2, 2021	PRC
8 . . .	Lifan Electronic Fuel Injection Control System (力帆電子燃油噴射控制系統)	Chongqing Lifan EFI Software Co., Ltd.	2010SR016801	April 15, 2010	PRC
9 . . .	Lifan Motorcycle APP-Android Software (力帆摩托APP-Android軟件)	China Mobile IOT Company Limited (中移物聯網有限公司); Chongqing Lifan Xishenghuo Motorcycle Sales Co., Ltd. (重慶力帆喜生活摩托車銷售有限公司)	2020SR0822420	July 24, 2020	PRC
10 . . .	LIVAN Auto APP	LIVAN Auto	2022SRA001375	March 8, 2022	PRC

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No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
11 . .	Developer Community Backend Management System (開發者社區後台管理系統)	Chongqing Livan Automobile Research Institute Co., Ltd.	2025SR0230859	February 10, 2025	PRC
12. . .	Vehicle Diagnostic Equipment Management System (車輛診斷設備管理系統)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1835145	November 19, 2024	PRC
13 . .	Vehicle Asset Management Platform (車輛資產管理平台)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1835146	November 19, 2024	PRC
14 . .	Ruilan AI Office Platform (睿藍AI辦公平台)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1835143	November 19, 2024	PRC
15 . .	LIVAN Auto Remote Monitoring Platform (睿藍汽車遠程監控平台)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1835144	November 19, 2024	PRC
16 . .	Automotive Thermal System Refrigerant Estimation Software (汽車熱系統製冷劑估算軟件)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1762568	November 12, 2024	PRC
17 . .	Abnormal Pressure Self-Recovery Software for Automobile Heat Pump Air Conditioning System (汽車熱泵空調系統壓力異常自恢復軟件)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1763485	November 12, 2024	PRC
18 . .	Closed-loop Management System (閉環管理系統)	Chongqing Livan Automobile Research Institute Co., Ltd.	2023SR1764815	December 26, 2023	PRC
19 . .	Automotive Thermal Management Full-function Testing Software (汽車熱管理全功能檢測軟件)	Chongqing Livan Automobile Research Institute Co., Ltd.	2023SR1752222	December 25, 2023	PRC
20 . .	Virtual Digital Work Platform (虛擬數字化工作平台)	Chongqing Livan Automobile Research Institute Co., Ltd.	2023SR1727239	December 22, 2023	PRC

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No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
21 . .	Driver Status Monitoring System (駕駛員狀態監測系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239428	February 11, 2025	PRC
22 . .	Driving Monitoring Software System (駕駛監控軟件系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239413	February 11, 2025	PRC
23 . .	XIWEI Monocular Panoramic Parking System (西緯單目全景泊車系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239423	February 11, 2025	PRC
24 . .	Vehicle Driver Status Monitoring Software (車輛駕駛員狀態監測軟件)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239416	February 11, 2025	PRC
25 . .	Monocular Panoramic Parking Software (單目全景泊車軟件)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239432	February 11, 2025	PRC
26 . .	Vehicle Driving Monitoring System (車輛駕駛監控系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239411	February 11, 2025	PRC

Domain Names

As of the date of this Document, we have registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain name
1. . . .	afari.com
2. . . .	afari.cn
3. . . .	lifan.cn
4. . . .	lifan.com
5. . . .	qianli-ai.com
6. . . .	lifancheye.com
7. . . .	runtian.cq.cn
8. . . .	livanauto.com
9	ql-drive.com
10 . . .	qianli-drive.com
11 . . .	qianli-drive-inc.com
12 . . .	machauto.cn

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No.	Domain name
13 . . .	machdrive.cn
14 . . .	mach-drive.cn
15 . . .	mach-drive.com
16 . . .	mach-drive-inc.com
17 . . .	match-ai.com
18 . . .	mczx-inc.com
19 . . .	mczx-tech.com
20 . . .	迈驰智行.com

Save as the above, as of the date of this Document, there were no other intellectual property rights which were material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

Interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our [REDACTED]

Save as disclosed in the section headed "Substantial Shareholders", immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors 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 Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests of the substantial shareholders in the Shares

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], 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 Hong Kong 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.

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Interests of the substantial shareholders in Major Subsidiaries of our Group

We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with the requirements of paragraph 45(2) of Appendix D1A to the Listing Rules in relation to the disclosure of the name of each person (other than Directors or chief executive of our Company), who is directly or indirectly interested in 10% or more of the issued voting shares of our subsidiaries which are not Major Subsidiaries and the amount of each of such person's interest in such securities. For details, see "Waivers and Exemptions — Particulars of Information of Our Subsidiaries."

So far as the Directors are aware, the following persons (other than our Company, and any subsidiaries of our Group) are entitled to exercise, or control the exercise of, 10% or more of voting power at the general meetings of our Major Subsidiaries:

<u>Name of the Major Subsidiary</u>	<u>Name of the shareholder</u>	<u>Percentage of shareholding in the Major Subsidiary</u>
LIVAN Auto	Zhejiang Geely Qizheng Automotive Technology Co., Ltd.* (浙江吉利啟征汽車科技有限公司)	45%
Chongqing Afari Intelligent Drive Technology Co., Ltd.* (重慶千里智駕科技有限公司)	Maichi Zhixing (Chongqing) Technology Co., Ltd.* (邁馳智行(重慶)科技有限公司) Zhejiang Jirun Automobile Co., Ltd.* (浙江吉潤汽車有限公司)	30% 30%
Chongqing Runtian Real Estate Development Co., Ltd.* (重慶潤田房地產開發有限公司)	Chongqing Yuqinke Commercial Management Partnership (Limited Partnership)* (重慶渝擎科商業管理合夥企業(有限合夥)) Chongqing Zhuxin Investment Co., Ltd.* (重慶竹心投資有限公司)	35% 15%

Particulars of Directors' Service Contracts

Each of the Directors [has] entered into a service contract or a letter of appointment with our Company. The principal particulars of these service contracts and letters of appointment include (a) the term of service, (b) subject to termination in accordance with their respective term, and (c) a dispute resolution provision. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

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Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Disclaimers

Save as disclosed in this Document:

- (a) none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our [REDACTED] (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED] on the Hong Kong 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] and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), 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;
- (d) none of our Directors or any of the parties listed in "— Qualifications of Experts" in 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;

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- (e) save in connection with [REDACTED], none of the persons listed in “—Qualifications of Experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME

Our Company adopted the 2025 Employee Stock Ownership Scheme (the “Scheme”) on October 15, 2025, which were outstanding as of the date of this Document. The terms of the Scheme are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules regarding share schemes involving issue of new shares. Save as otherwise disclosed, the principal terms of the Scheme are summarized below.

(i) Purpose of the Scheme

The purpose of this Scheme is to further establish and improve long-term incentive mechanisms, attract and retain outstanding talents, fully motivate the core management team and key employees, effectively align the interests of shareholders, the company, and the core team, and ensure that all parties jointly focus on the long-term development of the company, thereby securing the achievement of the company’s development strategy and business objectives.

(ii) Participants of the Scheme

The participants of the Scheme include directors (excluding independent directors), senior management, middle-level managers and key employees of the members of the Group who are existing employee of the Group and play an important role in and have significant impact on the overall performance and long-term development of the Group as set out in the Scheme.

(iii) Funding and Source of the Shares for the Scheme

The Scheme is funded by the Company’s self-owned funds, employees’ lawful remuneration or self-owned funds, or other funds as permitted by laws and administrative regulations. The source of the underlying Shares of the Scheme shall be the A Shares of the Company repurchased from the open market at market price by the Company. The A Shares repurchased under this Scheme will be transferred to an account designated for the Scheme.

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(iv) Term of the Scheme

The Scheme is valid for a period of 30 months, commencing from the date when the Scheme is reviewed and approved at the general meeting of the Company and publication of the announcement of the Company in respect of the completion of the final tranche of purchases of the underlying A Shares by the Company (the “**Announcement Date**”).

(v) Administration

The Scheme is subject to the approval of the Shareholders. The Scheme is administered by a committee (the “**Scheme Management Committee**”), the members of which are elected by the participants of the Scheme. The Scheme Management Committee oversees the day-to-day management of the Scheme and exercise shareholders’ rights on behalf of the participants.

(vi) Lock-up and Vesting of the Shares

The underlying A Shares allocated to the participant under the Scheme shall be vested in two tranches with 50% each tranche, upon expiry of 12 months and 24 months from the Announcement Date, respectively. The vesting of the underlying A Shares shall be subject to attainment of performance target at the Group level and results of the yearly personal evaluation of each participant at individual level. The vested A Shares will either be sold by the Scheme Management Committee and the proceeds will be distributed to the participants proportionately, or be transferred to the personal account of the participants.

(vii) Other details under the Scheme

Pursuant to the Scheme, the total fund to be raised thereunder shall not exceed RMB250 million, and the final number of Shares involved will be contingent upon the actual trading results. To ensure the Company’s sustainable development and to attract and retain talents, a portion of Shares will be set aside as a reserve for future allocations. As of the date of this Document, the Company has not repurchased any Shares under the Scheme.

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 under the laws of the PRC.

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Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group's results of operations or financial conditions, taken as a whole.

Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive US\$500,000 for acting as sponsor for the [REDACTED].

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoter

The promoters of the Company are all of the six then shareholders of our Company as of December 27, 2007 immediately before our conversion into a joint stock limited liability company.

Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [REDACTED] and the related transactions described in this Document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since June 30, 2025, being the end date of the periods reported on in the Accountants' Report set out in Appendix I to this Document, and there had been no event since June 30, 2025, that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

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Restriction on Share Repurchase

For details of the restrictions on share repurchases by our Company, please refer to “Summary of Articles of Association — Increase, Decrease and Repurchase of Shares — Share Repurchase” in Appendix IV to this Document.

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

<u>Name</u>	<u>Qualification</u>
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Fangda Partners	PRC legal adviser
China Insights Industry Consultancy Limited . .	Independent industry consultant
Asia-Pacific Consulting and Appraisal Limited. .	Independent property valuer

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to “— Qualifications of Experts” in this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respectively included.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Binding Effect

This Document shall have the effect, if an [REDACTED] is made in pursuance of it, 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 so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under 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 procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (i) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be [REDACTED] in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is [REDACTED] or dealt with in any other stock exchange nor is any [REDACTED] or permission to deal being or proposed to be sought;
- (j) our Company has no outstanding convertible debt securities or debentures;
- (k) our Company is a joint stock limited company and is subject to the PRC Company Law; and
- (l) our Company has adopted a code of conduct regarding Directors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

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:

- (a) a copy of the material contract[s] referred to in "Appendix V — Statutory and General Information — Further Information about our Business — Summary of Material Contract"; and
- (b) the written consents referred to in "Appendix V — Statutory and General Information — Other Information — Consents of Experts".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Hong Kong Stock Exchange's website at www.hkexnews.hk and the Company's website at <https://qianli-ai.com/> during a period of 14 days from the date of this Document:

- (a) the Articles of Association;
- (b) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025;
- (c) the Accountants' Report from Ernst & Young, the text of which is set out in Appendix I to this Document;
- (d) the Accountants' Report of Afari Intelligent Drive Group from Ernst & Young, the text of which is set out in Appendix IB to this Document;
- (e) the report from Ernst & Young on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix IIA to this Document;
- (f) the report on the unaudited pro forma financial information of the enlarged Group from Ernst & Young, the text of which is set out in Appendix IIB to this Document;
- (g) the letters relating to the [REDACTED] received from Ernst & Young and the Sole Sponsor, the text of which is set out in Appendix IIC to this Document;
- (h) the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by Asia-Pacific Consulting and Appraisal Limited, the text of which is set out in Appendix III to this Document;

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

- (i) the material contracts referred to in “Appendix V — Statutory and General Information — Further Information about our Business — Summary of Material Contract”;
- (j) the written consents referred to in “Appendix V — Statutory and General Information — Other Information — Consents of Experts”;
- (k) the service contracts and letters of appointment referred to in “Appendix V — Statutory and General Information — Further Information about our Directors, Senior Management and Substantial Shareholders — Particulars of Directors’ Service Contracts”;
- (l) the legal opinions issued by Fangda Partners, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;
- (m) the industry report issued by CIC referred to in “Industry Overview”; and
- (n) a copy of the PRC Company Law, PRC Securities Law, the Overseas Listing Trial Measures and the Shanghai Stock Exchange Listing Rules, together with unofficial English translations.