The following discussion and our analysis should be read in conjunction with our combined financial statements included in the Accountants' Report in Appendix IA to this Document, together with the accompanying notes. Our combined financial statements have been prepared in accordance with HKFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to the years of 2023, 2024 and 2025 refer to our financial years ended December 31 of such years, respectively.

OVERVIEW

We are a smart cockpit solution provider in China with software development capabilities and product coverage from edge to cloud. We have accumulated deep insights into the needs of local and international automobile over the years and leveraging our full-stack self-developed software platform, we offer smart cockpit software solution, integrated software and hardware solution and other related services, focusing on delivering user-centric products that enhance user experience before, during and after driving, providing users with the ultimate travel experience and transforming automobiles into their "third living space."

Our revenue amounted to RMB477.2 million, RMB478.8 million and RMB706.4 million in 2023, 2024 and 2025, respectively. Our gross profit was RMB140.2 million, RMB139.6 million and RMB172.4 million in 2023, 2024 and 2025, representing a gross profit margin of 29.4%, 29.2% and 24.4% in the same periods, respectively. We had net loss of RMB265.3 million, RMB377.9 million and RMB514.1 million in 2023, 2024 and 2025, respectively. Our adjusted net loss (a non-HKFRS measure) was RMB59.8 million, RMB132.7 million and RMB188.2 million in 2023, 2024 and 2025, respectively. See "— Description of Major Components of our Results of Operations — Non-HKFRS Measures" for a reconciliation of our net loss to the adjusted net loss (a non-HKFRS measure).

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. All HKFRSs which are effective for the accounting periods beginning on January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of our historical financial information throughout the Track Record Period.

The preparation of the historical financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Notes 2.3 and 3 to the Accountants' Report included in Appendix IA to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by the following significant factors.

General Factors

Our results of operations and financial condition are affected by general factors affecting the automotive smart cockpit solution industry, primarily including: (i) macroeconomic conditions globally and in China and the growth of the passenger vehicle market in China; (ii) the development of the automotive smart cockpit solution industry globally and in China; (iii) governmental policies, initiatives and incentives affecting China's automotive smart cockpit solution market; (iv) market acceptance of smart cockpit solution; (v) seasonal fluctuations in demand for smart cockpit solution as affected by market trends of the automotive industry. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to seasonality"; and (vi) technology developments relating to smart cockpit solution.

Company Specific Factors

While our business is influenced by the general factors set forth above, our results of operations are more directly affected by specific factors relating to our business, primarily including:

Our Ability to Strengthen Relationships with Existing Customers and Expand Our Customer Base

We have established long-term and stable relationships with several industry-leading automobile OEMs, providing them with high-quality and continuous smart cockpit products and services, helping them to realize mass production across multiple vehicle models, and accompanying them in the transformation of their products to intelligence. The OEMs' recognition of our technical strength over the course of cooperation ensures our sustainable and stable development by providing us with opportunities to participate in joint system development and acquire new projects in the future. We obtain valuable market feedback and customer demand information, which helps us to optimize and improve our product design to better meet the market demand, enhance the market competitiveness of our products, and maintain a stable position in the market. We will continue to enhance our solution and customer experience to deepen customer loyalty, and we expect to generate revenue growth by our ability to strengthen our relationships with existing customers. We aim to broaden our customer base by collaborating additional automobile OEMs, both locally and globally, and proactively enhance our collaborations with current clients to broaden our range of products and solution, accommodating a wider variety of vehicle models, products, and application scenarios, to increase our market share. As we continue to develop and offer new solution and expand our sales and service network, we anticipate growth in our customer base and revenue.

Our Ability to Successfully Develop Solution and Optimize the Mix of Our Solution

We offer a full range of smart cockpit solution, driven by our full-stack self-developed software platform. Our ability to continuously grow revenue and expand margins will depend on our ability to develop and launch new solution expeditiously responding to changes in our smart cockpit solution penetration rate across luxury, mid-range and budget vehicles. Our continuous innovation in smart cockpit solution and technologies influences our customers' decisions to choose our solution, which in turn affects our results of operations and financial condition. Our gross profit margins vary across different business solution and services, due to a variety of factors including technological advancement, pricing power, market demand, production costs, and availability of competing solution. With a view to increasing our revenue and profitability, we plan to continue introducing new solution to meet the evolving demand in the automotive industry. For example, we have spent significant research and development expenses to develop our premium domain controllers and upgrade our standard domain controllers, which are expected to generate revenue for us.

Our Ability to Enhance Technological Capabilities

Our market share is contingent upon our ongoing investments in research and development of new technologies and smart cockpit solution. Our competitive edge relies on our capacity to attract and retain skilled technology professionals. We will persist in our efforts to recruit and maintain high-caliber talent from the national talent pool to drive our innovation initiatives, which include, but are not limited to, advancement of our centralized software platform, operating systems, and automotive-grade chips for smart cockpit solution. We anticipate that our strategic emphasis on innovation will further distinguish our offerings, thereby strengthening our competitive position.

Our Ability to Manage Raw Material Costs Effectively

The fluctuations in the prices of raw materials, as well as other production-related costs, have affected, and will continue to affect our profitability. Our results of operations are significantly affected by raw material procurement costs, which constitute the majority of our cost of sales. In 2023, 2024 and 2025, our raw material procurement costs were RMB256.3 million, RMB182.3 million and RMB199.5 million, representing 76.1%, 53.7% and 37.4% of the total cost of sales in the corresponding years, respectively. The prices of raw materials are susceptible to price fluctuations due to supply and demand trends, foreign exchange rates, transportation costs, government regulations and tariffs, price controls, economic climate and other unforeseen circumstances.

Our Ability to Manage Operating Efficiency in R&D

Our results of operations are further affected by our ability to manage our operating efficiency, as measured by our total operating expenses as a percentage of our revenues. We believe our selling expenses and administrative expenses as percentages of revenue were at low levels. Our sales and profitability depends on whether we are able to monetize our R&D pipeline and capitalize on our solid R&D foundation to broaden and enhance our product offerings and optimize our R&D resources to achieve synergies. Our profitability also depends on whether we are able to reduce our research and development expenses as percentage of revenue by achieving economies of scale.

MATERIAL ACCOUNTING POLICIES

Our material accounting policies, which are important for understanding our financial condition and results of operations, are set forth in Note 2.3 to the Accountants' Report in Appendix IA to this Document. Some of our accounting policies involve subjective assumptions, estimates and judgements that are set forth in Note 3 to the Accountants' Report included in Appendix IA to this Document. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of material accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and as percentages of our total revenue for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)					
Revenue	477,232	100.0%	478,756	100.0%	706,355	100.0%
Cost of sales	(337,034)	(70.6%)	(339,160)	(70.8%)	(533,959)	(75.6%)
Gross profit	140,198	29.4%	139,596	29.2%	172,396	24.4%
Other income and gains	1,725	0.4%	10,259	2.1%	2,424	0.3%
Selling expenses	(9,725)	(2.0%)	(10,099)	(2.1%)	(11,122)	(1.6%)
Administrative expenses	(35,257)	(7.4%)	(43,435)	(9.1%)	(62,464)	(8.8%)
Research and development expenses	(103,410)	(21.7%)	(209,623)	(43.8%)	(268,104)	(38.0%)
Impairment losses on financial assets	(32,402)	(6.8%)	(8,984)	(1.9%)	(522)	(0.1%)
Other expenses and losses	(19,387)	(4.1%)	(8,108)	(1.7%)	(39,833)	(5.6%)
Interest on redemption liabilities	(205,525)	(43.1%)	(243,882)	(50.9%)	(303,078)	(42.9%)
Finance costs	(1,958)	(0.4%)	(3,088)	(0.6%)	(3,951)	(0.6%)
LOSS BEFORE TAX	(265,741)	(55.7%)	(377,364)	(78.8%)	(514,254)	(72.9%)
Income tax credit/(expense)	408	0.1%	(508)	(0.1%)	181	0.0%
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(265,333)	(55.6%)	(377,872)	(78.9%)	(514,073)	(72.9%)

NON-HKFRS MEASURES

To supplement our consolidated financial statements which are presented under HKFRS, we also use adjusted net loss (a non-HKFRS measure) as an additional financial measure, which is not required by or presented in accordance with HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of the adjusted net loss (a non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for the analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted net loss (a non-HKFRS measure) as loss for the year adjusted for (i) interest on redemption liabilities and (ii) **[REDACTED]** expenses. Interest on redemption liabilities consists of interest incurred after the issuance of our financial instruments through which we granted preferred rights to certain investors to redeem their paid-in capital for cash upon specified events. Redemption liabilities will be derecognized upon completion of the **[REDACTED]**, and **[REDACTED]** expenses are expenses relating to the **[REDACTED]**. For further information on our redemption liabilities, see Note 27 to the Accountants' Report in Appendix IA to this document.

The following table sets forth a reconciliation of our loss for the year to adjusted net loss (a non-HKFRS measure) during the Track Record Period.

	For the year ended December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Loss for the year	(265,333)	(377,872)	(514,073)
Adjusted for:			
Interest on redemption liabilities	205,525	243,882	303,078
[REDACTED] expenses	—	**[REDACTED]**	**[REDACTED]**
Non-HKFRS measure:			
Adjusted net loss (a non-HKFRS measure)	**(59,808)**	**(132,709)**	**(188,179)**

Revenue

During the Track Record Period, we generated revenue from sales of (i) smart cockpit software solution; (ii) integrated software and hardware solution for smart cockpit; and (iii) others. The following table sets forth a breakdown of our revenue, in both absolute terms and as a percentage of our total revenue during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
			(RMB in thousands, except for percentages)			
Smart cockpit software solution[1]						
Software development fees	71,139	15.0	105,840	22.1	317,710	45.0
Software licensing fees	93,279	19.5	137,578	28.7	89,761	12.7
Subtotal	**164,418**	**34.5**	**243,418**	**50.8**	**407,471**	**57.7**
Integrated software and hardware solution[2]	312,364	65.4	234,682	49.1	295,174	41.8
Others[3]	450	0.1	656	0.1	3,710	0.5
Total revenue	**477,232**	**100.0**	**478,756**	**100.0**	**706,355**	**100.0**

Notes:

(1) Consist of smart cockpit software solution including AI Agent and map navigation. For details, see "Business — Our Offerings — Smart Cockpit Software Solution."

(2) Consist primarily of domain controllers and accessories sold to our customers. For details, see "Business — Our Offerings — Integrated Software and Hardware Solution for Smart Cockpit."

(3) Consists of income generated from subleasing office space that is under lease and leasing of fixed assets.

The following table sets forth our revenue from contracts with customers (our smart cockpit software solution and integrated software and hardware solution) by geographic location for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
China	476,782	100.0	478,100	100.0	701,505	99.8
Overseas[(1)]	—	—	—	—	1,140	0.2
Total	**476,782**	**100.0**	**478,100**	**100.0**	**702,645**	**100.0**

Note:

(1) Overseas comprise South Korea.

We recorded revenue from China and overseas. Throughout the Track Record Period, our revenue was mainly derived from China. We began to record direct revenue from overseas in 2025, demonstrating our direct penetration into the overseas market.

Sales of Smart Cockpit Software Solution

In 2023, 2024 and 2025, our revenue generated from smart cockpit software solution was RMB164.4 million, RMB243.4 million and RMB407.5 million, representing 34.5%, 50.8% and 57.7% of our total revenue, respectively. We recognize two categories of revenue from smart cockpit software solution: (1) we develop customized smart cockpit software solution tailored to our customers' unique specifications and we recognize revenue as software development fees upon the customers' acceptance of the smart cockpit software solution; and (2) we offer customization of our proprietary software, as well as secondary modifications to customers' software based on specific requirements, along with software upgrades for our existing products and we recognize revenue as software licensing fees when our proprietary software solution are installed in a vehicle produced by a customer with the settlement confirmed by the customer. We incur resources and time to develop solution for our customers. The lead time from initiation of a project to revenue generation generally ranges from 3 to 31 months.

Sales of Integrated Software and Hardware Solution

In 2023, 2024 and 2025, our revenue generated from integrated software and hardware solution was RMB312.4 million, RMB234.7 million and RMB295.2 million, representing 65.4%, 49.1% and 41.8% of our total revenue, respectively. The majority of these contracts are framework agreements, and we negotiate separate price agreements with the customers periodically, which may give rise to unit price adjustments on an periodical basis under certain contracts. Our revenue from integrated software and hardware solution is generally based on the total number of vehicles produced by the OEMs with our integrated software and hardware solution installed. Depending on the contract with our customers, we may also separately receive revenue from developing the relevant software in relation to our integrated software and hardware solution. However, this revenue does not have a direct correlation with the sales volume of vehicles produced by OEMs. We incur resources and time to develop solution for our customers. The lead time from initiation of a project to revenue generation generally ranges from 9 to 17 months.

Our integrated software and hardware solution consist of (i) domain controllers and (ii) accessories.

Cost of Sales

Our cost of sales consists primarily of (i) raw materials relating to the production of integrated software and hardware solution for smart cockpits, (ii) labor costs and outsourcing fees, and (iii) third-party content provider / service provider (CP/SP) fees for applications such as QQ Music and iQiYi, among others. In 2023, 2024 and 2025, our cost of sales was RMB337.0 million, RMB339.2 million and RMB534.0 million, accounting for 70.6%, 70.8% and 75.6% of our total revenue, respectively. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of our total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Raw materials procurement costs	256,318	53.7	182,283	38.1	199,457	28.2
Labor costs and outsourcing fees	48,178	10.1	121,970	25.5	268,873	38.1
CP/SP fees	21,384	4.5	20,636	4.3	26,822	3.8
Others[1]	11,154	2.3	14,271	2.9	38,807	5.5
Total	**337,034**	**70.6**	**339,160**	**70.8**	**533,959**	**75.6**

Note:

(1) Include depreciation and amortization, rent and property management fees, cloud platform service fees and other taxes and surcharges.

The principal raw materials we procured for our smart cockpit solution include, among others, electronic components, structural components and camera modules. Raw materials constitute the largest component of our cost of sales. In 2023, 2024 and 2025, our raw materials procurement costs amounted to RMB256.3 million, RMB182.3 million and RMB199.5 million, respectively, accounting for 53.7%, 38.1% and 28.2% of our total revenue, respectively. The following table sets forth a breakdown of our cost of sales by offering of products and services, in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Smart cockpit software solution						
Software development fee	24,830	5.2	88,700	18.6	227,658	32.2
Software licensing fee	35,614	7.5	42,283	8.8	36,329	5.2
Subtotal	**60,444**	**12.7**	**130,983**	**27.4**	**263,987**	**37.4**
Integrated software and hardware solution	276,045	57.8	207,377	43.2	266,285	37.7
Others	545	0.1	800	0.2	3,687	0.5
Total	**337,034**	**70.6**	**339,160**	**70.8**	**533,959**	**75.6**

The following table sets forth the sensitivity analysis on the impact on our loss before tax for the changes in our raw material costs. Actual changes in our loss before taxation resulting from increase or decrease in our raw materials procurement costs may differ from the results of the following sensitivity analysis.

	Impact on profit/(loss) before tax		
	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Hypothetical fluctuations in raw materials procurement costs:			
Increase of 5%	(12,816)	(9,114)	(9,973)
Decrease of 5%	12,816	9,114	9,973
Increase of 10%	(25,632)	(18,228)	(19,946)
Decrease of 10%	25,632	18,228	19,946
Increase of 20%	(51,264)	(36,457)	(39,891)
Decrease of 20%	51,264	36,457	39,891

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit was RMB140.2 million, RMB139.6 million and RMB172.4 million, representing a gross profit margin of 29.4%, 29.2% and 24.4%, respectively. Our gross profit represents our total revenue less our total cost of sales, and our gross profit margin represents gross profit divided by our total revenue, expressed as a percentage. Factors contributing to the variability of gross profit margin encompass the revenue composition as well as the differing margins across our products and services.

The following table sets forth our gross profit and gross profit margin by business segments during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentages)					
Smart Cockpit Software Solution						
Software development fees	46,309	65.1	17,140	16.2	90,052	28.3
Software licensing fees	57,665	61.8	95,295	69.3	53,432	59.5
Subtotal	**103,974**	**63.2**	**112,435**	**46.2**	**143,484**	**35.2**
Integrated Software and Hardware Solution	36,319	11.6	27,305	11.6	28,889	9.8
Others	(95)	(21.1)	(144)	(22.0)	23	0.6
Total	**140,198**	**29.4**	**139,596**	**29.2**	**172,396**	**24.4**

Other Income and Gains

Our other income and gains mainly include (i) government grants, (ii) bank interest income, and (iii) others. In 2023, 2024 and 2025, our other income and gains were RMB1.7 million, RMB10.3 million and RMB2.4 million, accounting for 0.4%, 2.1% and 0.3% of our total revenue, respectively. The following table sets forth a breakdown of our other income by nature, in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Government grants	852	0.2	9,448	1.9	826	0.1
Bank interest income[(1)]	799	0.2	809	0.2	1,504	0.2
Gain on disposal of property and equipment	—	—	—	—	89	0.0
Others	74	0.0	2	0.0	5	0.0
Total	**1,725**	**0.4**	**10,259**	**2.1**	**2,424**	**0.3**

Note:

(1) Included in the amount during the years ended December 31, 2024 and December 31, 2025 were interest income amounting to RMB313,000 and RMB304,000, respectively, attributable to certificates of bank deposits classified as financial investments at fair value at other comprehensive income set out in note 21 to the Accountants' Report in Appendix IA.

The government grants that we received during the Track Record Period were mainly attributable to our development in advanced technology and contributions to the district where our primary business operates, including recurring subsidies provided by the local government to reward us for (a) promoting employment; (b) facilitating personal income tax collection and others; and (c) value-added tax refunds for software products which we were entitled to. Value-added tax refunds refer to the refund of the 3% excess of value-added tax calculated with reference to the revenue generated from the sales of our software products and solution registered with the relevant tax authorities. There are no unfulfilled conditions or contingencies relating to these government grants.

The following table sets forth a breakdown of the government grants we received during the Track Record Period according to whether they are recurring or non-recurring in nature.

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Recurring			
Incentives for personal income tax collection and others	56	342	130
Subsidies provided by the government to reward us for promoting employment	796	78	200
Value-added tax refund	—	9,028	496
Total	**852**	**9,448**	**826**

Selling Expenses

Our selling expenses consist primarily of employee compensation, which comprise salaries, bonuses, social insurance, and other employee benefits for our sales and business personnel. To a lesser extent, our selling expenses include rents and property management fees, as well as other business development and travel expenses for sales purposes and depreciation and amortization allocated to our business department.

In 2023, 2024 and 2025, our selling expenses were RMB9.7 million, RMB10.1 million and RMB11.1 million, accounting for 2.0%, 2.1% and 1.6% of our total revenue, respectively. The following table sets forth a breakdown of our selling expenses, in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Employee compensation	9,021	1.8	9,205	1.9	10,017	1.4
Others(1)	704	0.2	894	0.2	1,105	0.2
Total	**9,725**	**2.0**	**10,099**	**2.1**	**11,122**	**1.6**

Note:

(1) Consists of other miscellaneous expenses, such as rents and property management fees, business development expenses, travel expenses, depreciation and amortization expenses allocated to our business department, etc..

Administrative Expenses

Our administrative expenses consist primarily of employee compensation, which comprises salaries, bonuses, social insurance, and other employee benefits for our administrative and management personnel. To a lesser extent, our administrative expenses also include business development expenses and reimbursements, professional consulting fees, rents and property management fees, depreciation and amortization, as well as **[REDACTED]** expenses.

In 2023, 2024 and 2025, our administrative expenses were RMB35.3 million, RMB43.4 million and RMB62.5 million, accounting for 7.4%, 9.1% and 8.8% of our total revenue, respectively. The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Employee compensation	24,493	5.1	30,432	6.4	25,467	3.6
Business development expenses	1,493	0.3	1,185	0.2	1,404	0.2
Professional consulting fees	3,350	0.7	2,669	0.6	3,677	0.5
Rents and property management fees	2,829	0.6	3,471	0.7	3,769	0.5
Depreciation and amortization	741	0.2	505	0.1	511	0.1
[REDACTED] expenses	—	—	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others(1)	2,351	0.5	3,892	0.8	4,820	0.7
Total	**35,257**	**7.4**	**43,435**	**9.1**	**62,464**	**8.8**

Note:

(1) Consists of other miscellaneous expenses, such as office expenses, renovation fees, etc.

Research and Development Expenses

Our research and development expenses consist primarily of employee compensation, which comprises salaries, bonuses, social insurance, and other benefits for our research and development personnel. Our research and development expenses also include human resources outsourcing fees and technology outsourcing fees, which relate primarily to product and technology testing and R&D conducted by third parties. Human resources outsourcing fees are primarily calculated based on the total labor involved and the associated work hours allocated by the relevant third party for monthly settlement, whereas technology outsourcing fees are determined on a project basis. To a lesser extent, our research and development expenses also include rents and property management fees, depreciation and amortization, and experiment and material costs.

In 2023, 2024 and 2025, our research and development expenses were RMB103.4 million, RMB209.6 million and RMB268.1 million, respectively, accounting for 21.7%, 43.8% and 38.0% of our total revenue, respectively. The following table sets forth a breakdown of our research and development expenses by nature, in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Employee compensation	65,481	13.7	75,069	15.7	101,507	14.4
Human resources outsourcing fees	2,914	0.6	45,563	9.5	27,044	3.8
Technology outsourcing fees	12,618	2.6	43,005	9.0	97,771	13.8
Depreciation and amortization	4,690	1.0	21,947	4.6	23,568	3.3
Experiment and material costs	6,584	1.4	7,598	1.6	2,522	0.4
Others[1]	11,123	2.4	16,441	3.4	15,692	2.3
Total	**103,410**	**21.7**	**209,623**	**43.8**	**268,104**	**38.0**

Note:

(1) Consists of other miscellaneous expenses, such as rents and property management fees, testing fees, professional consulting fees, maintenance fees, cloud platform dedicated line service fees, conference fees, etc.

Impairment Losses on Financial Assets

Our impairment losses on financial assets represent the impairment losses on trade and other receivables due from certain customers (or reversal of impairment losses if we expect our credit loss to decrease). We had impairment losses on financial assets of RMB32.4 million, RMB9.0 million and RMB0.5 million in 2023, 2024 and 2025, respectively.

Other Expenses and Losses

Our other expenses and losses consist primarily of (i) loss from disposal of fixed assets, (ii) provisions against inventories and (iii) provision for the Baidu Litigation. The following table sets forth a breakdown of our other gains and losses by nature, in absolute amounts and as percentages of our total revenue during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except for percentages)					
Loss from disposal of fixed assets	162	0.1	1,577	0.4	—	—
Provision against inventories	19,225	4.0	6,182	1.3	29,193	4.1
Loss from early lease termination	—	—	349	0.0	—	—
Provision for the Baidu Litigation	—	—	—	—	10,627	1.5
Others	—	—	—	—	13	0.0
Total	**19,387**	**4.1**	**8,108**	**1.7**	**39,833**	**5.6**

Finance Costs

Our finance costs consist primarily of (i) interest expense on bank borrowings and (ii) interest on lease liabilities. In 2023, 2024 and 2025, our finance costs were RMB2.0 million, RMB3.1 million and RMB4.0 million, respectively.

Interest on Redemption Liabilities

We recorded redemption liabilities of RMB2,774.6 million, RMB3,788.5 million and RMB4,091.5 million as of December 31, 2023, 2024 and 2025 respectively. These redemption liabilities represent our obligation to repurchase our own equity interests in connection with the redemption rights and liquidation preferences granted to investors. Pursuant to the terms of the relevant agreements, we recorded interest expense on these redemption liabilities in the amount of RMB205.5 million, RMB243.9 million and RMB303.1 million in 2023, 2024 and 2025, respectively. For further information, see "— Discussion of Selected Items from the Consolidated Statements of Financial Position — Liabilities — Redemption Liabilities" and Note 27 to the Accountants' Report included in Appendix IA to this Document.

Income Tax Expense

We recorded a tax credit of RMB181 thousand in 2025, a tax expense of RMB508 thousand in 2024 and a tax credit of RMB408 thousand in 2023.

TAXATION

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the basic tax rate of our Company and our PRC subsidiaries was 25% during the Track Record Period, except if the entity is entitled to different preferential tax rates. Our Company was qualified as a high and new technology enterprise ("**HNTE**") in 2023, and was entitled to a preferential tax rate of 15% from 2023 to 2025. One of our subsidiaries, AutoAI Beijing, was an HTNE throughout the Track Record Period and was entitled to a preferential tax rate of 15% during the Track Record Period. Further, according to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2023 to December 31, 2025. During the Track Record Period and up to the Latest Practicable Date, we had no disputes or unresolved tax issues with relevant tax authorities.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 47.5% from RMB478.8 million in 2024 to RMB706.4 million in 2025, due to an increase in both our sale of smart cockpit software solution and integrated software and hardware solution.

Smart cockpit software solution

Our revenue from smart cockpit software solution increased by 67.4% from RMB243.4 million in 2024 to RMB407.5 million in 2025, as our software development revenue experienced strong growth.

- Software development revenue increased by 200.3% from RMB105.8 million in 2024 to RMB317.7 million in 2025, primarily resulting from the completion of the software development for Customer G, Customer E and SeeWay.ai.

- Software licensing revenue decreased by 34.7% from RMB137.6 million in 2024 to RMB89.8 million in 2025, primarily due to decreased revenue from Beijing Telemap resulting from the tapering off of the production of automotive models of a number of its OEM customers due to the natural lifecycles of market reception of these automotive models.

Integrated software and hardware solution

Our revenue from integrated software and hardware solution increased by 25.8% from RMB234.7 million in 2024 to RMB295.2 million in 2025, primarily due to the revenue generated from new projects of SeeWay.ai and other Tier-1 suppliers and OEMs, as well as the deepened collaboration with some of our existing customers including Customer C and Customer F.

Other Revenue

Our other revenue increased from RMB656 thousand in 2024 to RMB3.7 million in 2025, primarily due to the leasing of fixed assets comprising mainly experimental equipment and information technology office equipment acquired in Ruilian Xingchen in August 2024.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by 57.4% from RMB339.2 million in 2024 to RMB534.0 million in 2025. Specifically, (i) our labor costs and outsourcing fees increased sharply from RMB122.0 million to RMB268.9 million. This was mainly due to the expansion of our projects in our smart cockpit software solution, resulting in higher labor costs and outsourcing fees incurred in relation to R&D and testing services. Also, a number of our projects in the integrated software and hardware solution segment reached the testing phase before the products are delivered to our customers for acceptance, which contributed to the increase in our outsourcing fees for testing services; and (ii) our raw materials procurement costs increased by 9.4% from RMB182.3 million to RMB199.5 million, driven by the increase in revenue from our integrated sofrware and hardware business solution.

Our gross profit increased by 23.5% from RMB139.6 million in 2024 to RMB172.4 million in 2025, and our gross profit margin decreased from 29.2% in 2024 to 24.4% in 2025.

Smart cockpit software solution

Our cost of sales from smart cockpit software solution increased by 101.5% from RMB131.0 million in 2024 to RMB264.0 million in 2025. This increase in cost of sales was primarily caused by the increase in labor costs and outsourcing fees associated with the performance of the software development contracts we entered into with Customer G, Customer E and SeeWay.ai.

Our gross profit margin from smart cockpit software solution decreased from 46.2% in 2024 to 35.2% in 2025, primarily attributable to the decrease in installation volume of a licensing project of Beijing Telemap which has certain fixed costs including cloud platform service fee while sales of the underlying automotive model was tapering off due to its natural life cycle.

Although our gross profit margin decreased, the increase in our sales led to a rise in gross profit from our smart cockpit software solution by 27.7% from RMB112.4 million in 2024 to RMB143.5 million in 2025.

Integrated software and hardware solution

The cost of sales in our integrated software and hardware solution increased by 28.4% from RMB207.4 million in 2024 to RMB266.3 million in 2025, in line with the growth in its sales. This increase was primarily due to higher consumption of raw materials for our projects, as well as an overall increase in labor costs and outsourcing fees, driven by more testing services before delivery of our solution to our customers for acceptance and a greater proportion of software development in our projects.

Our gross profit margin decreased from 11.6% in 2024 to 9.8% in 2025, primarily as result of a shift in the weighting of different projects in terms of revenue contribution within our integrated software and hardware solution, with an increased proportion of revenue coming from projects with lower gross profit margins.

Although our gross profit margin decreased, the increase in our sales led to a rise in gross profit from our integrated software and hardware solution by 5.8% from RMB27.3 million in 2024 to RMB28.9 million in 2025.

Other Income and Gains

Our other income and gains decreased by 76.7% from RMB10.3 million in 2024 to RMB2.4 million in 2025. This change was primarily driven by a decrease in value-added tax refunds, as fewer of our software and solution delivered in 2024 qualified for refunds in 2025 than those delivered in 2023 and qualified for refunds in 2024. This was partially offset by an increase in our interest income, which resulted from our purchase of large-denomination certificates of deposit using some proceeds from the Series B Financing.

Selling Expenses

Our selling expenses increased by 9.9% from RMB10.1 million in 2024 to RMB11.1 million in 2025, primarily due to an increase in number of sales staff in 2025.

Administrative Expenses

Our administrative expenses increased by 44.0% from RMB43.4 million in 2024 to RMB62.5 million in 2025, primarily attributable to a rise in **[REDACTED]** expenses, which amounted to RMB**[REDACTED]** in 2025 compared with RMB**[REDACTED]** in 2024, the effects of which were partially offset by a reduction of RMB5.0 million in employee compensation as we streamlined our administrative workforce.

Research and Development Expense

We significantly increased our research and development expenses by 27.9% from RMB209.6 million in 2024 to RMB268.1 million in 2025. This increase was primarily attributable to an increase in both employee compensation expense and depreciation and amortization expense allocable to research and development as a result of our acquisition of Ruilian Xingchen in August 2024 in connection with Didi Technology's strategic investment in our Company in the Series B Financing. The increase in our research and development expenses was also driven by higher employee compensation expense, human resources outsourcing fees and technology outsourcing fees. These increases, in turn, reflected (i) our increased investment in domain controller products for functional upgrades, algorithm optimization and greater software expansion to enhance compatibility and cybersecurity to secure key projects, as well as software system development for entry into the two-wheeler market; and (ii) the development of AI-related smart cockpit software solution.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by 94.2% from RMB9.0 million in 2024 to RMB0.5 million in 2025, as we did not identify any specific high-risk customers in 2025, and the losses were collectively assessed using general percentage provisions determined according to the age categories of the trade receivables.

Other Expenses and Losses

Our other expenses and losses increased by 391.4% from RMB8.1 million in 2024 to RMB39.8 million in 2025. This increase was primarily attributable to (i) impairment loss on inventories of RMB29.2 million, attributable to the higher level of stockpiling arising from the expansion of our project numbers and diversification of product needs from our customers in our integrated software and hardware solution, while also considering our suppliers' minimum order quantity requirements; and (ii) provision for the Baidu Litigation of RMB10.6 million.

Finance Costs

Our finance costs increased from RMB3.1 million in 2024 to RMB4.0 million in 2025, due to higher average bank borrowings in 2025.

Interest on Redemption Liabilities

Our interest on redemption liabilities increased by 24.3% from RMB243.9 million in 2024 to RMB303.1 million in 2025, primarily due to incurrence of RMB770.0 million in new redemption liabilities in the second half of 2024 in connection with the Series B Financing.

Income tax

We recorded tax expense of RMB508 thousand and tax credit of RMB181 thousand in 2024 and 2025, respectively, resulting from the net change in the deferred tax assets and liabilities in connection with our leases.

Loss for The Year

As a result of the foregoing, our net loss increased by 36.0% from RMB377.9 million in 2024 to RMB514.1 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue remained largely stable at RMB477.2 million in 2023 and at RMB478.8 million in 2024, as the decrease in our revenue from integrated software and hardware solution was more than offset by the increase in our revenue from smart cockpit software solution.

Smart cockpit software solution

Our revenue from smart cockpit software solution increased by 48.1% from RMB164.4 million in 2023 to RMB243.4 million in 2024, as both software development revenue and software licensing revenue experienced strong growth.

- Software development revenue increased by 48.8% from RMB71.1 million in 2023 to RMB105.8 million in 2024, primarily due to the successful completion of software development for Customer E and SeeWay.ai.

- Software licensing revenue increased by 47.5% from RMB93.3 million in 2023 to RMB137.6 million in 2024, primarily due to the large volume of our smart cockpit software solution licensed to Beijing Telemap as its ultimate OEM customer ramped up production of the relevant vehicle model in which our smart cockpit software solution was installed.

Integrated software and hardware solution

Our revenue from integrated software and hardware solution decreased by 24.9% from RMB312.4 million in 2023 to RMB234.7 million in 2024. The decrease in revenue in 2024 was primarily attributable to a decline in demand for one of our standard domain controllers from SeeWay.ai due to a reduction in the quantity requested by its ultimate OEM customer as the production of the relevant automotive model of the OEM was tapering off.

Other Revenue

Our other revenue increased from RMB450 thousand in 2023 to RMB656 thousand in 2024, primarily due to an increase in the amount of office space that we leased out.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales remained largely stable at RMB337.0 million in 2023 and RMB339.2 million in 2024. Our labor costs and outsourcing fees increased by 153.1% from RMB48.2 million to RMB122.0 million as we generated more sales from our smart cockpit software solution. The effect of this increase was offset, however, by a decrease of 28.9% in our raw materials procurement costs, from RMB256.3 million in 2023 to RMB182.3 million in 2024, as (i) the production phase of SeeWay.ai for its OEM customer involving a type of our standard domain controllers was about to conclude, and (ii) we reduced sales of accessories as we shifted our strategic focus away from accessories business.

As a result of the foregoing and the relative stability in our revenue explained above, our gross profit remained largely stable at RMB140.2 million in 2023 and RMB139.6 million in 2024, and our gross profit margin remained largely stable as well at 29.2% in 2024 as compared to 29.4% in 2023.

Smart cockpit software solution

Our cost of sales from smart cockpit software solution increased by 116.9% from RMB60.4 million in 2023 to RMB131.0 million in 2024. This increase in cost of sales was primarily caused by the increase in labor costs and outsourcing fees associated with the increase in sales in our smart cockpit software solution due to the engagement of our software license business by Beijing Telemap, as well as new software development contracts we entered into with Customer E and SeeWay.ai.

Our gross profit margin from smart cockpit software solution decreased from 63.2% in 2023 to 46.2% in 2024, primarily due to performance of a software development contract with lower gross margin for Customer E. We undertook this project due to the expected positive impact on our reputation that collaborating with this customer will bring. To a lesser extent, our gross profit margin in software development was impacted due to a contract with Beijing Telemap that required us to procure certain content services from a specific CP/SP. The foregoing decreases in gross profit margins were partially offset by the increase in gross margin of our software license business, which was primarily due to an increase in demand of our licences primarily from Beijing Telemap.

Although our gross profit margin decreased, with the increase in our sales, our gross profit from smart cockpit software solution increased by 8.1% from RMB104.0 million in 2023 to RMB112.4 million in 2024.

Integrated software and hardware solution

The cost of sales in our integrated software and hardware solution decreased by 24.9% from RMB276.0 million in 2023 to RMB207.4 million in 2024, primarily because we consumed fewer raw materials for our products and incurred lower costs for labor and outsourcing fees, which was commensurate with the decrease in our revenue. For details about the decrease in our revenue from this business in 2024, see "— Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 — Revenue."

Our gross profit margin remained largely stable at 11.6% in 2023 and 11.6% in 2024 as we were able to reduce our cost of sales corresponding to the decrease in sales. A decrease in the sales of a relatively higher-margin standard domain controller product as the market demand of the relevant automotive model was tapering off, was offset by an increase in the gross margin of our accessories products, as we increasingly focused on selling higher-margin accessories products in connection with our shift in strategic focus away from accessories business.

As the revenue from our integrated software and hardware solution decreased while its gross profit margin remained largely stable, our gross profit from integrated software and hardware solution decreased by 24.8% from RMB36.3 million in 2023 to RMB27.3 million in 2024.

Other Income and Gains

Our other income and gains increased from RMB1.7 million in 2023 to RMB10.3 million in 2024, primarily driven by an increase in value-added tax refunds for our smart cockpit software solution.

Selling Expenses

Our selling expenses increased from RMB9.7 million in 2023 to RMB10.1 million in 2024, primarily as a result of upward salary adjustment of our staff and establishment of a business department which incurs business development expenses to achieve sales targets.

Administrative Expenses

Our administrative expenses increased by 22.9% from RMB35.3 million in 2023 to RMB43.4 million in 2024, primarily due to an increase of RMB5.9 million in employee compensation expenses due to our adjustment of strategic direction and business development.

Research and Development Expense

Our research and development expenses more than doubled, from RMB103.4 million in 2023 to RMB209.6 million in 2024. This increase was caused primarily by our acquisition of Ruilian Xingchen in August 2024 in connection with Didi Technology's strategic investment in our Company in the Series B Financing, which led to an increase in both employee compensation expense and depreciation and amortization expense allocable to research and development. The increase in our research and development expenses was also driven by (i) the development of our smart cockpit-related software, and (ii) increases in our employee compensation expense, human resources outsourcing fees and technology outsourcing fees which in turn were driven by increased investment in our domain controller products, and the development of cockpit-parking integration technologies and AI-related smart cockpit software solution, which were our self-initiated R&D project aiming at enhancing and broadening our product offerings, with a view to increasing our sales.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased from RMB32.4 million in 2023 to RMB9.0 million in 2024, as we did not identify any specific high-risk customers in 2024, and the losses were collectively assessed using general percentage provisions determined according to the age categories of the trade receivables. The higher level of impairment losses on financial assets in 2023 was primarily due to specific high-risk customers that we identified, namely (i) a Tier-1 supplier customer in our integrated software and hardware solution segment and (ii) another Tier-1 supplier customer in our integrated software and hardware solution segment and its substantial shareholder, Aiways Automobile, which is a shareholder of our Company who currently holds approximately 0.4% of equity interests in us. As of December 31, 2025, the trade receivables (before loss allowance) due from (i) the first Tier-1 supplier aforementioned and (ii) the second Tier-1 supplier aforementioned and Aiways Automobile to us were RMB29.6 million and RMB7.3 million respectively. We have commenced legal proceedings against the first Tier-1 supplier to recover the outstanding trade receivables. Regarding the second

Tier-1 supplier and Aiways Automobile, they are reported to be in financial difficulties, with Aiways Automobile being petitioned to be wound up. We are evaluating the merits of potential legal action against the second Tier-1 supplier and Aiways Automobile.

Other Expenses and Losses

Our other expenses and losses decreased by 58.2% from RMB19.4 million in 2023 to RMB8.1 million in 2024. This decrease was primarily attributable to the non-recurrence in 2024 of an impairment loss on inventories that we recorded in 2023 for certain standard domain controllers in relation to an automotive model of Customer A which did not reach the expected production volume. Customer A has been an important customer to us. Customer A was one of our five largest customers in 2023, 2024 and 2025. For further details, please refer to "Business — Our Customers — Major Customers". We first began our collaboration with Customer A with this order. In order to have timely service for Customer A, we prepared the requisite volume of standard domain controllers as originally forecasted by Customer A. However, Customer A reduced the production volume of the relevant automotive model in which our standard domain controllers were to be installed in light of poor market reception of the relevant automotive model. As a result, the actual number of the standard domain controller utilized by Customer A was less than the number originally forecasted. As the standard domain controllers prepared for Customer A were customized for a specific automotive model of Customer A, we could not resell them. However, we believe the efforts we have given were recognized by Customer A. Customer A continued to be our customer since then. We have also optimized our production in light of this incident. For further details, please see "— Inventories" of this section.

Finance Costs

Our finance costs increased from RMB2.0 million in 2023 to RMB3.1 million in 2024, due to an increase in interest expense of RMB1.1 million, primarily due to an increase in bank borrowings.

Interest on Redemption Liabilities

Our interest on redemption liabilities increased from RMB205.5 million in 2023 to RMB243.9 million in 2024, primarily due to incurrence of RMB770.0 million in new redemption liabilities in 2024 in connection with the Series B Financing.

Income tax

We recorded tax expense of RMB508 thousand in 2024 as compared to a tax credit of RMB408 thousand in 2023. The reason why we incurred a tax expense in 2024 despite having incurred a net loss was primarily due to expenses incurred that were not deductible for tax purposes.

Loss for The Year

As a result of the foregoing, our net loss increased by 42.4% from RMB265.3 million in 2023 to RMB377.9 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
ASSETS			
Non-current assets			
Property and equipment	6,586	55,222	39,488
Right-of-use assets	2,941	11,090	13,773
Goodwill	299,559	585,997	585,997
Other intangible assets	1,717	166,879	150,201
Prepayments, other receivables and other assets	2,229	4,705	1,302
Deferred tax assets	768	260	441
Total non-current assets	**313,800**	**824,153**	**791,202**
Current assets			
Inventories	110,269	144,680	239,396
Trade and bills receivables	237,471	179,469	241,327
Prepayments, other receivables and other assets	7,947	28,647	33,096
Financial investments at fair value through other comprehensive income	—	50,827	41,980
Restricted cash	2,376	—	3,269
Pledged deposits	12,120	2,301	17,483
Cash and cash equivalents	61,732	89,878	65,444
Total current assets	**431,915**	**495,802**	**641,995**
LIABILITIES			
Current liabilities			
Trade and bills payables	259,329	143,569	273,760
Contract liabilities	4,813	18,180	8,000
Other payables and accruals	74,077	73,350	93,140
Interest-bearing bank and other borrowings	66,574	103,162	284,034
Lease liabilities	8,065	4,001	9,001
Redemption liabilities	2,774,585	3,788,467	4,091,545
Total current liabilities	**3,187,443**	**4,130,729**	**4,759,480**
NET CURRENT LIABILITIES	**(2,755,528)**	**(3,634,927)**	**(4,117,485)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**(2,441,728)**	**(2,810,774)**	**(3,326,283)**

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Non-current liabilities			
Lease liabilities	—	8,826	7,390
Total non-current liabilities	**—**	**8,826**	**7,390**
Deficiency in assets	**(2,441,728)**	**(2,819,600)**	**(3,333,673)**
Deficit			
Deficit attributable to Shareholders			
Share capital/paid-in capital	117,632	145,080	145,080
Reserves	(2,551,280)	(2,956,600)	(3,470,673)
Non-controlling interests	(8,080)	(8,080)	(8,080)
Total deficit	**(2,441,728)**	**(2,819,600)**	**(3,333,673)**

Assets

Property and Equipment

Our property and equipment primarily consisted of (i) leasehold improvements, (ii) electronic equipment, (iii) office equipment and (iv) motor vehicles. The following table sets forth the breakdown of our property and equipment during the Track Record Period.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Leasehold improvements	622	1,238	1,109
Electronics equipment	5,648	50,012	35,170
Furniture and office equipment	158	658	797
Motor vehicles	158	3,314	2,412
Total	**6,586**	**55,222**	**39,488**

The net book value of our property and equipment increased significantly from RMB6.6 million as of December 31, 2023 to RMB55.2 million in 2024, primarily due to an increase in electronics equipment due to the injection of Ruilian Xingchen into our Company in 2024. It decreased to RMB39.5 million as of December 31, 2025 primarily due to depreciation.

Right-of-use Assets

Our right-of-use assets represent carrying amounts of leased office premises. We had right-of-use assets of RMB2.9 million, RMB11.1 million and RMB13.8 million as of December 31, 2023, 2024 and 2025 respectively. Our right-of-use assets increased by RMB8.2 million to RMB11.1 million in 2024 primarily due to the relocation of some of our operations to a larger leased office premise in Shenzhen. Our right-of-use assets increased to RMB13.8 million as of December 31, 2025 as our premises in Beijing has been re-classified as a long-term lease as we do not expect to move resulting in it being recognized as a right-of-use asset.

Goodwill

Our goodwill was RMB299.6 million as of December 31, 2023, consisting of goodwill arising from historical acquisitions. Our goodwill increased significantly from RMB299.6 million as of December 31, 2023 to RMB586.0 million as of December 31, 2024 and remained at RMB586.0 million as of December 31, 2025, mainly as a result of the goodwill recognized from the acquisition of the entire equity interest of Ruilian Xingchen from Didi Technology in August 2024. See "History, Reorganization and Corporate Structure — Major Acquisitions, Disposals and Mergers."

Impairment testing of goodwill

For impairment testing of goodwill, please refer to note 15 to the Accountants' Report.

For further information on accounting for goodwill and business combinations, see "— Material Accounting Policies — Business combinations and goodwill" and Note 2.3 to the Accountants' Report included in Appendix IA to this Document.

Other Intangible Assets

Our other intangible assets primarily consist of patents, invention patents, utility models patents, design patents and software registrations pertaining primarily to smart cockpit software solution. We had intangible assets of RMB1.7 million, RMB166.9 million and RMB150.2 million, as of December 31, 2023, 2024 and 2025, respectively. Our other intangible assets increased significantly from December 31, 2023 to December 31, 2024 mainly as a result of the intellectual properties we acquired in connection with the injection of Ruilian Xingchen into our Company in August 2024. See "History, Reorganization and Corporate Structure — Major Acquisitions, Disposals and Mergers." Our other intangible assets decreased from RMB166.9 million as of December 31, 2024 to RMB150.2 million as of December 31, 2025, primarily due to amortisation.

The intellectual properties developed internally by a company are normally expensed instead of capitalized under relevant accounting standards. Therefore, the Company did not have a considerable amount of intellectual properties on its statement of financial position during the Track Record Period. However, intangible assets purchased will be accounted for on the statement of financial position of the purchaser. After Ruilian Xingchen was injected into the Company, the intangible assets on the statement of financial position of Ruilian Xingchen are consolidated into the consolidated statement of financial position of the Company.

Inventories

Our inventories consist of (i) raw materials, (ii) work in process, (iii) finished goods and (iv) contract fulfilment costs. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Raw materials[(1)]	18,103	10,883	38,063
Work in progress	441	783	721
Finished goods[(2)]	49,920	10,754	21,823
Contract fulfilment costs[(3)]	41,805	122,260	178,789
Total	**110,269**	**144,680**	**239,396**

Notes:

(1) Consisted primarily of electronic components, structural components and camera modules.

(2) Consisted of domain controllers and accessories in our integrated software and hardware solution.

(3) Consisted primarily of labor costs and outsourcing fees for projects in progress before delivery to customers.

We determine our level of finished goods at year end based on the expected sales in the first quarter of the next year. Our finished goods decreased from RMB49.9 million as of December 31, 2023 to RMB10.8 million as of December 31, 2024, primarily due to a decrease in finished goods prepared for Customer C as the estimated sales volume to it decreased in the first quarter of 2025. Our finished goods increased to RMB21.8 million as of December 31, 2025, primarily due to new projects in our integrated software and hardware solution.

We determine our level of raw materials at year end based on the expected volume of production in the first quarter of the next year. Our raw materials decreased from RMB18.1 million as of December 31, 2023 to RMB10.9 million as of December 31, 2024, primarily due to a lower volume of expected production in the first quarter of 2025. Our raw materials increased to RMB38.1 million as of December 31, 2025, primarily due to new projects in our integrated software and hardware solution.

Contract fulfilment costs are expenses directly related to performing obligations within a specific contract before delivery of our solution to customers. The key criterion for capitalization is the expectation that these costs will be recovered through the contract's revenue. We have a long lead time from initiation of a project to revenue generation because it takes time to develop the underlying software of our solution. Specifically for us, contract fulfilment costs are the labor costs and outsourcing fees pertaining to R&D and testing services incurred for projects in progress in relation to the software development of our smart cockpit software solution and integrated software and hardware solution. Due to the diverse nature of our customers' requirements, we engage external resources as needed to supplement our R&D resources to accelerate development cycles and enhance cost-efficiency for our software development. Software development also involves extensive testing, which is a repetitive task and exhibits distinct peaks and troughs depending on the development cycle, with workloads increasing significantly before software releases. Outsourcing testing work is ideally suited to addressing these cyclical demand spikes, freeing up our internal resources for more core development tasks.

Regarding contracts that specifically provide for one-off payment by customers upon satisfactory inspection of the completed software, the relevant contract fulfilment costs will be converted into cost of sales (and hence generate corresponding revenue) when we have completed the relevant software development to the satisfaction of our customers. Regarding contracts that do not provide for separate one-off payment for the developed software upon completion of development of the software, the relevant contract fulfilment costs are gradually recouped (converted into costs of sales and generate corresponding revenue) through each license or solution sold once the license or solution reaches mass production stage after the completion of the software development.

An impairment exists if the carrying amount of the capitalised contract fulfilment costs exceeds the amount of consideration we expect to receive in exchange for providing the associated goods or services, less the remaining costs that relate directly to providing solution. Impairment losses are recognised in profit or loss.

Our contract fulfilment costs increased from RMB41.8 million as of December 31, 2023 to RMB122.3 million as of December 31, 2024 as we incurred labor costs and outsourcing fees for a number of projects which were at the development phase and had not yet reached the stage of mass production and sale. Our contract fulfilment costs further increased to RMB178.8 million as of December 31, 2025 as we continued to enter into development phases of new projects and incur more labor costs and outsourcing fees in existing projects in the development phase that have not yet reached the stage of mass production and sale. We do not anticipate having any material recoverability issues for our contract fulfilment costs because (i) we reach agreements with or receive binding instructions from customers before we commence our software development work for them; (ii) we have been actively communicating with these customers to understand their software development plans and the expected production and delivery cycle of the underlying automotive models to enable us to make corresponding investment and ensure our software development progress matches their needs both in terms of substance and timing. In case a customer requests new features after the initial agreement or instructions, we will allocate more resources than originally planned and adjust our price accordingly; (iii) our risk of failure to satisfy our related performance obligations is remote considering that our business operation and financial conditions are healthy and we have the ability to continue to invest resources into the relevant software development until the contract fulfilment costs incurred are turned into completed and marketable software or solution; (iv) during the Track Record Period, we have been able to convert contract fulfilment costs into cost of sales and hence generate revenue and we had not experienced any recoverability issues for our contract fulfilment costs; (v) our client base are reputable and, to the best knowledge of our management, their healthy financial conditions in general. As of December 31, 2025, the customers for whom we incurred contract fulfilment costs were mostly our related parties and/or our major customers during the Track Record Period with whom we had a good and long-standing cooperative relationship; and (vi) as of December 31, 2025, some of our projects for which we incurred contract fulfilment costs have already begun mass production.

The following table sets forth a summary of our contract fulfilment costs and the expected timeline of our full recoupment of the contract fulfilment costs as of December 31, 2025.

Project	Customers	Business segment	Year of commencement of the respective projects	Balance as of December 31, 2025 (in RMB thousands)	Estimated/actual year of commencement of conversion to cost of sales	Whether development of the underlying software has been completed/mass production of the solution has commenced as of December 31, 2025
1	Beijing Telemap	Smart cockpit software solution	2024	17,527	2026	No
2	Beijing Telemap	Smart cockpit software solution	2023	14,002	2026	No
3	Beijing Telemap	Smart cockpit software solution	2023	76,743	2026	No
4	Beijing Telemap	Smart cockpit software solution	2023	16,827	2026	No
5	An OEM	Integrated software and hardware solution	2023	4,374	2024[2]	Yes
6	Customer F	Integrated software and hardware solution	2024	19,935	2025	Yes
7	Customer A	Integrated software and hardware solution	2025	20,077	2026	No
8	Others[1]	Smart cockpit software solution/Integrated software and hardware solution	2023-2025	9,304	2025–2026	Yes
	Total			**178,789**		

Note:

(1) Consist of projects for SeeWay.ai, Customer C and other OEMs

(2) Although the underlying software development has been completed and mass production of the solution commenced in 2024, the contract of this project does not provide for a separate one-off payment of the software development fee upon completion. Rather, the relevant contract fulfilment costs pertaining to the software development of this project are gradually recouped through each hardware sold. This project is still in the mass production stage, where solution is being sold and contract fulfilment costs are being converted into costs of sales.

At the end of each of the Track Record Period, inventories are measured at the lower of cost or 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 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. At the end of each of the Track Record Period, we performed impairment testing on the inventories and, as a result of the impairment testing, the amount of our inventory write-down is as follows:

	For the years ended		
	2023	2024	2025
		(RMB in thousands)	
Write-down of inventories to net realisable value	19,225	6,182	29,193

The provision for inventory impairment is based on a detailed assessment of the net realizable value of inventory items compared to their carrying amounts. This process involves evaluating market conditions, including fluctuations in inventory prices, and considering factors such as demand forecasts and obsolescence risks. We are of the view that there is no material recoverability issue for our inventories, taking into account the subsequent utilization and the fact that sufficient inventory provision has been made.

The following table sets forth the aging analysis of our inventories (excluding contract fulfilment costs) as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
0–180 days	56,673	17,825	52,344
more than 180 days	34,641	27,150	60,011
Provisions against	(22,850)	(22,555)	(51,748)
Total	**68,464**	**22,420**	**60,607**

Particularly, the following table sets forth an aging analysis of our contract fulfilment cost as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 1 year	39,664	89,152	70,858
More than 1 year	2,141	33,108	107,931
Total	**41,805**	**122,260**	**178,789**

The following table sets forth the number of turnover days for our inventories for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Turnover days of inventories[1]	112	137	131

Note:

(1) The turnover days of our inventories and contract costs for a given year is the average of the opening and ending balances of inventories and contract costs divided by cost of sales for that year and multiplied by the number of days in that year.

The turnover days of our inventories increased from 112 days in 2023 to 137 days in 2024, primarily due to (i) the significant increase in the contract fulfilment costs due to the commencement of and investment into a number of large projects with long lead time from initiation to revenue generation, and (ii) our decreasing cost of sales which was commensurate with our decreasing sales. The turnover days of our inventories remained relatively stable at 131 days in 2025.

As of February 28, 2026, (i) approximately RMB3.5 million, or 2.0% of our contract fulfilment costs as of December 31, 2025 were subsequently utilized; (ii) approximately RMB294.8 million, or 26.2% of our inventories excluding contract fulfilment costs (before loss allowance) as of December 31, 2025, were subsequently utilized. As mentioned, we incur resources and time to develop solution for our customers during which we recognize contract fulfilment costs. The lead time from initiation of a project to revenue generation generally ranges from 3 to 31 months and 9 to 17 months for sale of smart cockpit software solution and integrated software and hardware solution respectively.

As mentioned in "— Year to Year Comparison of Results of Operations — Year Ended December 31, 2024 compared to Year Ended December 31, 2023 — Other Expenses and Losses", we had incurred inventories impairment related to Customer C in 2023. We have adopted the following measures to optimize our production. We have since broken down customer orders into smaller units, scheduled production on a weekly basis instead of monthly basis and adjusted production plans more promptly to react to any changes in customer demand. We have also since adopted standardized design in our integrated hardware and software solution such that the hardware component is of transferable and adaptable forms and structures, allowing for flexible adjustments during production. We have optimized our production processes since 2024 (pre-assembly of some processes at the supplier to improve automated testing efficiency and first-pass yield), shortening the production cycle time by one to two days.

Trade and Bills Receivables

Trade Receivables

Our trade receivables mainly represent our receivables due from our customers. Our trade receivables remained relatively stable at RMB144.6 million as of December 31, 2023 and RMB148.5 million as of December 31, 2024. Our trade receivables increased to RMB232.7 million as of December 31, 2025, primarily due to the increased sales recorded in 2025.

For aging analysis of our trade receivables based on the customers' acknowledgement of product receipt date or service rendered date and net of loss allowance, see Note 19 of the Accountants' Report in Appendix IA to this document. For the approach we adopt in measuring expected credit losses, please refer to note 2.3 of the Accountants' Report.

Our trading terms with our customers are mainly on credit, except for certain smaller-sized customers of our software products, where payment in advance is normally required. The credit period is generally 30 days to 90 days. We seek to maintain strict control over our outstanding receivables, and overdue balances are reviewed regularly by senior management. Trade receivables are generally settled in accordance with the terms of the respective contracts. Our sales personnel closely follow up with our customers on payment status and take prompt actions to collect the trade receivables when they become due. Most of our customers are OEMs and Tier-1 suppliers. This type of customers is generally more sizable and financially sound. We apply the common credit policy that suppliers on the market customarily apply to this type of customers and actively communicate with them for early repayment after developing a stable relationship with them.

We have stopped supplying to the two companies and Aiways Automobile mentioned in "— Year to Year Comparison of Results of Operations — Year Ended December 31, 2024 compared to Year Ended December 31, 2023 — Impairment Losses on Financial Assets" since they have defaulted on the payment of our trade receivables. They are no longer our customers. We consider the defaults by them isolated incidents on their own which do not impair the creditworthiness or indicate a deterioration of the creditworthiness of our existing client portfolio. Our customer base is relatively stable and concentrated, with the top five customers accounting for 79.3% of our total revenue in 2025. There exists no indicator of significant increase in credit risk in relation to these customers. Notwithstanding that the Group has concentration of credit risk as further detailed in note 39 to the Accountants' Report, we are of the view that there has been no significant increase in credit risk of default because the amounts are from customers which are related companies and/or with good repayment history. We do not hold any collateral or other credit enhancements over our trade receivable balances. Furthermore, we witnessed good collection outcome during the Track Record Period from our relatively stable customer base. As of December 31, 2025, we had collected RMB151.3 million and RMB165.5 million of our total trade receivables (before loss allowance) as of December 31, 2023 and 2024, respectively, accounting for 74.4% and 75.5% of total trade receivables (before loss allowance) at the respective dates, respectively.

The following table sets forth the number of turnover days of our trade receivables (net of loss allowance) for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Trade receivables turnover days[1]	106	112	98

Note:

(1) Trade receivables turnover days for a given year is the average of the opening and ending balances of trade receivables (net of loss allowance), divided by revenue for that year and multiplied by the number of days in that year.

Our trade receivables (net of loss allowance) turnover days increased from 106 days in 2023 to 112 days in 2024 because there was an amount of sales to Customer E in the fourth quarter of 2024 who has a comparatively longer credit period and settled after the credit period, and a decrease in sales to Customer C in the fourth quarter of 2024, which typically settles payments earlier than the credit period provided to it. Our trade receivables (net of loss allowance) turnover days decreased to 98 days in 2025 primarily because we strengthened our management of credit terms and actively pursued the collection of trade receivables.

As of February 28, 2026, RMB101.1 million, or 33.6% of our trade receivables (before loss allowance) as of December 31, 2025, had been settled.

Bill receivables

Our bill receivables represent short-term bank acceptance bills receivables that entitle the Group to receive the full face amount from the banks at maturity. Our bills receivable decreased from RMB92.9 million as of December 31, 2023 to RMB31.0 million as of December 31, 2024, mainly due to a decrease in sales to Customer C who pays us by bill receivables. Our bills receivable decreased to RMB8.7 million as of December 31, 2025 mainly due to further reduced sales to Customer C in 2025 as the sales of the underyling automotive models was tapering off. Historically, the Group had experienced no credit losses on bills receivables.

As of February 28, 2026, RMB5.2 million, or 65.4% of our bill receivables as of December 31, 2025, had been settled.

Our Directors believe that there is no material recoverability issue with respect to our trade and bills receivables and that we have sufficient provision for impairment in light of the prevailing circumstances as of the Latest Practicable Date, based on (i) our periodic evaluation to closely monitor our credit risks and make proper provision for expected impairment, (ii) our stringent internal controls on the management of trade and bills receivables, and (iii) the creditability and track record of settlement from most of our customers. See Note 19 to the Accountants' Report included in Appendix IA to this Document.

Prepayments, Other Receivables and Other Assets

Our other receivables primarily consist of (i) prepayments, (ii) value-added tax deductibles, (iii) deposits, (iv) other receivables, and (v) others. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Current:			
Prepayments	4,711	5,330	12,058
Value-added tax deductibles	1,513	11,430	16,339
Deposits	1,593	1,713	1,285
Other receivables	130	9,948	553
Prepaid **[REDACTED]** expense	—	**[REDACTED]**	**[REDACTED]**
Subtotal	**7,947**	**28,647**	**33,096**
Non-current:			
Prepayments	1,208	3,661	836
Deposits	1,021	1,044	466
Subtotal	**2,229**	**4,705**	**1,302**
Total	**10,176**	**33,352**	**34,398**

Our prepayments primarily consist of (i) prepayments to internet roaming data providers for automotives, (ii) services fees for content providers and service providers and (iii) professional consultancy service fees and (iv) prepayments to suppliers of raw materials. Our prepayments increased from RMB5.9 million as of December 31, 2023 to RMB9.0 million as of December 31, 2024 primarily due to the increase in prepayments to a CP/SP as we subscribed for certain audio contents on an annual basis which required advance payments, which was partially offset by a further decrease in prepayments to suppliers for raw materials as a result of lower raw materials being procured primarily as a lower volume of two of our standard domain controller products were expected to be sold in 2025, as well as continued deepening of our relationships with our suppliers and improvement of our inventory procurement and management system. Our prepayments increased from RMB9.0 million as of December 31, 2024 to RMB12.9 million as of December 31, 2025, primarily as we prepaid for more CP/SP fees as required by our suppliers, reflecting anticipated demand for future sales, and expansion of project numbers and diversification of product needs from our customers in the integrated software and hardware solution segment prompting us to procure a wider variety and larger quantity of raw materials.

Our deposits primarily consist of receivables from suppliers for returned goods, as well as rent deposits. Our deposits remained relatively stable as of December 31, 2023 and 2024 and decreased to RMB1.8 million as of December 31, 2025 primarily due to the refund for the returned goods by the supplier, as well as the entering into new lease and termination of old lease.

Our other receivables increased from RMB130 thousand as of December 31, 2023 to RMB9.9 million as of December 31, 2024, primarily as a result of the computers and testing equipment relating to intelligent driving solution that we acquired in Ruilian Xingchen but then we disposed of to a subsidiary of SeeWay.ai. Our other receivables decreased from RMB9.9 million as of December 31, 2024 to RMB0.6 million as of December 31, 2025 due to the settlement of the aforementioned sale.

Our value-added tax deductibles increased from RMB1.5 million as of December 31, 2023 to RMB11.4 million as of December 31, 2024, primarily due to the value-added tax we incurred in connection with the property and equipment and the intangible assets that we acquired in Ruilian Xingchen. Our value-added tax deductibles increased to RMB16.3 million as of December 31, 2025, as certain members of our Group recorded input value-added tax in excess of output value-added tax, resulting in the recognition of value-added tax deductibles.

Financial investments at fair value through other comprehensive income

Our financial investments at fair value through other comprehensive income consist of time deposits, which are early redeemable and transferrable certificates of bank deposits that are principal-protected and with interest rates. Our time deposits were nil, RMB50.8 million and RMB42.0 million as of December 31, 2023, 2024 and 2025, respectively. Our time deposits increased from nil as of December 31, 2023 to RMB50.8 million as of December 31, 2024, as we placed part of the total cash we received from the Series B Financing with a bank as time deposits for a duration of three years, given that there was no immediate need for us to utilize that amount to support our operating, investing and financing activities at that time, and the time deposit offers us interest as return and are early redeemable. Our time deposits decreased from RMB50.8 million as of December 31, 2024 to RMB42.0 million as of December 31, 2025, because we redeemed part of it for working capital purposes.

Pledged Deposits

Our pledged deposits consist of funds with restricted use. Our pledged deposits decreased from RMB12.1 million as of December 31, 2023 to RMB2.3 million as of December 31, 2024, primarily due to the settlement of bills payables issued. Our pledged deposit increased to RMB17.5 million as of December 31, 2025 primarily due to the deposit we placed with a PRC bank for the issuance of bank bill payables to our raw material suppliers.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB61.7 million, RMB89.9 million and RMB65.4 million as of December 31, 2023, 2024 and 2025, respectively. The increase in our cash and cash equivalents as of December 31, 2024 was mainly due to the RMB320.0 million brought by the Series B Financing, which was partially offset by the cash outflow of RMB315.2 million caused by the operating and investing activities of our Group, in 2024. The decrease in our cash and cash equivalents as of December 31, 2025 was caused by the cash outflow of RMB208.9 million caused by the operating activities of our Group, which was partially offset by the cash flow from investing activities of RMB15.7 million and cash flow from financing activities of RMB168.8 million.

Liabilities

Trade and Bills Payables

Our trade and bills payables represent our obligation to pay for goods or services that have been purchased from suppliers in the ordinary course of business. Our trade and bills payables decreased from RMB259.3 million as of December 31, 2023 to RMB143.6 million as of December 31, 2024, primarily due to a decline of the demand of a type of smart cockpit software solution by Beijing Telemap, which led to a reduction of contents from CP/SP we procured. Our trade and bills payables increased to RMB273.8 million as of December 31, 2025 primarily due to an increase in our cost of sales as a result of our increase in sales.

For aging analysis of our trade and bills payables presented based on the product or service receipt dates, please refer to Note 23 of the Accountants' Report in Appendix IA to this document.

The following table sets forth our trade and bills payables turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days[(1)]	239	217	143

Note:

(1) Trade payables turnover days for a given year is the average of the opening and ending balances of trade and bills payables, divided by cost of sales for that year and multiplied by the number of days in that year.

Our trade payable turnover days decreased from 239 days in 2023 to 217 days in 2024, as there was less procurement from CP/SPs in 2024 which allows for a longer time to settle the fees than that of the suppliers of raw materials and providers of human resources and technology outsourcing services, while our cost of sales remained relatively stable in 2023 and 2024. Our trade payable turnover days decreased to 143 days in 2025, primarily due to (i) our increased use of pledging bill receivables to settle bill payables; and (ii) the increase in human resources and technology outsourcing services, whose suppliers typically offer shorter payment terms compared with suppliers of raw materials and CP/SPs.

As of February 28, 2026, RMB133.4 million, or 48.7% of our trade and bills payables as of December 31, 2025, had been settled.

Other payables and accruals

Our other payables and accruals consist primarily of (i) payroll payables, (ii) value-added tax accruals due, (iii) other tax payables consisting of other taxes and personal income tax payable, and (iv) other payables consisting of property fees, social security provident funds payable to individuals, reimbursements, and other miscellaneous business development expenses, travel expenses. The below table sets forth the breakdown of other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Payroll and welfare payables	45,498	52,814	49,765
Value-added tax accruals	14,518	8,216	8,060
Other tax payables	3,042	2,901	2,675
Other payables	11,019	9,419	32,640
Total	**74,077**	**73,350**	**93,140**

Our other payables and accruals remain relatively stable at RMB74.1 million as of December 31, 2023 and RMB73.4 million as of December 31, 2024. Our other payables and accruals increased from RMB73.4 million as of December 31, 2024 to RMB93.1 million as of December 31, 2025, primarily due to the provision for the Baidu Litigation of RMB10.6 million and accrued **[REDACTED]** expenses of RMB**[REDACTED]**.

Current Assets and Liabilities

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			
Current assets				
Inventories	110,269	144,680	239,396	257,047
Trade and bills receivables	237,471	179,469	241,327	195,019
Prepayments, other receivables and other assets	7,947	28,647	33,096	37,134
Financial investments at fair value through other comprehensive income	—	50,827	41,980	42,148
Restricted cash	2,376	—	3,269	3,269
Pledged deposits	12,120	2,301	17,483	10,728
Cash and cash equivalents	61,732	89,878	65,444	24,735
Total current assets	**431,915**	**495,802**	**641,995**	**570,080**
Current liabilities				
Trade and bills payables	259,329	143,569	273,760	179,182
Contract liabilities	4,813	18,180	8,000	10,463
Other payables and accruals	74,077	73,350	93,140	85,735
Interest-bearing bank and other borrowings	66,574	103,162	284,034	333,034
Lease liabilities	8,065	4,001	9,001	8,996
Redemption liabilities	2,774,585	3,788,467	4,091,545	4,143,047
Total current liabilities	**3,187,443**	**4,130,729**	**4,759,480**	**4,760,457**
Net current assets / (liabilities)	**(2,755,528)**	**(3,634,927)**	**(4,117,485)**	**(4,190,377)**

Our net current liabilities increased from RMB3,634.9 million as of December 31, 2024 to RMB4,117.5 million as of December 31, 2025, due to an increase in our current liabilities. Our current liabilities increased from RMB4,130.7 million as of December 31, 2024 to RMB4,759.5 million as of December 31, 2025, primarily due to an increase of RMB303.1 million in redemption liabilities.

Our net current liabilities increased from RMB2,755.5 million as of December 31, 2023 to RMB3,634.9 million as of December 31, 2024, due to an increase in our current liabilities. Our current liabilities increased from RMB3,187.4 million as of December 31, 2023 to RMB4,130.7 million as of December 31, 2024, primarily due to an increase of RMB1,013.9 million in redemption liabilities.

We expect that we would be able to turn our net current liabilities position into a net current assets position when such special rights are terminated upon the **[REDACTED]**. We believe that our net current liabilities position will improve with net cash inflows generated from operating activities with the growth of our business.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary sources of liquidity have been proceeds from issuance of ordinary shares and proceeds from loans and borrowings, which have historically been sufficient to meet our working capital and capital expenditure requirements.

Cash Flows

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

	For the year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Net cash (used in) operating activities	(47,312)	(190,290)	(208,885)
Net cash from/(used in) investing activities	(2,981)	(124,911)	15,684
Net cash from/(used in) financing activities	(13,628)	343,347	168,767
Net increase (decrease) in cash and cash equivalents	**(63,921)**	**28,146**	**(24,434)**
Cash and cash equivalents at the beginning of the year	125,653	61,732	89,878
Effects of change in foreign exchange rate	—	—	—
Cash and cash equivalents at the end of the year	**61,732**	**89,878**	**65,444**

Operating Activities

We had net cash used in operating activities of RMB208.9 million in 2025, primarily due to a loss before tax of RMB514.3 million, as adjusted by (i) certain non-cash items, primarily comprising interest on redemption liabilities of RMB303.1 million, depreciation of property and equipment of RMB17.7 million, amortization of intangible assets of RMB19.6 million and provision against inventories of RMB29.2 million and (ii) changes in working capital, which consisted primarily of an increase in trade and bills receivables of RMB62.4 million, an increase in pledged deposits of RMB15.2 million and an increase in inventories of RMB123.9 million, which was partially offset primarily by an increase in trade and bills payables of RMB130.2 million.

We had net cash used in operating activities of RMB190.3 million in 2024, primarily due to a loss before tax of RMB377.4 million, as adjusted by (i) certain non-cash items, primarily comprising interest on redemption liabilities of RMB243.9 million, depreciation of property and equipment of RMB14.0 million, amortization of intangible assets of RMB9.9 million and impairment of trade receivables of RMB9.0 million and (ii) changes in working capital, which consisted primarily of a decrease in trade and bills payables of RMB133.1 million and an increase in inventories of RMB29.5 million, which were partially offset by a decrease in trade and bills receivables of RMB49.0 million and increase in contract liabilities of RMB13.4 million.

We had net cash used in operating activities of RMB47.3 million in 2023, primarily due to a loss before tax of RMB265.7 million, as adjusted by (i) certain non-cash items, primarily comprising interest on redemption liabilities of RMB205.5 million, impairment of trade receivables of RMB32.4 million and provision against inventories of RMB19.2 million and (ii) changes in working capital, which consisted primarily of an increase in trade and bills receivables of RMB92.9 million and an increase in inventories of RMB33.0 million, partially offset by an increase in trade and bills payables of RMB78.1 million.

Despite our net operating cash outflow during each year of the Track Record Period, we have formulated a detailed and actionable plan to improve our cash flow position:

- ***Improve profitability***. We plan to improve our profitability mainly through: (i) growing our customer base and enhancing our products and services to further boost the sales volume of our products and services. See "— Business Sustainability — Favorable Market Trends and Improving Product Offerings"; (ii) enhancing our inventory management and managing costs of raw materials and components". See "— Business Sustainability — Improving Cost Management."

- ***Collecting trade receivables***. We plan to continuously implement necessary measures to ensure our effective trade receivables collection. For customers whose payments are overdue, we will follow up with the customers to accelerate the payment process. We will continue to closely monitor our receivables so that we can ensure timely payment by our customers. We witnessed good collection outcome during the Track Record Period. As of December 31, 2025, we had collected RMB151.3 million and RMB165.5 million of our total trade receivables (before loss allowance) as of December 31, 2023 and 2024, respectively, accounting for 74.4% and 75.5% of total trade receivables (before loss allowance) at the respective dates, respectively.

- ***Enhancing operating leverage***. We plan to decrease our overall operating expenses as a percentage of total revenue by optimizing our R&D expenses and achieving scale effect as our business grows. See "— Business Sustainability — Enhancing operating leverage."

Investing Activities

We had net cash from investing activities of RMB15.7 million in 2025, primarily due to the proceeds from disposal of financial investments at fair value through other comprehensive income of RMB51.1 million, which was primarily offset by the purchases of financial investments at fair value through other comprehensive income of RMB42.0 million.

We had net cash used in investing activities of RMB124.9 million in 2024, primarily because (i) in connection with the injection of Ruilian Xingchen into our Company, we settled the outstanding payments that Ruilian Xingchen owed to the vendors in respect of the property and equipment in the amount of RMB36.2 million and the intangible assets in the amount of RMB54.8 million, and (ii) purchase of financial investments at fair value through other comprehensive income of RMB50.5 million, which were partially offset by the acquisition of cash and bank balances of RMB16.6 million in relation to the injection of Ruilian Xingchen into our Company.

We had net cash used in investing activities of RMB3.0 million in 2023, primarily due to purchase of property and equipment of RMB2.6 million and purchase of other intangible assets of RMB0.5 million, which were partially offset by the proceeds from the disposal of certain items of property and equipment of RMB0.1 million.

Financing Activities

We had net cash from financing activities of RMB168.8 million in 2025, primarily due to new bank borrowings of RMB284.0 million, which was partially offset mainly by repayment of bank borrowings of RMB103.1 million.

We had net cash from financing activities of RMB343.3 million in 2024, primarily due to proceeds of RMB320 million from the Series B Financing and new bank and other borrowings of RMB113.1 million, which were partially offset by repayment of bank and other borrowings of RMB76.5 million and payment of principal portion of lease of RMB10.2 million.

We had net cash used in financing activities of RMB13.6 million in 2023, primarily due to repayment of bank and other borrowings of RMB84.5 million, which was partially offset by new bank and other borrowings of RMB76.5 million.

Working Capital

We had negative operating cash flows during the Track Record Period. We may continue to record negative cash flows from operating activities in the future, in which case our working capital may be limited and our business, financial condition, results of operations and prospects may be materially and adversely affected. See "Risk Factors — Risks Relating to Our Business and Industry — We incurred net losses, recorded net operating cash outflows and had net liabilities (deficiency in assets) and net current liabilities during the Track Record Period. If we fail to effectively manage the growth of our business or manage our costs, our business, financial condition, and results of operations would be materially and adversely affected."

Based on the cash and cash equivalents on hand, the available financing facilities, the estimated net **[REDACTED]** available to us from the **[REDACTED]**, the classification of redemption obligations as of December 31, 2025 as financial liabilities, whose holders have agreed that their redemption rights will automatically be canceled upon **[REDACTED]** and the related liabilities will be re-classified to equity, our Directors are of the view, that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this Document.

INDEBTEDNESS

The following table sets forth the details of our indebtedness as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			
Current				
Interest-bearing bank and other borrowings	66,574	103,162	284,034	333,034
Lease liabilities	8,065	4,001	9,001	8,996
Redemption liabilities	2,774,585	3,788,467	4,091,545	4,143,047
Non-current				
Lease liabilities	—	8,826	7,390	6,785
Total	**2,849,224**	**3,904,456**	**4,391,970**	**4,491,862**

Interest-bearing bank and other borrowings

For our interest-bearing borrowings as of December 31, 2023, 2024 and 2025, please refer to Note 26 of the Accountants' Report in Appendix IA to this document.

The table below sets forth our borrowings from banks subsequent to the Track Record Period and up to the Latest Practicable Date.

Borrowing Time	Amount	Nature of borrowing	Interest Rate	Due by
January 2026	RMB10.0 million	Working capital loan	2.23%	July 2026
January 2026	RMB10.0 million	Working capital loan	2.23%	July 2026
January 2026	RMB10.0 million	Working capital loan	2.45%	December 2026
February 2026	RMB20.0 million	Working capital loan	2.35%	February 2027
March 2026	RMB10.0 million	Working capital loan	2.23%	September 2026

Our operations were mainly funded by our equity financing. The fluctuations in interest-bearing bank and other borrowings were mainly for the purpose of managing banking relationships by keeping our borrowing channels with the banks open and to secure more favorable borrowing terms, as well as the more attractive interest rates offered by large-denomination certificates of deposit relative to the rates payable on interest-bearing bank and other borrowings.

Our bank loan agreements contain standard terms and conditions that are customary for commercial bank loans and there had been no material covenant on any of our outstanding bank loans. Our Directors confirm that there was no default in payments of our liabilities, difficulty in obtaining bank loans or other borrowings, and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of February 28, 2026, we had unutilized banking facilities of RMB420.2 million.

Lease Liabilities

Our lease liabilities represent our obligation to make lease payments arising from our leases of office premises. Our lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the term of the lease. As of December 31, 2023, 2024 and 2025 and February 28, 2026, we had a total of current and non-current lease liabilities of RMB8.1 million, RMB12.8 million, RMB16.4 million and RMB15.8 million, respectively. The fluctuations in our lease liabilities during the Track Record Period were attributable to the difference in leased areas and lease terms arising from the termination of old leases and entering into new leases to accommodate our business needs.

Redemption Liabilities

Our redemption liabilities primarily relate to our obligation to repurchase our own equity instruments in connection with the redemption rights and liquidation preferences granted to the investors in certain situations. Since the date of our inception, we have completed several rounds of financing including Series A, Series A+ and Series B, in the way of capital increase of the Company.

The key terms of the preferred rights granted to these investors include: (i) redemption right, a right to require the Company to redeem their investments under circumstances such as failure to achieve a Qualified Initial **[REDACTED]** ("**Qualified [REDACTED]**") by a specified time, (ii) liquidation preferences, which means in the defined liquidation events, the distributable liquidation property (after satisfaction of all creditors' claims and other preferred claims) shall be distributed in the amount equal to the higher of (a) 100% of the original investment principal, plus the accumulated dividends or declared but undistributed dividends (and retained earnings) and return accrued thereupon on annual compound rate of 8% on the equity held; or (b) the distributable liquidation property can be distributed according to the equity proportion at that time, and in the priority order of (1) the investors of the Series B Financing (with respect to their respective equity interest received from their subscription of registered capital of our Company) and the investors of the Series A+ Financing (with respect to their respective equity interest received from their subscription of registered capital of our Company), (2) the Series A Financing Shareholders (except MTK, AutoAI Ningbo, Ningo Zhihe), (3) MTK, (4) DiDi Technology (with respect to the equity interest of our Company it received from the injection of Ruilian Xingchen into the Company) and (5) SeeWay.ai (excluding its equity interest obtained from the Series B Financing and the Series A Financing), AutoAI Hong Kong, AutoAI Ningbo and Ningbo Zhihe, and (iii) anti-dilution right, pursuant to which if the Company increases its registered capital at a price lower than the price paid by the anti-dilution right holders, the subscription price per unit invested by these holders in the Company will be adjusted. The redemption rights and liquidation preferences granted to the investors constitute the Company's obligations to repurchase its own equity instruments. These obligations were recognized as redemption liabilities which are initially measured at fair value (representing the present value of the expected cash flows for settling the related obligations if these rights are exercised by the investors) and subsequently measured at amortized cost. Our redemption liabilities were RMB2,774.6 million, RMB3,788.5 million, RMB4,091.5 million and RMB4,143.0 million respectively, as of December 31, 2023, 2024 and 2025, and February 28, 2026 respectively.

The significant increase of redemption liabilities from that as of December 31, 2023 to that as of December 31, 2024 was primarily in connection with our Series B Financing. We expect to turn our net liabilities position as of December 31, 2025 into net assets upon **[REDACTED]**, as the carrying amount of redemption liabilities will be reclassified from financial liabilities to equity as a result of the termination of the aforesaid preferred rights upon **[REDACTED]**.

Indebtedness Statement

Except as discussed above, as of February 28, 2026, being the indebtedness statement date, we did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

Our Directors confirm that (i) as of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, and (ii) we did not have any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

On September 30, 2025, AutoAI Beijing, one of our subsidiaries was held liable for unfair competition in relation to certain allegedly illegally obtained POI data by the People's Court of Haidian District, Beijing, with a fine for RMB10,000,000 awarded in favor of the Baidu Plaintiffs. We denied liability for unfair competition in relation to the allegedly illegally obtained POI data and have filed an appeal against the first instance judgement, which as of the Latest Practicable Date, is still ongoing. For further information about the lawsuit, please refer to "Business — Legal Proceedings and Compliance — Legal Proceedings".

Save as disclosed above, as of the Latest Practicable Date, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures, namely purchases of property and equipment and purchase of intangible assets. Our capital expenditures amounted to RMB3.1 million, RMB91.0 million and RMB2.4 million in 2023, 2024 and 2025, respectively. We intend to fund our future capital expenditures with net **[REDACTED]** from the **[REDACTED]** and other equity and debt financings and the cash on our consolidated statements of financial position.

CAPITAL COMMITMENTS

At the end of each of the Track Record Period, we did not have any material capital commitment.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Gross profit margin[(1)]	29.4%	29.2%	24.4%
Research and development expenses as a percentage of revenue[(2)]	21.7%	43.8%	38.0%
Gearing ratio[(3)]	46.0%	15.6%	41.7%

Notes:

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

(2) Calculated by dividing research and development expenses by revenue for the year multiplied by 100%.

(3) Calculated as (i) the sum of trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents ("**net debt**") divided by (ii) the sum of redemption liabilities, equity and net debt, and then multiplied by 100%. For further information, see Note 39 to the Accountants' Report in Appendix IA to this document.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. The balances with related parties are trade in nature. For details about our material related party transactions, see Note 35 to the Accountants' Report included in Appendix IA to this Document.

Our Directors are of the view that each of the material related party transactions set out in Note 35 to the Accountants' Report included in Appendix IA to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our material related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become not reflective of our future performance.

FINANCIAL RISKS

The Group's principal financial instruments comprise cash and bank deposits and interest-bearing bank borrowings. 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 receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

For details, see Note 39 to the Accountants' Report set out in Appendix IA to this document.

DIVIDEND

We did not declare or pay any dividend during the Track Record Period and up to the Latest Practicable Date. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. We do not have a pre-determined dividend payout ratio. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit after tax that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached 50% or more of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. There is no assurance that dividends of any amount will be declared to be distributed in any year.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]**, and other fees incurred in connection with the **[REDACTED]**. The estimated total **[REDACTED]** expenses (based on the **[REDACTED]** of the **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately RMB**[REDACTED]** (equivalent to approximately HK$**[REDACTED]**), accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**. The estimated total **[REDACTED]** expenses consist of (i) **[REDACTED]** expenses (including but not limited to **[REDACTED]** and fees) of approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**), and (ii) **[REDACTED]** related expenses of approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**), and other fees and expenses of approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**). Among the total estimated **[REDACTED]** expenses, approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**) will be directly attributable to the issue of our **[REDACTED]**, which will be deducted from equity upon the completion of the **[REDACTED]**, and the remaining approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**) will be expensed in our consolidated statements of comprehensive loss. During the Track Record Period, we incurred **[REDACTED]** expenses of RMB**[REDACTED]**, all of which was recognized in our consolidated statements of profit or loss. As of December 31, 2025, we recorded RMB**[REDACTED]** as deferred issue costs under prepayments in our consolidated statements of financial position, to be accounted for as a deduction from equity upon the **[REDACTED]**. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

[REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For the **[REDACTED]** statement of adjusted net tangible assets of us prepared in accordance with Rule 4.29 of the Listing Rules for illustrating the effect of the **[REDACTED]** on our consolidated net tangible assets attributable to our owners as at December 31, 2025, as if the **[REDACTED]** were completed on December 31, 2025, please refer to Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements as set out in the Accountants' Report included in Appendix IA to this Document, and up to the date of this Document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Except as otherwise disclosed in this Document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION OF RUILIAN XINGCHEN

Set out below is certain pre-acquisition financial information of Ruilian Xingchen from March 28, 2024 (being the date of registration) to August 16, 2024 (the "**Pre-acquisition Period**").

Description of Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth the statements of profit or loss and other comprehensive income of Ruilian Xingchen for the period indicated, which is derived from the statements of profit or loss and other comprehensive income of Ruilian Xingchen set out in Appendix IB to this document:

	Period from March 28, 2024 to August 16, 2024
	RMB'000
Revenue	—
Administrative expenses	(132)
Research and development expenses	(23,763)
Profit/(Loss) before taxation	(23,895)
Income tax credit/(expenses)	—
Profit/(Loss) for the period	**(23,895)**

Revenue

No revenue was generated during the Pre-acquisition Period, as Ruilian Xingchen was focusing primarily on research and development of smart cockpit solution.

Administrative expenses

Administrative expenses of Ruilian Xingchen mainly consist of employee compensation and depreciation. For the Pre-acquisition Period, administrative expenses of Ruilian Xingchen amounted to RMB132,000.

Research and development expenses

Research and development expenses of Ruilian Xingchen mainly consist of product development fees, employee compensation and human resources outsourcing fees, and depreciation and amortization. During the Pre-acquisition Period, research and development expenses of Ruilian Xingchen amounted to RMB23.8 million, mainly pertaining to smart cockpit solution. The following table sets forth a breakdown of the research and development expenses of Ruilian Xingchen for the period indicated:

	Period from March 28, 2024 to August 16, 2024
	RMB in thousands
Product development fees	1,560
Employee compensation and human resources outsourcing fees	11,454
Depreciation and amortization	10,732
Others	17
Total	**23,763**

Description of the Statements of Cash Flows

The following table sets forth selected cash flow statement information of Ruilian Xingchen for the period indicated:

	Period from March 28, 2024 to August 16, 2024
	RMB in thousands
Net cash from/(used in) operating activities	(253)
Net cash from/(used in) investing activities	(170,332)
Net cash from/(used in) financing activities	187,177
Net (decrease)/increase in cash and cash equivalents	16,592
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	**16,592**

Ruilian Xingchen recorded net cash used in operating activities of RMB0.3 million during the Pre-acquisition Period, because it was then a newly established company and did not have revenue yet. The net cash used in operating activities of RMB0.3 million was primarily attributable to its net loss before tax of RMB23.9 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included depreciation of property and equipment of RMB7.8 million and amortization of other intangible assets of RMB2.9 million. The amount was then further adjusted positively by changes in working capital, including an increase in trade payables of RMB17.4 million, an increase in other payables and accruals of RMB17.8 million, which was offset by an increase in inventories of RMB11.1 million and an increase in prepayments, other receivables and other assets of RMB11.1 million.

Net cash used in investing activities of Ruilian Xingchen amounted to RMB170.3 million during the Pre-acquisition Period, attributable to its purchases of property and equipment of RMB46.4 million and purchases of other intangible assets of RMB124.0 million.

Net cash from financing activities of Ruilian Xingchen amounted to RMB187.2 million during the Pre-acquisition Period, attributable to contribution from Didi Technology, the then shareholder of Ruilian Xingchen.

Description of the Statement of Financial Position

The following table sets forth the details of the financial position of Ruilian Xingchen as of the date indicated:

	As of August 16, 2024
	RMB in thousands
Non-Current Assets	
Property and equipment	66,036
Other intangible assets	173,740
Total Non-Current Assets	**239,776**
Current assets	
Inventories	11,131
Prepayments, other receivables and other assets	11,135
Cash and cash equivalents	16,592
Total current assets	**38,858**
Current liabilities	
Trade payables	17,394
Other payables and accruals	97,958
Total current liabilities	**115,352**
Net current assets/(liabilities)	**(76,494)**
Net Assets	**163,282**
Equity	
Paid-in capital	100,000
Reserves	63,282
Total equity	**163,282**

As of August 16, 2024, Ruilian Xingchen recorded net current liabilities of RMB76.5 million as it was then a newly established company.

Property and equipment

Property and equipment of Ruilian Xingchen consist of electronics equipment, testing and other equipment and motor vehicles for testing purpose. The following table sets forth a breakdown of the property, plant and equipment as of the date indicated:

	As of August 16, 2024
	RMB in thousands
Electronics equipment	62,755
Furniture and office and other equipment	126
Motor vehicles	3,155
Total	**66,036**

Property and equipment of Ruilian Xingchen as of August 16, 2024 amounted to RMB66.0 million.

Electronics equipment consisted of mainly laptop computers, testing equipment and related accessories. Motor vehicles consist of mainly motor vehicles for testing purpose.

Other intangible assets

Other intangible assets consisted of mainly utility model patents and design patents.

Trade payables

Trade and other payables of Ruilian Xingchen as of August 16, 2024 amounted to RMB17.4 million relating to property and equipment and intangible assets purchased. The following table sets forth an aging analysis of trade payables as of the date indicated, presented based on product or service receipt date:

	As of August 16, 2024
	RMB'000
Within 3 months	17,394
Total	**17,394**

Other payables and accruals

The following table sets forth the breakdown of other payables and accruals as of the date indicated:

	As of August 16, 2024
	RMB'000
Payroll and welfare payables	7,247
Other tax payables	54
Other payables	90,657
Total	**97,958**

Other payables of Ruilian Xingchen included the amounts due to its fellow subsidiaries with an aggregate amount of RMB90.5 million in relation to Ruilian Xingchen's purchase of equipment and patents during the Pre-acquisition Period, further details of which are included in note 21 of the Appendix IB to this document. The amounts due to fellow subsidiaries were unsecured, interest-free and repayable on demand.