HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

The history of the Group traces back to 1986 when the Company was established in Guangdong Province, the PRC. Since its establishment, the Company has been specializing in the manufacture and sales of automotive electronic products. After 40 years of development, the Company has become a global leading mobility and intelligent technology platform company, dedicated to promoting the development of intelligent mobility and broader intelligent applications.

MILESTONES

The following sets out the summary of the Company's key business development milestones:

Year	Milestone
1986	The Company was established in Guangdong Province, the PRC and mainly engaged in the research and development, design, manufacture and sale of automotive electronic products.
2007	The Company launched its first factory-installed in-vehicle infotainment system.
2011	The Company established a subsidiary in Singapore, marking its expansion into overseas markets.
2014	The Company commenced its exploration in intelligent driving business.
2017	The A Shares were listed on the Shenzhen Stock Exchange (stock code: 002920.SZ).
2020	The Company launched the first mass-produced driver assistance domain controller in China.
	The Company released its first cockpit intelligent domain controller.
2024	The Europe Technology Park and the Spain Intelligent Factory of the Company broke ground.
2025	The Company launched its robovan for urban delivery.
	The Company launched its foundational hardware for intelligent robots, *AI Cube*.
	The Company revealed its AI intelligent cockpit domain controller.
	The Company released its cross-domain integrated solution, the "One-Chip" solution.

MAJOR SUBSIDIARIES

The following sets out the principal business activities, place of incorporation and date of establishment of the Company's subsidiaries that made a material contribution to the Group's results of operations during the Track Record Period.

Name of subsidiary	Place of incorporation	Date of establishment	Equity interest attributable to the Company	Principal business activities
Chengdu Desay SV Automotive Co., Ltd. (成都市德賽西威汽車電子有限公司, "**Chengdu Desay SV**")	PRC	May 18, 2023	100%	Research, development, manufacturing and sales of automotive electronic products
Shanghai Xunmenglong Automotive Co., Ltd. (上海迅猛龍汽車電子有限公司, "**Xunmenglong**").	PRC	February 27, 2019	100%	Research and development of automotive electronic products
Nanjing Desay SV Automotive Co., Ltd. (南京市德賽西威汽車電子有限公司, "**Nanjing Desay SV**")	PRC	December 13, 2018	100%	Research and development of automotive electronic products

MAJOR SHAREHOLDING CHANGES OF THE COMPANY

Early Development and Conversion into a Joint Stock Company

On July 24, 1986, the Company was established under the laws of the PRC as a sino-foreign joint venture enterprise (中外合資經營企業) under the name of China-Europe Electronics Industry Co., Ltd. (中歐電子工業有限公司) with an initial registered capital of US$2,500,000 and was held as to 30% by Huiyang Region Industrial Development Corporation (惠陽地區工業發展總公司, subsequently known as Huizhou Industrial Development Corporation (惠州市工業發展總公司)), and 70% by Car Audio Electronics (Hong Kong) Limited (惠山電子有限公司).

After the restructuring of Huizhou Industrial Development Corporation, Desay Corporation was established in April 2002, and all of the equity interest in the Company then held by Huizhou Industrial Development Corporation was assigned to Desay Corporation in August 2002.

In addition, between 1992 and 2015, the Company underwent a series of capital increases and equity transfers, upon completion of which its registered capital increased to RMB93,798,684.

On June 26, 2015, the Company was converted into a joint stock company with limited liability and was renamed as Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司). Upon completion of the conversion, the Company had a total share capital of RMB450,000,000 divided into 450,000,000 Shares. The shareholding structure of the Company immediately following its conversion into a joint stock company was as follows:

Shareholder	**Number of Shares**	**Shareholding percentage**
Desay Corporation	320,625,000	71.25%
Huizhou Weiyongde Investment Consulting Partnership (Limited Partnership) (惠州市威永德投資諮詢合夥企業(有限合夥), now known as Xinyu Weilide Investment Consulting Partnership (Limited Partnership) (新余市威立德投資諮詢合夥企業(有限合夥)), "**Weilide**")(1)	34,093,125	7.58%
Huizhou Weiyongjie Investment Consulting Partnership (Limited Partnership) (惠州市威永傑投資諮詢合夥企業(有限合夥), now known as Xinyu Weilijie Investment Consulting Partnership (Limited Partnership) (新余市威立傑投資諮詢合夥企業(有限合夥)), "**Weilijie**")(1)	26,921,812	5.98%
Shenzhen Shenhua Investment Group Co., Ltd. (深圳市神華投資集團有限公司, "**Shenhua Investment**")(2)	22,500,000	5.00%
Huizhou Hengyongwei Management Consulting Co., Ltd. (惠州市恒永威管理諮詢有限公司, now known as Xinyu Henghuiwei Management Consulting Co., Ltd. (新余市恒惠威管理諮詢有限公司), "**Henghuiwei**")(1)	17,206,875	3.82%
Huizhou Weiyongchang Investment Consulting Partnership (Limited Partnership) (惠州市威永昌投資諮詢合夥企業(有限合夥), now known as Xinyu Weilichang Investment Consulting Partnership (Limited Partnership) (新余市威立昌投資諮詢合夥企業(有限合夥)), "**Weilichang**")(1)	15,935,063	3.54%
Huizhou Weiyongsheng Investment Consulting Partnership (Limited Partnership) (惠州市威永盛投資諮詢合夥企業(有限合夥), now known as Xinyu Weilisheng Investment Consulting Partnership (Limited Partnership) (新余市威立盛投資諮詢合夥企業(有限合夥)), "**Weilisheng**")(1)	12,718,125	2.83%
Total	**450,000,000**	**100.00%**

Notes:

(1) Each of Weilide, Weilijie, Henghuiwei, Weilichang and Weilisheng was an employee shareholding platform established by the then management and core research and development team of the Company.

(2) Shenhua Investment is a financial investor which was an Independent Third Party.

Listing on the Shenzhen Stock Exchange

In December 2017, the Company completed its initial public offering and the A Shares were listed on the Shenzhen Stock Exchange (stock code: 002920.SZ) (the "**A-Share Listing**"), pursuant to which, the Company offered a total of 100,000,000 A Shares, representing approximately 18.18% of the Company's enlarged share capital immediately following the completion of the A-Share Listing. Immediately upon the completion of the A-Share Listing, the share capital of the Company increased to RMB550,000,000, and the shareholding structure of the Company was as follows:

Shareholder	Number of Shares	Shareholding percentage
Desay Corporation	320,625,000	58.30%
Weilide	34,093,125	6.20%
Weilijie	26,921,812	4.89%
Shenhua Investment	22,500,000	4.09%
Henghuiwei	17,206,875	3.13%
Weilichang	15,935,063	2.90%
Weilisheng	12,718,125	2.31%
Other Shareholders	100,000,000	18.18%
Total	**550,000,000**	**100.00%**

Voting Rights Waiver Arrangement

As part of the enhanced reform of state-owned enterprises, Desay Corporation underwent a corporate spin-off from 2020 to 2021 (the "**Desay Spin-off**"), pursuant to which, Desay Corporation was split into two separate companies which subsequently were known as Desay Corporation (as the surviving company) and Huizhou Capital (as the newly established company). Under the Desay Spin-off, Desay Corporation transferred 29.73% of the equity interest in the Company to Huizhou Capital. Upon completion of the Desay Spin-off, (i) Desay Corporation became a wholly-owned subsidiary of Deheng Industrial, the shareholding structure of which is detailed in "— Corporate Structure" below, (ii) Huizhou Capital became a wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of Huizhou Municipal People's Government (惠州市人民政府國有資產監督管理委員會), and (iii) each of Desay Corporation and Huizhou Capital held 28.57% and 29.73% of the equity interest in the Company, respectively.

On February 1, 2021, Desay Corporation entered into an agreement with the State-owned Assets Supervision and Administration Commission of Huizhou Municipal People's Government, Deheng Industrial and Huizhou Capital (collectively, the "**Relevant Parties**"), pursuant to which Desay Corporation agreed to waive its voting rights amounting to 10% of the total voting rights at the general meetings of the Company (the "**Voting Rights Waiver Arrangement**") for a period of 18 months commencing from the completion date of all equity transfer procedures. On August 2, 2022, Desay Corporation entered into another agreement with the Relevant Parties, pursuant to which the Voting Rights Waiver Arrangement would extend to February 2, 2024. The Voting Rights Waiver Arrangement had been terminated since February 3, 2024.

Private Placement of A Shares in 2025

The Company conducted a private placement of A Shares to raise funds for the construction of manufacturing bases and the development of its intelligent computing center and cockpit-driving integrated platform (the "**A Share Placement**"). Pursuant to the A Share Placement, a total of 41,893,333 A Shares were issued at the offer price of RMB105.00 per A Share which was determined with reference to the average trading price of the A Shares of the 20 trading days prior to the price determination date and the indicative investment interest of potential investors. The 41,893,333 new A Shares were placed to 21 investors who were Independent Third Parties, raising net proceeds of approximately RMB4,393.13 million, of which the Company had utilized approximately RMB1,123.91 million as of December 31, 2025. Immediately following the completion of the A Share Placement in October 2025, the Company's total issued share capital increased to RMB596,842,634.

MATERIAL ACQUISITION, MERGER AND DISPOSAL

Throughout the Track Record Period and up to the Latest Practicable Date, the Company did not conduct any material acquisitions, mergers or disposals.

THE A-SHARE LISTING AND REASONS FOR THE H SHARE [REDACTED]

Since December 2017, the A Shares have been listed on the Shenzhen Stock Exchange. The Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the Company has complied with all laws and regulations, in all material respects, applicable to its A-Share Listing. To the best knowledge of the Directors, there are no material matters in relation to the compliance record of the Company on the Shenzhen Stock Exchange that should be brought to the attention of the Hong Kong Stock Exchange or potential investors of the [REDACTED]. As advised by the PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the Company has not been subject to any material administrative penalties or regulatory measures imposed by the CSRC, the Shenzhen Stock Exchange or other PRC securities regulatory authorities. Based on the independent due diligence conducted by the Joint Sponsors, no material matter has come to the Joint Sponsors' attention that would reasonably cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

The Company seeks to [REDACTED] its H Shares on the Hong Kong Stock Exchange to raise additional capital for business growth and expansion, optimize its capital structure, diversify its financing channels, enhance the international influence of its brand and accelerate the expansion of its overseas business to support its sustainable and high-quality development and governance. See "Business — Our Strategies" and "Future Plans and Use of [REDACTED]" in this Document for more details.

PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rules 8.08(1) (as amended and replaced by Rule 19A.13A) of the Hong Kong Listing Rules, as the Company has A Shares apart from the H Shares for which the [REDACTED] is sought, the H Shares for which the [REDACTED] is sought that are held by the public, at the time of the [REDACTED], must (a) represent at least 10% of the Company's total number of issued Shares (excluding treasury shares); or (b) have an expected market value of not less than HK$3 billion.

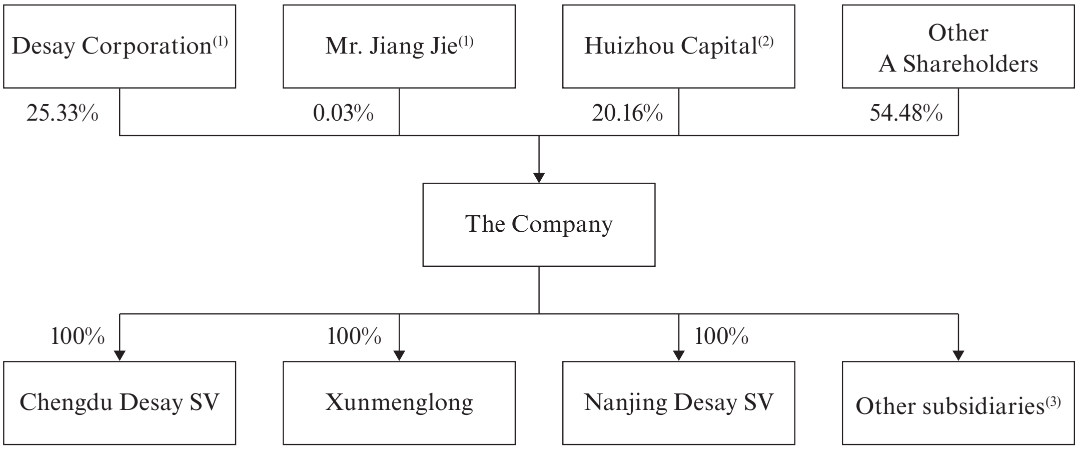
It is expected that upon [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the 2025 Stock Option Incentive Plan), based on an [REDACTED] of HK$[REDACTED] per H Share, being the low end of the indicative [REDACTED] range, the [REDACTED] of the H Shares that are held by the public is approximately HK$[REDACTED] million, which is higher than the prescribed [REDACTED] of the H Shares required to be held by the public of HK$3 billion under Rule 19A.13A(2) of the Hong Kong Listing Rules, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Hong Kong Listing Rules.

Based on an [REDACTED] of HK$[REDACTED] per H Share, being the low end of the indicative [REDACTED] range, the Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Hong Kong Listing Rules.

CORPORATE STRUCTURE

Corporate Structure Immediately before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of the Group immediately before the [REDACTED] (assuming no additional Shares are issued pursuant to the 2025 Stock Option Incentive Plan):



Notes:

(1) As of the Latest Practicable Date, Desay Corporation was wholly owned by Deheng Industrial. Deheng Industrial was held as to approximately (i) 65.09% by Dehengqin; (ii) 14.74% by Dehengcheng; (iii) 7.84% by Dehengxue; (iv) 5.22% by Dehengyong; (v) 2.00% by Dehenghe; and (vi) 5.10% by an individual who is an Independent Third Party. The general partner of each of Dehengqin, Dehengcheng, Dehengxue, Dehengyong and Dehenghe is Dehenghui, holding partnership interest of RMB1 in each of Dehengqin, Dehengcheng, Dehengxue, Dehengyong and Dehenghe. Dehenghui was held as to 54.10% by Mr. Jiang Jie (a non-executive Director), 13.12% by Mr. Li Bingbing (a non-executive Director) and 32.78% by three other individuals (each of whom is an Independent Third Party).

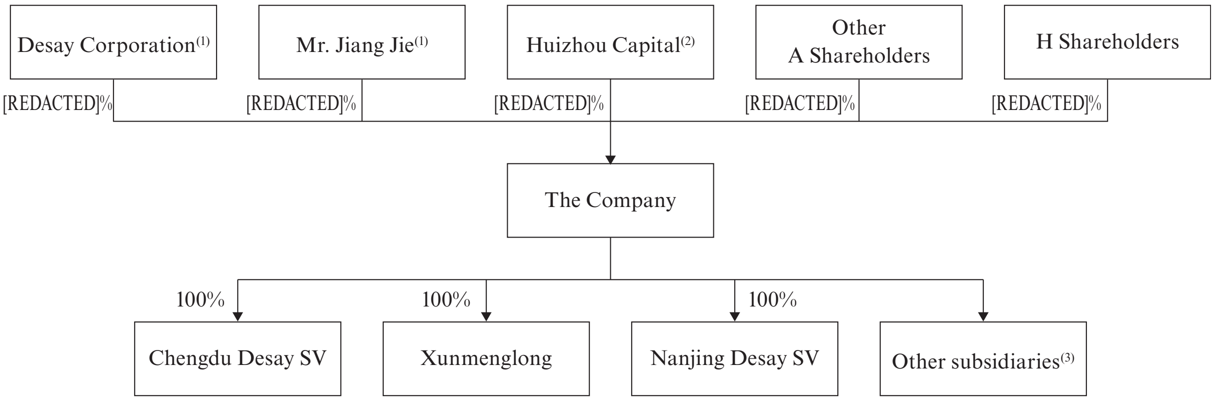
The remaining partnership interest in Dehengqin was held as to approximately 32.33% by Mr. Jiang Jie as a limited partner, 7.84% by Mr. Li Bingbing as a limited partner and 59.83% by 40 other limited partners, each an Independent Third Party and holding less than 10% therein. The remaining partnership interest in Dehengcheng was held by 35 limited partners, each an Independent Third Party and holding less than 5% therein. The remaining partnership interest in Dehengxue was held by 36 limited partners, each an Independent Third Party and holding less than 5% therein. The remaining partnership interest in Dehengyong was held by 36 limited partners, each an Independent Third Party and holding less than 10% therein. The remaining partnership interest in Dehenghe was held by 27 limited partners, each an Independent Third Party and holding less than 10% therein.

(2) As of the Latest Practicable Date, Huizhou Capital was held as to 90% by Huizhou Capital Group Co., Ltd. (惠州市國有資本投資集團有限公司), which was wholly owned by the State-owned Assets Supervision and Administration Commission of Huizhou Municipal People's Government (惠州市人民政府國有資產監督管理委員會) and 10% by the Department of Finance of Guangdong Province (廣東省財政廳).

(3) As of the Latest Practicable Date, other subsidiaries included 22 subsidiaries established in the PRC, Germany, Sweden, Japan, Singapore, the United States, Mexico, Spain, Indonesia, Hong Kong and Taiwan.

Corporate Structure Immediately after the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of the Group immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the 2025 Stock Option Incentive Plan):



Notes:

(1)–(3) See "— Corporate Structure — Corporate Structure Immediately before the [REDACTED]" in this section.