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OVERVIEW

During the Track Record Period, we primarily generated revenue from the manufacturing and sales of automobiles and motorcycles, accounting for over 85% of our total revenue in each year/period during the Track Record Period.

We are a well-known automaker in China with strong expertise in vehicle development, design, and manufacturing. We are primarily focused on serving B-end clients, leveraging our advanced charging and battery-swapping technologies. According to CIC, in 2024, we ranked the eighth in the to-B NEV market in terms of sales volume. In 2023, 2024 and 2025, revenue generated from sales of automobiles amounted to RMB3,694.6 million, RMB4,175.9 million and RMB6,347.2 million, respectively. In the same years, the sales volume of our automobiles were 42.3 thousand units, 57.8 thousand units and 106.3 thousand units, respectively.

In addition to automobiles, we offer both traditional fuel and new energy motorcycles, including mid-to-large displacement models. According to CIC, our motorcycle export volume ranked ninth among Chinese motorcycle manufacturers in 2024. Our product portfolio also includes a diverse range of general-purpose machinery, such as generator sets, water pumps, and pressure washers, enabling us to meet a wide range of market demands. In 2023, 2024 and 2025, our revenue generated from sales of motorcycles amounted to RMB2,028.8 million, RMB2,135.7 million and RMB2,477.7 million, respectively. In the same years, the sales of volume of our motorcycles were 336.6 thousand units, 388.6 thousand units and 447.3 thousand units, respectively. For details, see “— Our Products and Solutions.”

Our Strategic Upgrades and AI Journey

Drawing on our extensive expertise in automobile development, we are uniquely positioned to anticipate and capitalize on the rapid advancements in AI and smart vehicle technologies. Recognizing that AI-driven innovation is shaping the future of mobility, we have proactively embarked on a strategic upgrades, integrating AI technologies into our existing business operations. Leveraging our longstanding industry expertise in automobile sector and extensive client base, we seek to provide comprehensive “AI + Mobility” solutions for OEMs globally.

We believe that the intelligent driving, smart cockpit and robotaxi are the core of “AI + Mobility”, as these solutions capture where AI delivers the greatest functional, commercial and strategic value in modern transportation. Therefore, we took our first step in our future growth strategies via the development and commercialization of intelligent driving solutions. We plan to progressively expand our solutions to smart cockpit and robotaxi in the future.

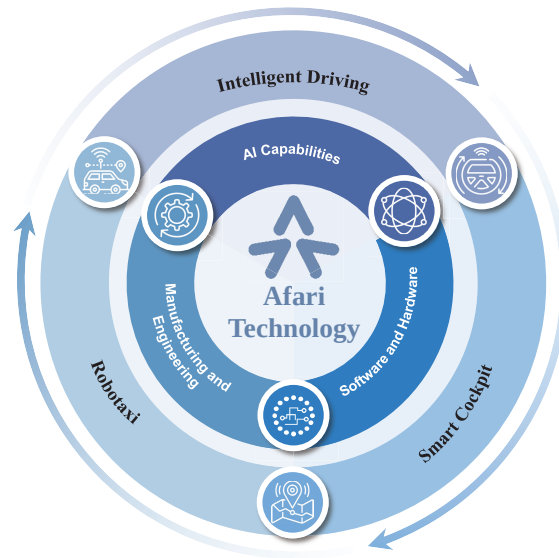
During the Track Record Period, we are still at the beginning stage of commercialization for these solutions and we only generated an insignificant portion of revenue from these solutions in the fourth quarter of 2025, but we expect such solutions to be significant drivers of our future growth. See also “Risk Factors — Risks Related to Our Business and Industry — Slower-than-expected growth or lack of market acceptance of our “AI + Mobility” solutions could materially harm our prospects and operations.”

By integrating AI technologies with our engineering and manufacturing capabilities, we are committed to the long-term advancement of intelligent mobility.

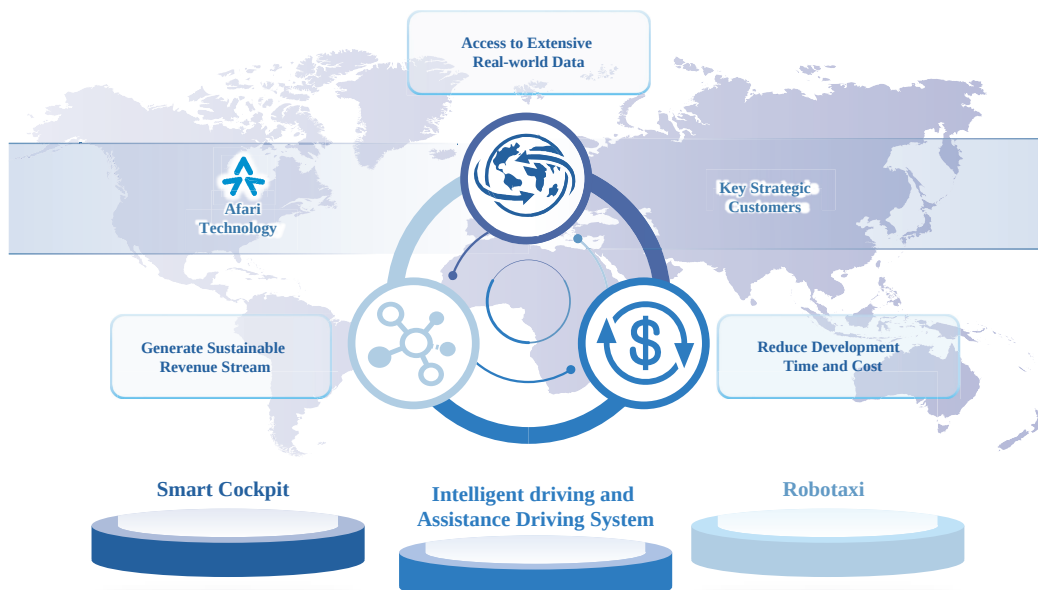
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Why Us

We believe that our “AI + Mobility” solutions are empowered by three powerful closed loops:



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



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

OUR STRENGTHS

Uniquely Positioned with Scale in Both Automobile and Motorcycle Sectors

We are primarily focused on serving B-end clients. Leveraging our advanced charging and battery-swapping technologies, we have become a leading player in the segment. For instance, we provided the CaoCao 60 and Maple 80V models used in CaoCao Group’s ride-hailing fleet. According to CIC, in 2024, we ranked the eighth in the to-B NEV market in terms of sales volume. In addition, both our to-B focused strategies and our charge-and-swap capabilities form a practical foundation for future robotaxi deployment, where scalable charging flexibility and operator-oriented fleet management are critical enablers.

Our NEVs are particularly attractive to ride-hailing businesses as they address two key pain points. First, our NEVs offer flexible energy replenishment solutions for various scenarios, reducing charging time for ride-hailing operators. With our proprietary passenger-carrying battery swapping system, we provide ultra-fast 60-second battery swaps, enabling autonomous, customer-free battery replacement. Second, safety and performance in extreme cold weathers of our NEVs are maintained, even at -30°C. Our super heat pump features an integrated heat exchanger with 32 patents, and six industry-first technologies, delivering 30% energy savings over traditional heat pumps.

For our motorcycles business, we are an export-focused player with established international strategy and well-developed overseas marketing network. More than 80% of our motorcycles are sold to overseas markets. According to CIC, our motorcycle export volume ranked ninth among Chinese motorcycle manufacturers in 2024. As of the Latest Practicable Date, our motorcycles are sold to markets in Europe, Middle East, Africa and East Asia.

Comprehensive R&D Capabilities and a Versatile Product Portfolio in Automobiles and Motorcycles

We have established robust and comprehensive automobile and motorcycle R&D systems, which serve as the foundation for our sustained innovation and growth. Our R&D capabilities span the entire automotive and motorcycle product lifecycle, encompassing independent styling design, complete vehicle platform development, battery swapping platforms, core electric systems, and intelligent connectivity. Leveraging its proprietary GBRC Crystal Architecture, LIVAN delivers vehicles that are modular, highly adaptable, and designed for both private and ride-hailing markets. The GBRC Crystal Architecture is designed specifically for new energy vehicles, integrating both charging and battery-swapping capabilities. It offers high modularity and scalability, supporting a wide range of vehicle types and powertrains, including sedans, SUVs, and MPVs. With its advanced integration of intelligent cloud connectivity, flexible chassis design, and support for multiple drive and suspension systems, the GBRC Crystal Architecture enables enhanced user experience, improved energy efficiency, and rapid adaptation to evolving market needs.

Our motorcycle division similarly benefits from a strong R&D infrastructure. Recognized as one of China’s leading motorcycle manufacturers, we possess comprehensive R&D capabilities, extensive product lineup, and strong global presence. We offer a wide range of models, spanning from small-displacement commuter bikes to mid- and large-displacement motorcycles, meeting diverse consumer needs in both domestic and international markets.

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Our commitment to innovation is reflected in our focus on intelligent connectivity, fuel efficiency, and new energy motorcycle development.

With a robust track record in R&D, our expertise spans from automobile and motorcycle design, engineering and manufacturing to leading innovations in NEVs with charging and battery-swapping technologies. Our commitment to R&D is extended to AI-driven mobility solutions, enabling us to maintain a competitive edge in the rapidly evolving mobility sector. For details, please see “— AI-Native Capabilities with Holistic Solutions.”

Scalable Platform Potential and Ecosystem Synergies

We are dedicated to unlocking the full potential of our vehicle platforms and extending their applications across diverse fields, with a strong emphasis on electric and battery-swapping vehicle technologies. LIVAN Auto focuses on developing next-generation vehicles through our proprietary GBRC Crystal Architecture, which features integrated charging and battery swapping capabilities. In our motorcycle division, we are continuously innovating in vehicle connectivity technologies. By leveraging cutting-edge architecture (Vue + Spring Cloud) and advanced containerization technologies (Kubernetes), we have developed a highly efficient and scalable R&D platform.

Our technology platforms are highly modular and integrated, enabling efficient production, rapid adaptation to new model requirements, and seamless expansion of functional capabilities. By actively strengthening industry collaboration, we are building a comprehensive battery swapping ecosystem with our strategic partners—integrating swapping, energy storage, and intelligent energy management to serve both B-end ride-hailing markets and C-end family users. With our scalable vehicle platforms and robust battery-swapping ecosystem, we are well-positioned to address critical challenges such as range anxiety in new energy vehicles.

Our proven track record in vehicle engineering and manufacturing underpins our ability to scale up operations and respond rapidly to evolving market demands with new vehicle models. This technological foundation not only ensures product reliability and quality but also enhances our agility in bringing innovative solutions to market.

AI-Native Capabilities with Holistic Solutions

We believe that our unique AI-native capabilities empower us to navigate the new “AI+” era and establish our competitive moat. Our AI-native capabilities are supported by our strong AI-focused R&D team.

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

Moreover, we believe that robust capabilities in AI models are critical to our upgrades to “AI + Mobility.” For instance, the RLM model developed for our intelligent driving and Assistance Driving System solutions could learn from both visual and textual data, enhancing situational awareness and decision-making accuracy. This enables our system to potentially outperform experienced drivers, handle complex road conditions, and effectively manage long-tail scenarios. Additionally, RLM’s adaptive learning process could allow the model to personalize driving behavior according to individual user habits, supporting a more comfortable and tailored driving experience.

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

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

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

Global Vision and Service Capabilities

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

A Core Management and R&D Team Driving Continuous Innovation

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

Our chairman, Mr. Yin Qi, is a leading figure in the AI field, with over a decade of deep experience in AI vision and a proven track record as a serial entrepreneur in AI. Mr. Yin plays a pivotal role in shaping our overall strategic direction and articulating our unique market positioning. Our vice chairman, Mr. Bao Yi, brings more than 20 years of experience in global capital markets and industrial and technology investment, offering keen insights into corporate strategy and industry trends. Our president, Mr. Zhou Zongcheng, has over 20 years of experience in the automotive and manufacturing sectors, driving the engineering implementation and intelligent manufacturing evolution of our motorcycle and automotive businesses. Our co-president, Mr. Wang Jun, possesses over 30 years of experience in the communications and intelligent vehicle industries, overseeing the business planning and operational management of our intelligent driving and Assistance Driving System and smart cockpit solutions. Our vice president, Mr. Yang Bo, brings over 20 years of experience in the motorcycle industry and is responsible for overseeing the development of our motorcycle business. He has a strong track record in motorcycle R&D, engineering, and sales, providing valuable leadership and expertise to drive the continued growth and innovation of our motorcycle division.

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STRATEGIES

Continuous Product Optimization and Strategic Expansion for Automobile and Motorcycle Businesses

Looking ahead, we will remain committed to the to-B strategy in the automotive sector, consistently introducing upgraded vehicle models tailored for mobility operator clients. Leveraging our advanced charging and battery-swapping technologies, we seek to continue to deepen our presence and expand our footprint in the B-end market. This strategic focus will also be extended to our future robotaxi business, where we will proactively pursue new ride-hailing customers and partnerships, further strengthening our position in the evolving mobility ecosystem. In the motorcycle segment, we will maintain our strong emphasis on overseas markets, actively exploring and entering emerging regional markets to drive sustainable growth and enhance our global competitiveness. The automobile and motorcycle businesses represent established and mature segments, generating internal resources to support ongoing investment and further development. Accordingly, we intend to fund these initiatives primarily from our internal operating resources. We will implement this strategy on a continuing basis, with a view to maintaining and progressively expanding our market presence.

Advancing AI Capabilities and Solutions

Our “AI+” strategy centers on the ongoing enhancement of fundamental AI capabilities, positioning technology iteration as the core driver of our growth. We plan to implement expanded incentive programs to attract and retain world-class AI talent, particularly those with deep expertise in intelligent driving and Assistance Driving System, smart cockpits, and robotaxi. Our focus extends across algorithm development, software engineering, and hardware innovation.

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

Leveraging our vehicle production qualifications, charging and battery-swapping technologies, and our long-term relationships with to-B mobility operators, we believe that we have built a solid foundation for expanding into robotaxi solutions. We seek to integrate our core AI technology stack in both autonomous driving and smart cockpit, our operational support platform, as well as our vehicle engineering and manufacturing expertise to support our robotaxi solutions. We intend to accelerate the commercialization of our robotaxi solutions through our collaboration with strategic partners. Such strategy will be funded by a combination of net [REDACTED] from the [REDACTED] and our internal operating resources, and will be carried out on an ongoing basis as part of our continuous investment in AI technologies. For further details on the allocation of [REDACTED] and the implementation of these initiatives, see “Future Plans and Use of [REDACTED] — Implementation of AI-driven strategies.”

Driving Industry Chain Integration

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

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combination of net [REDACTED] from the [REDACTED] and our internal operating resources, and expect to progressively implement them over the next three years. For further details on the allocation of [REDACTED] and the implementation of these initiatives, see “Future Plans and Use of [REDACTED] — Strategic integration of upstream industrial chain resources.”

Enhancing Our Full-Collaboration with Key Strategic Customers

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

Moreover, we believe that through strategic partnerships with major OEMs, we could gain access to extensive real-world data, allowing us to continuously refine and strengthen our data-driven models. Building on such collaboration models, we also plan to explore the establishment of industrial funds in collaboration with professional investment institutions, local state-owned capital, and industry participants, including key account customers. Through these platforms, we aim to identify high-growth and highly synergistic upstream opportunities, particularly those with technological advantages or channel resources, thereby supporting our broader industry chain integration strategy. For further details on the allocation of [REDACTED] and the implementation of these initiatives, see “Future Plans and Use of [REDACTED] — Strategic integration of upstream industrial chain resources.”

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

Accelerating International Expansion

We will adopt targeted overseas market strategies, focusing on regions with established or rapidly growing markets and expanding our presence accordingly, while also increasing our reach in other key global regions. To support our overseas growth, we will establish local teams, covering technical support, marketing, and after-sales service to respond swiftly to customer needs. We also plan to integrate local resources to accelerate AI model iteration for overseas vehicle models. This strategy will be carried out on an ongoing basis, supported by our continued investment in overseas sales teams, overseas delivery and service teams, as well as overseas marketing, channel development and brand-building initiatives. We will fund these initiatives through a combination of our internal operating resources and net [REDACTED] from the [REDACTED]. For further details on the allocation of [REDACTED] and the implementation of these initiatives, see “Use of [REDACTED] — Establishment of sales and service networks.”

Expanding to “AI + Robotics”

Our long-term vision extends beyond “AI + Mobility” to encompass “AI + Robotics.” As a long-term strategic direction, we follow an AI-drive approach in both technology development and solution deployment. The ongoing accumulation of our core capabilities will enable us to address a broader range of scenarios. We believe robotics represent markets with great long-term growth potential where AI will fundamentally improve productivity and reshape the industry. In this regard, we intend to leverage our AI capabilities and manufacturing advantages to offer superior solutions in a cost-efficient manner. Our continued investment in AI models for autonomous driving and smart cockpit is expected to provide a strong foundation for robotics applications, particularly in terms of model architecture and training capabilities across different scenarios. By closely monitoring the commercialization trends in robotics, we plan to launch robotics products and capture additional market opportunities, with such initiatives primarily funded by our internal operating resources, leveraging synergies from our existing AI investments.

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OUR PRODUCTS AND SOLUTIONS

Overview

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

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Automobiles	3,694,618	55.2	4,175,891	60.0	6,347,224	64.3
Motorcycle	2,028,767	30.3	2,135,725	30.7	2,477,678	25.1
Technology solutions	–	–	–	–	350,076	3.5
Others						
– General-Purpose Machinery	400,252	6.0	428,136	6.1	397,733	4.0
– Miscellaneous	574,685	8.5	224,100	3.2	303,331	3.1
Total	<u>6,698,322</u>	<u>100.0</u>	<u>6,963,852</u>	<u>100.0</u>	<u>9,876,042</u>	<u>100.0</u>

Our Products

Automobiles — The “LIVAN” Brand

Built on our expertise in vehicle development, design and manufacturing, we released LIVAN Auto (“睿藍汽車”), jointly established by us and Geely. Under the brand “LIVAN”, we offer both internal-combustion and electric models. On the new energy vehicle (NEV) side, we offer a broad range of vehicle models, including our consumer-oriented LIVAN 7 (RL 7) and LIVAN 8 (RL 8), and ride-hailing-focused models such as CaoCao 60, a specialized variant of the LIVAN 7, designed specifically for the ride-hailing industry. We primarily focus on serving B-end clients, empowered by our advanced charging and battery-swapping technologies. According to CIC, in 2024, we ranked the eighth in the to-B NEV market in terms of sales volume. Our NEV product portfolio leverages our partners’ existing battery swap stations to create a coordinated “vehicle-station” network, enabling us to gain competitive edge in B-end markets. In addition, we also offer ICE vehicles, such as our LIVAN X3 pro, targeted at small families and first-time buyers seeking practical mobility, it is positioned as an A0 passenger vehicle. These battery swap stations are owned and operated by Yiyihulian Technology Co. Ltd., a subsidiary of Geely Group. We believe that we have formed a mutually beneficial partnership model in the battery-swapping market. Going forward, we may consider establishing interoperability with battery swap stations operated by others, subject to the adoption of unified industry standards.

Our LIVAN vehicles integrated the GBRC Crystal Architecture, an innovative vehicle platform developed specifically for battery swapping, built on a fully integrated chassis designed for this purpose. As a dedicated battery-swapping architecture, it supports both charging and swapping modes, including fast DC charging and home charging, providing flexible charging options for users. The platform is also highly adaptable and can be expanded to accommodate various vehicle types, supporting front-wheel drive and rear-wheel drive configurations, as well as both independent and non-independent suspension systems. Additionally, the architecture incorporates an advanced ultra-low temperature heat pump system that ensures energy efficiency even in extremely cold environments. With comprehensive safety features and robust performance, the GBRC Crystal Architecture sets a new standard for smart, flexible, and reliable battery-swapping vehicle platforms.

As of the Latest Practicable Date, LIVAN Auto, our Major Subsidiary, was held by Zhejiang Geely Qizheng Automotive Technology Co., Ltd. (浙江吉利啟征汽車科技有限公司,

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“Geely Qizheng”) as to 45%, which was in turn indirectly wholly owned by Geely Holding. The partnership between LIVAN Auto and Geely is founded on a mutually beneficial cooperation model. For example, LIVAN 8 was developed by LIVAN Auto and manufactured by us. We contributed the core battery-swapping technology underpinning the vehicle. Geely has authorized LIVAN Auto to use the LIVAN brand, thereby enhancing the visibility and market recognition of the our automobiles.

Our NEV models

LIVAN 7 (RL 7)

Our LIVAN 7 model offers high value for money, enhanced safety, advanced intelligent technology, and the convenience of both charging and battery swapping.

The LIVAN 7 offers strong performance, accelerating from 0 to 50 km/h in 2.8 seconds. Its digital brake-by-wire system ensures smooth and efficient braking and reduces nosedive during braking, with a braking distance of just 35.85 meters from 100 km/h. In terms of driver assistance, the LIVAN 7 features over 20 intelligent functions, including navigation-assisted driving, memory-based intelligent parking, and lane change assistance (LCA). These features support driving on highways, in urban areas, and during parking, offering practical assistance for everyday use. Inside the cabin, the vehicle is equipped with a large interactive display and an intelligent voice assistant, making it easier for drivers and passengers to interact with the vehicle’s features. We are committed to further enhancing our LIVAN 7 platform to support advanced intelligent systems. In addition, we offer the CaoCao 60, a specialized variant of the LIVAN 7, designed specifically for the ride-hailing industry, featuring a customized interior as well as distinctive front and rear designs.

LIVAN8 (RL 8)

Our LIVAN 8 model is equipped with intelligent, seamless battery-swapping technology, enabling flexible transitions between fast charging and battery swapping. LIVAN 8 supports a wide range of energy replenishment scenarios, making the model well-suited for taxis and other operational applications.

The LIVAN 8 is an all-electric, seven-seat MPV equipped with a 68.03 kWh battery for premium edition, providing a pure electric driving range of up to 515 kilometers on a single charge. Developed on Geely’s proven automotive platform, the LIVAN 8 emphasizes reliability and safety, meeting the highest standards for quality and security, making it a dependable choice for both daily use and long-distance travel. Furthermore, LIVAN 8 has expanded into right-hand drive markets, with simultaneous sales in Indonesia and other international regions.

For intelligent assisted driving features, at speeds above 60 km/h, the system automatically activates based on user settings to continuously monitor lane positioning. If the vehicle begins to drift out of its lane without driver intent, the system provides immediate alerts through both the instrument display and audible warnings, helping drivers stay aware and maintain safe driving practices.

Our ICE model — LIVAN x3 Pro

The LIVAN x3 Pro is positioned as a compact SUV designed for small families and first-time car buyers seeking practical mobility solutions. Powered by a 1.5L engine delivering a maximum output of 83 kW and peak torque of 143 N·m, it is available with either a 5-speed manual or a CVT transmission. The chassis features a front MacPherson independent suspension paired with a rear longitudinal arm non-independent suspension for balanced ride comfort.

Safety features of LIVAN x3 Pro include driver and front passenger airbags, and active safety systems such as ABS and EBD. Convenience is further enhanced by features such as one-touch electric windows for all four doors, an electrically operated anti-pinch sunroof, electrically heated and defogging exterior mirrors and cruise control (CCS) with LIM electronic speed limiter.

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LIVAN x3 Pro’s exterior boasts a waterfall-style front grille paired with eagle-eye headlights, and a rear design featuring a full-width chrome strip and spoiler, ensuring a dynamic and modern appearance. The LIVAN x3 Pro maintains a strong value proposition and competitive edge in China’s compact SUV market. In addition, the model is now available in overseas markets, including the Middle East, Africa, and Southeast Asia.

The pictures of our products are as below.



LIVAN 7



LIVAN 8



LIVAN 9



LIVAN x3 Pro

The LIVAN x3 is primarily positioned within a price range of under RMB60,000, with a projected product lifecycle exceeding 15 years, subject to market condition. The CaoCao 60, RL7, and RL8 are priced within a range of RMB80,000 to RMB150,000, with their respective product lifecycles determined in accordance with prevailing market demand.

Vehicle Delivery

The following table sets forth our cumulative vehicle delivery data as of the end of the years indicated.

	For the year ended December 31,		
	2023	2024	2025
NEVs	24,570	24,525	33,613
ICE vehicles	17,738	33,252	72,655
Total	<u>42,308</u>	<u>57,777</u>	<u>106,268</u>

Vehicle Design and Engineering

We have developed robust in-house capabilities in automobile design and engineering, covering key aspect from original styling to complete vehicle platforms, battery-swapping solutions, electric drive systems, and intelligent connectivity. We are dedicated to full-vehicle R&D, particularly on developing NEVs and advancing battery-swapping technologies.

Our technology platform offers high integration and modularization, efficient battery-swapping solutions, and intelligent cloud management. The GBRC crystal architecture enables ultra-fast 60-second battery swaps and features a heat pump system, ensuring efficient operation even at temperatures as low as -30°C, making the battery-swapping experience comparable to traditional refueling. The capsule battery packs integrated within the GBRC architecture combine high energy density, long cycle life, and safety and reliability, with available capacities ranging from 40kWh to 85kWh.

Our vehicle R&D and design processes adhere to the NPDS development system, typically progressing through the following stages: (i) product definition is completed based on market demand and feasibility studies; (ii) project approval is advanced by validating investment requirements, vehicle functionalities, and styling development; (iii) product design and engineering drive the establishment of the supply chain system, as well as the development and testing of hardware and software; (iv) prototype manufacturing and comprehensive reliability testing, including high and low temperature evaluations, are conducted on both vehicles and components; and (v) the process culminates in mass production of the vehicle model.

Generally, the time from the start of R&D to vehicle delivery is 18 to 24 months. Most products are designed with a lifecycle of three or five years, or updated every two years depending on the specific model. Our development workflow is rigorously standardized to ensure product quality and alignment with market requirements.

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The following tables present a breakdown of key operating data of our automobile business by region and product type during the Track Record Period.

		2023					2024					2025				
		Revenue	Gross Profit	Gross Profit Margin	Volume	ASP ²	Number of customers	Revenue	Gross Profit	Gross Profit Margin	Volume	ASP	Number of customers	Revenue	Gross Profit	Gross Profit Margin
		<i>RMB in thousands</i>	%	%				<i>RMB in thousands</i>	%	%				<i>RMB in thousands</i>	%	%
ICE	PRC	622,889	49.5	(71,845)	12,671	49	167	1,019,897	50.0	60,047	19,103	53	49	1,976,852	55.3	2.9
	Asia	559	0.0	(42)	3	186	7	352,933	17.3	12,665	6,464	55	15	1,099,964	30.7	5.2
	Europe	588,034	46.7	117,676	4,361	135	168	390,821	19.2	49,959	3,529	111	189	446,012	12.5	(10.2)
	Others ¹	47,788	3.8	(874)	703	68	16	276,165	13.5	3,990	4,156	66	22	54,397	1.5	3.7
Total		1,259,269	100.0	44,915	17,738	71	358	2,039,816	100.0	126,656	33,252	61	275	3,577,224	100.0	2.0
NEV	PRC	2,431,823	99.9	(240,926)	24,556	99	434	2,133,238	99.9	(77,680)	24,504	87	601	2,689,748	97.1	101,263
	Others	3,526	0.1	389	14	252	8	2,837	0.1	(128)	21	135	5	80,251	2.9	7,858
Total		2,435,349	100.0	(240,537)	24,570	99	442	2,136,075	100.0	(77,808)	24,525	87	606	2,770,000	100.0	3.9

Notes:

- Others include Africa, North America, South America and Oceania.
- Average Selling Price (ASP) is calculated by dividing total revenue by sales volume.

We incurred a negative gross profit margin in Europe in 2025, as we strategically shifted our primary focus on certain markets, and we proactively reduced pricing to accelerate inventory clearance in regions that are no longer our business focus. Going forward, we are strategically exiting markets characterized by persistent uncertainty while adopting tailored strategies across our remaining European markets. Our NEV sales achieved a positive gross margin in 2025, primarily driven by a favorable shift in product mix toward higher-margin models, such as the Caocao 60, which accounted for a greater proportion of overall sales.

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Motorcycles

We are a well-known motorcycle manufacture with longstanding global presence. According to CIC, our motorcycle export volume ranked ninth among Chinese motorcycle manufacturers in 2024. We offer both traditional fuel and new energy motorcycles and we launched mid-to-large displacement models such as the Starship 6, Starship 4, and V400. In the fuel-powered segment, we are advancing our expertise in lightweight design, short-wheelbase CVT powertrains, mild hybrid systems, and proprietary electronic fuel injection (EFI) technology and to further refine our industry-leading EFI calibration platform. Leveraging the “user-motorcycle-cloud” architecture, we have integrated advanced features such as Bluetooth digital keys, remote vehicle control, intelligent anti-theft systems, advanced interactive cockpits, driver assistance features (BSD, LCA, RCW), and high-definition wide-angle driving recorders with parking surveillance. Together, these innovations enhance riding safety, convenience, and entertainment. In 2023, 2024 and 2025, we sold a total of 336.6 thousand, 388.6 thousand and 447.3 thousand motorcycles, respectively.

Our product portfolio now covers a diverse range of categories such as touring bikes, street bikes, cruiser bikes, underbone bikes, scooters, choppers, sport bikes, and dirt bikes. In terms of engine displacement, our offerings span from 50cc to 600cc, meeting a wide array of market demands.

Utility Motorcycles

X-MACH125

The X-MACH125 stands out in the utility motorcycle segment with three key strengths: high fuel efficiency, durability, and quick acceleration. Its robust performance makes it ideal for commuting, cargo transport, and long-distance travel.

Fuel efficiency and reliable engine: With a 16-liter tank, the X-MACH125 achieves up to 70 km per liter, minimizing refueling stops and meeting the needs of urban and intercity riders. Powered by the reliable CBS125 engine, a single-cylinder, air-cooled, four-stroke unit, it delivers 7kW at 7,500rpm and 10N·m of torque at 5,500rpm. The optimized intake and combustion system boosts low-end torque for strong starts and efficient mid-range power.

Durability and comfort: The X-MACH125 has been upgraded to include aluminum alloy wheels with wear-resistant tires, a smooth-shifting five-speed gearbox, and an extended 1,242mm wheelbase for added legroom. The high-resilience, thick-foam seat ensures comfort on long rides.

Commuter Motorcycles and Recreation Motorcycles

KPT 250

The KPT250, the latest in Lifan Moto’s KP series, is built for both daily commuting and long-distance touring. Its lightweight frame, efficient powertrain, and great value make it a versatile adventure touring bike.

Powered by Lifan’s NRF250-B liquid-cooled, four-stroke single-cylinder engine, the KPT250 delivers 20.5 kW and 23.5 N·m of torque. It offers quick throttle response for city rides and stable power for highway travel, with fuel consumption under 354g/(kW·h) for excellent efficiency.

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Durability is enhanced with a four-valve cylinder, DLC-coated piston ring, and dual oil filtration system, while modular design simplifies maintenance and reduces costs.

Starship 6

Paifang Starship 6 redefines luxury touring in the large cruiser segment. Positioned as the luxury option in the Paifang Startship product line, the Star 6 carries a 573cc V-twin, liquid-cooled engine, paired with a six-speed international gearbox, slipper clutch, and state-of-the-art belt drive. The dual 20L fuel tanks ensure extended touring range, with fuel consumption as low as 4.5L/100km.

In addition, the Starship 6 features a triple-screen cockpit including a central 7-inch TFT with split-screen navigation and tire pressure monitoring, plus auxiliary displays for key data. Advanced safety is delivered through 77GHz millimeter-wave radar on premium edition for blind-spot monitoring and collision warnings, adaptive headlights, NFC keyless start, dual dashcams, and powered luggage locks.

The pictures of our products are as below.



X-MACH125



KPT 250



V400



Starship 4



Starship 6

Motorcycle Design and Engineering

We have established a comprehensive system for design, R&D, and testing for motorcycles. Our R&D capabilities are evidenced by multiple official recognitions, such as a National-level Technology Center, a National Industrial Design Center, and a CNAS-accredited laboratory. Supported by a stable and specialized R&D team, we drive technological advancement through a full-process R&D system for motorcycles and engines, with capabilities spanning styling design, motorcycle platforms, powertrains, electric drive systems, and intelligent connectivity.

Centered on a “human-vehicle-cloud” intelligent architecture, our motorcycles offer features such as a Bluetooth digital key, remote vehicle control, intelligent anti-theft, a highly interactive smart cockpit, advanced driver-assistance (BSD — Blind Spot Detection; LCA — Lane Change Assist; RCW — Rear Collision Warning), and a high-definition wide-angle dashcam with parking surveillance — all designed to improve riding safety, handling convenience, and in-vehicle entertainment.

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The following tables present a breakdown of key operating data by region and business line during the Track Record Period.

	2023					2024					2025				
	Gross Profit		Gross Profit Margin		Number of customers	Gross Profit		Gross Profit Margin		Number of customers	Gross Profit		Gross Profit Margin		Number of customers
	Revenue	%				Revenue	%				Revenue	%			
	<i>RM B in thousands</i>					<i>RM B in thousands</i>					<i>RM B in thousands</i>				
Traditional	727,049	35.8	45,643	6.3	893	644,235	30.2	44,190	6.9	59,553	557,305	22.5	22,485	4.0	643
Fuel	513,080	25.3	83,394	16.3	145	469,367	22.0	74,444	15.9	80,904	607,763	24.5	101,156	16.6	65
Africa	391,345	19.3	60,192	15.4	47	421,250	19.7	51,979	12.3	116,104	518,674	20.9	64,437	12.4	48
North America	134,854	6.6	22,243	16.5	102	187,438	8.8	28,650	15.3	39,949	272,471	11.0	33,743	12.4	100
South America	209,817	10.3	24,491	11.7	21	360,714	16.9	39,693	11.0	84,204	473,344	19.1	61,425	13.0	21
Others ¹	52,624	2.6	9,895	18.8	23	52,727	2.5	7,437	14.1	7,860	48,123	1.9	6,018	12.5	16
Total	2,028,767	100.0	245,860	12.1	1,231	2,135,725	100.0	246,393	11.5	388,574	2,477,678	100.0	289,263	11.7	893

Notes:

1. Others include Europe and Oceania.
2. Average Selling Price (ASP) is calculated by dividing total revenue by sales volume.
3. New energy motorcycle represented a relatively small proportion of our motorcycle business, accounting for 0.7%, 0.5% and 0.3% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Of our new energy motorcycle revenue, all of the revenue were generated from overseas markets during the Track Record Period.

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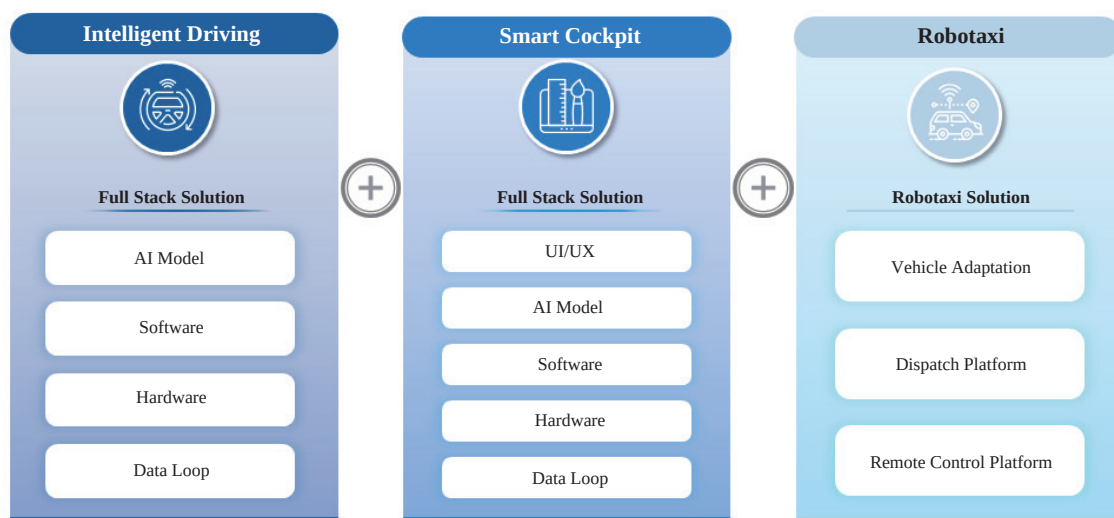
Others

In addition, we also generated revenue from other products and services, which primarily included sales of general-purpose machinery. Our main general-purpose machinery products include generator sets, water pumps, and pressure washers.

These products are widely used in various scenarios, such as landscaping, agriculture, construction, and others. We are committed to innovation in areas such as electronic fuel injection, clean fuels, and enhanced power output per liter.

Our Technology Solutions

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



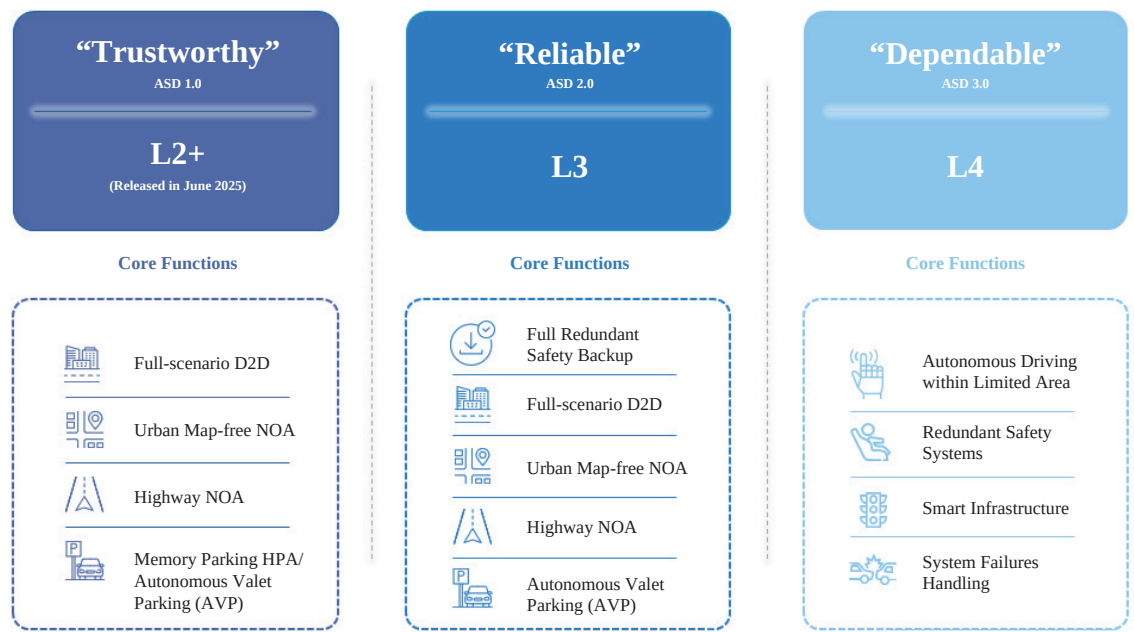
- Intelligent Driving:** We have developed full-stack intelligent driving solutions powered by a distinctive RLM (Reinforcement Learning — Multimodal) model. Our offerings encompass vertical AI models, software, hardware, and closed-loop data systems to enable L2-level ADAS (Advanced Driver Assistance Systems) to L4-level autonomous driving in complex traffic scenarios.
- Smart Cockpit:** Powered by a proprietary Multimodal Interaction Model and an Agent OS, our smart cockpit solutions could deliver a natural user interface (NUI) experience — an intuitive interaction system that enables users to communicate with the vehicle through natural modalities including voice and vision. Our smart cockpit solution also incorporates advanced hardware, including high-definition displays, premium audio systems, and other state-of-the-art hardware, delivering a personalized and engaging in-vehicle experience for passengers.
- Robotaxi:** By integrating L4 autonomous driving, smart cockpit solutions and comprehensive operational support platform, we are developing end-to-end robotaxi solutions for robotaxi service providers. Leveraging our closed-loop data capabilities, our platform could support safe, reliable, and scalable robotaxi operations in complex urban environments.

In the fourth quarter of 2025, we generated revenue of RMB350.1 million from our technology solutions by providing non-recurring engineering services, with a gross profit margin of 30.4% in 2025.

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Intelligent Driving and Assistance Driving System Solutions

Powered by our RLM models, we have developed a full-stack end-to-end intelligent driving and Assistance Driving System solution, encompassing L2-level ADAS to L4-level autonomous driving. In June 2025, we released “Afari Self-Driving System (“ASD”) 1.0”, delivering L2 ADAS capabilities including urban map-free NOA, highway NOA, autonomous valet parking (AVP), and full-scenario door-to-door (D2D) coverage. Moving forward, in our pipeline are “ASD 2.0,” featuring a top-tier, fully redundant L3 architecture, and “ASD 3.0”, which could enable fully L4 driverless robotaxi operations.



Our intelligent driving and Assistance Driving System solutions have been rigorously validated and customized for our key strategic partner. They are designed to meet a wide range of needs, from entry-level to high-end intelligent driving and Assistance Driving System and based on different hardware set, and they can deliver robust, reliable performance and elevates the driving experience across different vehicle lineup.

Our intelligent driving and Assistance Driving System solutions are powered by our RLM model, a vertical model that has been trained with real-world driving data and further optimized through reinforcement learning, resulting in an expert-level intelligent driving and Assistance Driving System model.

Our RLM-based approach combines two core technologies: multimodal learning and reinforcement learning. Multimodal learning enables the model to process and integrate different modalities of data, such as video (images) and language (text). This allows the system to interpret complex driving environments by combining visual and contextual information, similar to the way humans perceive and understand the world.

Reinforcement learning is a machine learning paradigm where the model learns optimal decision-making through trial and error, guided by a system of rewards and penalties. Rather than relying solely on large volumes of labeled data or direct imitation of human drivers, reinforcement learning allows the model to develop its own strategies by interacting with simulated driving environments. This approach supports greater adaptability and robust performance in unpredictable real-world scenarios.

Our intelligent driving and Assistance Driving System solutions, powered by the RLM model, offer several key advantages. First, the RLM model learns from both visual and textual data, enhancing situational awareness and decision-making accuracy. This enables our system to potentially outperform experienced drivers, handle complex road conditions, and effectively manage long-tail scenarios. Additionally, RLM’s adaptive learning process allows

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the model to personalize driving behavior according to individual user habits, supporting a more comfortable and tailored driving experience. Second, by leveraging reinforcement learning, the model achieves significant performance improvements with less engineering code and reduced reliance on labeled data, resulting in higher iteration efficiency and lower development costs.

In January 2026, we assisted Geely 9X in obtaining the L3 testing license for Hangzhou’s designated road segments, a significant regulatory milestone that validated our autonomous driving capabilities in real-world scenarios. In January 2026 we partnered with Geely to globally launch the G-ASD (“千里浩瀚”) autonomous driving system, set to be deployed on models under the Zeekr and Lynk & Co brands.

Smart Cockpit Solutions

Product Package Offerings	Standard Version	Flagship Version
Voice Interaction	• Full-vehicle voice control • Human-like understanding, distribution and recognition capabilities (powered by cloud-based large models/ System Agent) • Customized words & TTS voice cloning	+ Fully offline foundational language model (does not rely on internet connectivity) + GUI Agent interface + Have memory, emotions, and customizable personality
Multimodal Interaction	• General world understanding and generation: Powered by cloud-based VLM + in-vehicle small models	+ Cloud VLM + In-vehicle VLM: supports ultra-low latency and privacy protection
2D / 3D Fusion – Lane-level Navigation Support	• Perception SR at 30Hz	• Perception SR at 60Hz + Full fusion (need advanced Assistance Driving System model) 60Hz + Lane-level positioning (need at least basic Assistance Driving System model)

We are developing a comprehensive smart cockpit solution. To address a wide range of customer requirements and vehicle segments, we offer both Standard and Flagship versions of our smart cockpit solutions, each empowered with advanced AI Agent capabilities.

We believe that our smart cockpit solutions are enabled by two core technologies: Multimodal Interaction Model and Agent OS.

Multimodal Interaction Model: Our Multimodal Interaction Model is deployed both in-vehicle and in the cloud to deliver a seamless intelligent experience. The in-vehicle AI model supports advanced perception and intent understanding and a powerful multimodal Vision-Language Model (VLM). In the cloud, our AI interactive suite includes a central control model, an end-to-end voice model, and an emotion-aware model. Working together, these models enable rich multimodal interactions with a general understanding of the real world, AI-powered personalized recommendations and in-cabin emotion recognition.

Agent OS: To deliver a smart cockpit experience, we have deployed multiple specialized agents both in-vehicle and in the cloud, including a comprehensive AI assistant agent, enabling a wide range of functions such as driving, chat, and entertainment. Each agent is optimized for its specific domain, working together to ensure intelligent support for every aspect of the user journey. At the core of this ecosystem is Agent OS, which acts as the unified platform orchestrating all agents and managing their interactions. Agent OS intelligently coordinates resources, data, and services across both local and cloud environments, enabling multimodal interaction, adaptive personalization, and a consistently responsive in-cabin experience.

The mainstream smart cockpit solutions in the industry today typically expand cloud-based AI capabilities on top of operating systems such as Android. In contrast, our AI Agent OS is an operating system designed specifically for agents, supporting both in-vehicle agent development and deployment as well as in-vehicle model deployment.

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Our smart cockpit solutions could enable a natural, human-like, and emotionally intelligent in-cabin interaction — aiming for intelligence that surpasses humans and emotional intelligence that matches them. We believe that our smart cockpit solutions stand out with the following strengths:

- (i) *Multimodal Natural UI:* Moving beyond traditional buttons, touchscreens, or mechanical voice controls, our system leverages foundation models with the ability to “understand” the interactions and “think” and to capture user states and intentions in real time. This enables human-like comprehension, memory, proactive interaction, and emotional expression, for example, infusing visual cues and voice dialogues with nuanced emotions like joy, anger, sorrow, or delight tailored to different scenarios.
- (ii) *Integrated Edge-Cloud Memory:* Our holistic, self-learning memory system underpins personalized AI companions by autonomously identifying, remembering, and managing both user- and vehicle-specific data. Each Agent could store information gathered through user interactions in this memory system, as well as to retrieve relevant insights from it, thereby deepening its understanding of individual preferences. In essence, the memory system functions as a library of personal preferences, enabling Agents to deliver adaptive, context-aware services uniquely tailored to each user.
- (iii) *In-vehicle Living Space:* The smart cockpit becomes more than just a driving environment, it could evolve into a versatile in-vehicle living space that supports entertainment, content creation, gaming, social interaction, and more. The cockpit agent serves as a personal life assistant, autonomously handling tasks according to the user’s preferences and habits, and enabling a highly individualized in-cabin experience.

Robotaxi Solutions

We are developing robotaxi solutions that are built upon three pillars. First, our RLM-powered L4 autonomous driving system enables reliable and smooth operation in complex urban environments, including rush hours and corner cases. Second, we are developing a smart cockpit specifically tailored for robotaxi scenarios: even in the absence of a human driver, passengers benefit from human-like interaction and immersive in-cabin entertainment experiences powered by dedicated entertainment Agents. Third, we plan to establish a comprehensive operational support platform for robotaxi service providers, including vehicle and cabin monitoring, remote assistance, and advanced closed-loop data analytics tools to ensure safety and operational efficiency.

We believe that we are well positioned to advance the development of robotaxi solutions, supported by our extensive vehicle engineering experience, enabling us to design and manufacture both the hardware and the complete vehicle platform for robotaxis in-house. This integrated capability allows us to deliver a comprehensive solution, streamlining the process from concept to deployment and ensuring that all components are optimized for autonomous mobility. We have recently established strategic collaborations in Chengdu, China for the deployment of autonomous mobility solutions in multiple application scenarios, including commuting, ride-hailing, logistics, delivery, municipal operations, and other applications. In December 2025, we obtained an autonomous driving test license issued by the Chengdu municipal authorities, marking a significant milestone in our advancement toward autonomous mobility. Starting from Southwest China, our collaborations in Chengdu marked a key milestone to the commercialization of our robotaxi solutions.

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RESEARCH AND DEVELOPMENT

Research and development is the core of our innovation. We are committed to an innovation-driven approach to stay at the forefront of the advancements in AI and mobility solutions. By prioritizing in-house technological R&D, we continually refine our products and solutions, driving forward our vision of “AI + Mobility.” This commitment empowers us to leverage AI as a technological engine, fostering a diversified portfolio of “AI + Mobility” solutions. Through sustained investment in R&D, we not only elevate our product and solution offerings but also position ourselves at the forefront of the fast-evolving AI and mobility industry, ready to capture emerging opportunities and deliver cutting-edge, high-quality products and solutions to our customers.

Our R&D is led by a strong team with 2,456 experienced R&D professionals as of December 31, 2025, among whom 1,908 R&D personnel focused on the development of our technology solutions. A substantial portion of our R&D staff is equipped with extensive knowhow and expertise in vehicle manufacturing, AI, intelligent driving and Assistance Driving System, smart cockpit, among others.

We have built a strong technological foundation through sustained investment in R&D, reinforced by deep expertise in vehicle and motorcycle design and the strength of a world-class AI research team. Building on this foundation, we are applying AI to create a smart mobility solution portfolio, including intelligent driving and Assistance Driving System solutions, smart cockpit, and robotaxi solutions. This AI-driven approach enables us to develop a matrix of advanced products and solutions tailored to evolving industry requirements. Our established expertise in vehicle design and AI differentiates us in a competitive and rapidly changing market. This positions us to respond effectively to emerging trends and support future growth.

In 2023, 2024 and 2025, we had R&D expenses of RMB214.8 million, RMB406.6 million and RMB821.8 million, respectively. Our R&D expenses as a proportion of operating expenses reached 18.9%, 34.6% and 51.5% in 2023, 2024 and 2025, respectively.

R&D Process

We have established an R&D system that encompasses technology reserve and frontier exploration, technological breakthroughs, and preparation for mass production. This integrated system significantly accelerates the pace of R&D efforts, ensuring seamless transitions from innovation to implementation and driving rapid advancements in product and solution development and market success.

The process of our R&D system is continuously adjusted in response to market demands. Our R&D process typically consists of several key stages: initially, product definition is carried out based on market needs, followed by preliminary research. Afterwards, the project is formally established and proceeds through the necessary approval procedures before entering the development phase. During development, products advance according to the established stage-gate process, leading to the SOP (Start of Production) and the commencement of manufacturing.

Our Key Technologies

A cornerstone of our automobile technology is the GBRC Crystal Architecture, a proprietary battery-swapping platform engineered to deliver cost-performance efficiency. The architecture features Vehicle-to-Grid (V2G) integration, enabling seamless bidirectional connectivity between vehicles and the power grid. Designed with high bandwidth and modular scalability, it accommodates vehicle segments ranging from A0 to B+ class. Its offerings include ultra-fast battery swapping completed in just 40 seconds, best-in-class interior space utilization, and a CLTC driving range of up to 800 kilometers. Furthermore, we have independently developed proprietary battery-swapping lock mechanisms and hydro-electric connectors, and have pioneered China’s first anti-motion-sickness design, underscoring our commitment to innovation and rider comfort.

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Our motorcycle connectivity platform is built upon an industry-leading microservices architecture leveraging Vue and Spring Cloud, and is efficiently deployed using containerization technologies including Kubernetes (K8s) and Docker. Among its advantages are flexible functionalities that allow seamless adaptation to new motorcycle models, scalable system capacity that adjusts to evolving demand, and optimized utilization of cloud resources, collectively ensuring operational agility and long-term technological resilience.

INTELLECTUAL PROPERTY

We consider our patents, copyrights, trademarks, domain names, trade secrets, and other intellectual property rights to be essential to our business operations and integral to our success and competitiveness. Accordingly, we dedicate substantial time and resources to developing and safeguarding our intellectual property. Since our inception, we have developed a variety of proprietary intellectual property rights. As of the Latest Practicable Date, we have 342 granted patents, 1,664 copyrights, as well as 1,255 trademarks both in China and overseas. See “Appendix V — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights” for details of our material intellectual property rights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. See “Risk Factors — Risks Related to Our Business and Industry — We may not be able to adequately protect our intellectual property rights and may be subject to infringement of intellectual property rights, or misappropriation claims, by third parties.” During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings regarding intellectual property rights with third parties.

BUSINESS SUSTAINABILITY

Background

Historically, we primarily operate our manufacturing business of vehicles and motorcycles. In the AI era, we naturally extend our operations to mainly focus on intelligent driving and Assistance Driving System, ensuring our continued competitiveness as the automotive industry is at the forefront of this transformative shift. This business upgrade was accelerated by enhancing our manufacturing and engineering capabilities for NEVs, integrating an AI-focused R&D team, and consolidating expertise in engineering, manufacturing and technologies to drive end-to-end innovation. We believe this business upgrade positions us for long-term success in the AI era, though it requires significant investment that may adversely affect our short-term profitability.

In 2023, 2024 and 2025, we incurred net loss of RMB262.2 million, RMB328.9 million and RMB321.2 million, respectively. Moreover, excluding the share of profits of joint ventures and associates, our net loss during the Track Record Period would be RMB675.9 million, RMB817.1 million and RMB763.9 million, respectively. We recoded such losses mainly because:

- (i) we recorded relatively low gross profit margin during the Track Record Period, being 4.1%, 6.9% and 8.0% in 2023, 2024 and 2025 respectively, which was mainly attributable to our automobile business. Specifically, intense market competition resulted in pricing pressure and relatively low sales volumes of automobiles, which in-turn led to high per-unit procurement and manufacturing costs due to limited economies of scale and inefficient fixed cost absorption. These factors combined to result in low gross profit margins as we worked to build our market presence and achieve operational scale. Specifically, intense competition in the PRC automobile market, particularly in the NEV segment, which has exerted significant pressure on vehicle pricing; According to CIC, the average selling price of NEVs in China, declined from RMB184 thousand in 2023 to RMB180 thousand in 2024, and further decreased to RMB161 thousand in 2025. In addition, our relatively low sales volume and lack of economies of scale in the early stage of our NEV business, resulting in higher per-unit manufacturing, procurement and distribution costs compared with more established market

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participants. Moreover, we incurred continued upfront investments in product development, sales and service networks, and brand-building activities. Given our short operating history in the NEV segment, we have not yet reached a scale at which fixed costs, including depreciation of production facilities and amortization of development expenditures, can be effectively absorbed, which has further contributed to our net loss position.

- (ii) since 2025, we have made substantial upfront investments in technology and solution development for our technology solutions, which remained at the beginning stage of commercialization as of the Latest Practicable Date. In the fourth quarter of 2025, we generated revenue of RMB350.1 million from our technology solutions by providing non-recurring engineering services. In the first quarter of 2026, we continue to commercialize our technology solutions by providing non-recurring engineering services. As we continue to devote resources to develop our technology solutions, we expect to incur increased costs and operating expenses in relation to R&D, commercialization, deployment, sales and marketing, etc., which may adversely affect our profitability in the near term. For details of relevant risks, see “Risk Factors — Risks Related to Our Business and Industry — Slower-than-expected growth or lack of market acceptance of our ‘AI + Mobility’ solutions could materially harm our prospects and operations,” and “Risk Factors — Risks Related to Our Business and Industry — The implementation and validation of our ‘AI + Mobility’ products may be lengthy and unpredictable, and subject to risks such as contract cancellations, delays, supply chain shortages or unsuccessful deployment.” Nonetheless, we believe that such investments are essential to our future development strategies and will position us to capture significant market opportunities and improve profitability over the medium to long term. We expect the gross profit margin of technology solutions will be higher than our automobile and motorcycle businesses in the long term, which will improve our overall gross profit as technology solutions accounting for an increasing portion of our total revenue in the future.

To achieve our sustained profitable growth, we aim to continuously expand our business scale driving revenue growth and gross margin improvement across all businesses, while enhancing operating leverage and efficiency, and improving working capital efficiency. For details, see “Financial Information — Path to Profitability.”

SUPPLY CHAIN MANAGEMENT

Our suppliers during the Track Record Period included automotive parts suppliers, raw material suppliers, battery suppliers, among others. We have implemented a rigorous supplier management and quality control system to ensure the highest standards of quality throughout our supply chain.

Supplier selection is jointly determined by our R&D and procurement departments, with preliminary management overseen by a dedicated Supplier Quality Engineer (SQE) team. The SQE team is responsible for assessing the quality capabilities of suppliers and conducting on-site quality control and inspection. The onboarding process for new suppliers involves a series of steps, including product durability testing or review of durability reports, as well as specific requirements for product dimensions and raw materials. Supplier evaluations are carried out jointly by our quality, procurement, and R&D departments. Together, these teams assess the supplier’s R&D competence, production capacity, and pricing to ensure alignment with our standards and business needs. During the product delivery process, the SQE team continuously monitors quality to ensure all products meet our standards. Upon arrival, all components undergo incoming quality control (IQC) inspections, and a comprehensive workshop inspection is conducted before assembly. Key components are subject to rigorous quality tests, including salt spray, aging, and high-temperature testing. These tests not only comply with industry standards but are also held to stricter internal requirements, ensuring the reliability and stability of component quality.

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Top Five Suppliers

In 2023, 2024 and 2025, the aggregate purchase amounts from our five largest suppliers for each year were RMB3,859.4 million, RMB2,355.9 million and RMB3,375.8 million, representing 57.0%, 35.2% and 39.2% of our total purchase amount, respectively. The purchase amounts from our largest supplier in the same years were RMB3,386.9 million, RMB1,963.4 million and RMB2,647.5 million, representing 50.1%, 29.3% and 30.8% of our total purchase amount, respectively.

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

Rank	Supplier ⁽¹⁾	Major Type of Purchase	Credit Terms	Year of Commencing Business Relationship	Purchase Amount (RMB'000)	% of Total Purchase Amount %
<i>For the year ended December 31, 2023</i>						
1	Geely Group	CBUs, knock-down kits and automobile components	30 to 75 days	2021	3,386,923	50.1
2	Supplier B . .	Automobile parts	30 days	2022	306,867	4.5
3	Supplier C . .	Automobile parts	30 days	2022	72,582	1.1
4	Supplier D . .	Automobile parts	30 days	2007	50,189	0.7
5	Supplier E . .	Construction	Payment shall be made according to the project milestones stipulated in the contract	2017	42,829	0.6
<i>For the year ended December 31, 2024</i>						
1	Geely Group	CBUs, knock-down kits and automobile components	30 to 75 days	2021	1,963,371	29.3
2	Supplier F . .	Automobile parts	60 days	2022	158,506	2.4
3	Supplier C . .	Automobile parts	30 days	2022	114,976	1.7
4	Supplier E . .	Construction	Payment shall be made according to the project milestones stipulated in the contract	2017	64,022	1.0
5	Supplier D . .	Automobile parts	30 days	2007	54,979	0.8

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Rank	Supplier ⁽¹⁾	Major Type of Purchase	Credit Terms	Year of Commencing Business Relationship	Purchase Amount (RMB'000)	% of Total Purchase Amount %
<i>For the year ended December 31, 2025</i>						
1	Geely Group	CBUs, knock-down kits and automobile components	30 to 75 days	2021	2,647,485	30.8
2	Supplier C . .	Automobile parts	30 days	2022	306,419	3.6
3	Supplier G . .	Automobile components	30 to 75 days after receipt	2022	144,234	1.7
4	Supplier H . .	Automobile components	30 days	2022	139,548	1.6
5	Supplier F . .	Automobile parts	60 days	2022	138,158	1.6

Note:

- (1) Supplier B is a company engaged in the R&D, production, and sales of new energy vehicle power battery and energy storage systems, headquartered in Fujian Province, PRC, listed on the Shenzhen Stock Exchange and Hong Kong Stock Exchange. Supplier C is a company headquartered in Zhejiang Province, PRC, primarily engaged in the R&D, manufacturing, and sales of NEV drive assemblies, transmission. Supplier D is a company headquartered in Chongqing, PRC, primarily engaged in the R&D and production of motorcycle magnetos, starter motors, electrical products, and new energy product series. Supplier E is a company headquartered in Henan Province, PRC, primarily engaged in the contracting of building construction, highway engineering, and municipal public works. Supplier F is a company headquartered in Anhui Province, PRC, primarily engaged in the R&D, production, and sales of lithium iron phosphate, lithium battery cells, battery packs, and battery management systems. Supplier G is a company headquartered in Zhejiang Province, PRC, primarily engaged in the R&D, manufacturing, and sales of automobile and motorcycle component. Supplier H is a company headquartered in Zhejiang Province, PRC, primarily engaged in the R&D and manufacturing of automotive wiring harness.

We enter into supply agreements with our suppliers. The summary of the salient terms of our supply agreements are set forth as below.

Duration: Typically one year, subject to renewal in accordance with the applicable contractual provisions.

Procurement amount: Under our supply agreements, we typically enter into monthly procurement plans.

Pricing: Prices are determined according to the technical specifications and specific configurations of the products.

Settlement: We shall settle payments on a monthly basis.

Acceptance and delivery: Supplied products will be accepted only after successfully passing our quality control procedures.

Inventory Management

Our inventory primarily consists of finished goods or merchandise held for sale in the ordinary course of business, work-in-progress in the course of production, and materials or supplies to be consumed in the production process or in the rendering of services. We believe that we have effectively managed our supply chain during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material supply chain issues.

To ensure our products consistently meet evolving market demands, we have implemented comprehensive measures to optimize inventory levels. These initiatives are aimed at minimizing backlogs and enhancing the overall efficiency of our inventory management processes. Additionally, we have established standardized internal procedures for purchase order submission and approval, streamlining logistics and ensuring a consistent approach to procurement.

BUSINESS

We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid overreliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

The major raw materials used in our production primarily comprise auto components, which are principally procured from suppliers located in the PRC. To manage the impact of raw material price fluctuations, we have adopted a range of measures, including establishing long-term collaborative relationships with our key suppliers, continuously monitoring market price movements to inform timely procurement decisions, and maintaining communication with suppliers to negotiate adjustments in response to significant cost changes. During the Track Record Period, we did not experience any material shortage of, or delay in, the supply of raw materials that had a material adverse impact on our operations or production schedules.

Logistics and Warehouse

We operate our warehouses for storing our finished goods and certain components and raw materials. We engage third-party logistics service providers for the delivery of all our finished goods from our warehouses to the distributors. Raw materials and components are delivered to our warehouses directly by suppliers and then to our production facilities through third-party logistics service providers engaged by us.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in the delivery of our products or suffered any material loss as a result of delays in delivery or poor handling of goods. In addition, we did not experience any dispute in relation to our product quality that cause material and adverse impact to our business operations during the Track Record Period and up to the Latest Practicable Date.

SALES, MARKETING AND DISTRIBUTION OF OUR PRODUCTS

We engage distributors who possess extensive sales experience and a strong market presence. For the years ended December 31, 2023, 2024 and 2025, our total sales to distributors amounted to RMB5,747.3 million, RMB6,323.3 million and RMB8,811.9 million, respectively, accounting for 85.8%, 90.8% and 89.2%, respectively, of our revenue for the corresponding years. For the years ended December 31, 2023, 2024 and 2025, our total sales to our top five distributors amounted to RMB2,514.3 million, RMB2,602.3 million and RMB4,639.3 million, respectively, accounting for 43.7%, 41.2% and 52.6%, respectively, of our revenue for the corresponding years. Our top distributors primarily distribute automobiles and motorcycles.

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

	Years Ended December 31,		
	2023	2024	2025
Distributors			
Beginning of the period	1,567	1,794	1,694
Additions	696	502	545
Terminations ⁽¹⁾	469	602	460
Number of distributors at the end of the period	<u>1,794</u>	<u>1,694</u>	<u>1,779</u>

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

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

During the Track Record Period, the terminations of distributors were primarily due to phase-out of distributors that failed to meet our standards for selecting distributors, and the voluntary withdrawal of certain distributors from the distribution network due to changes in their own strategic or business plans. According to CIC, it is common for vehicle and motorcycle manufacturers to experience a degree of distributor turnover, with individual distributors entering and exiting the network over time, particularly given our extensive distribution network.

We enter into distribution agreements with our distributors. The summary of the salient terms of our distribution agreements are set forth as below.

Duration: Typically one year.

Pricing: Pricing will be determined based on the product type, model, configuration, specifications, and condition.

Acceptance and delivery: Upon receipt of our goods, the distributor shall inspect and verify the shipment. In the event of any shortage or damage, the distributor must notify us immediately after inspection. If there is no shortage or damage, the distributor shall sign the delivery note to confirm receipt. Should any quality issues be identified, the distributor must submit a written objection to us within the specified period for acceptance of goods.

Payment and credit terms: We typically grant the distributor a stocking quota. For any amount exceeding this quota, payment must be made in advance, and delivery will be arranged upon receipt of payment. The stocking quota must be settled in a one-time payment by the agreed deadline, and any overdue payments will be subject to an annual interest rate.

Product return and warranty: We will assist the distributor in handling after-sales services in PRC. The distributor is responsible for after-sales service in its designated sales region and is required to possess adequate after-sales service capability. After-sales service shall be carried out in accordance with applicable regulations and our relevant “Three Guarantees” policy. In the event of major or batch quality issues, we will be responsible for repair, replacement, and return, and will bear the actual costs incurred for repair, replacement, or return of goods.

Intellectual property: All intellectual property rights owned by us, including trademarks and company names, are protected. Without our permission, the distributor shall not use them in advertising, promotional activities, or for any other purpose.

Termination: We typically set sales target for distributors, and we reserve the right to terminate the agreement in advance if such target is not met.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material product returns or indemnification claims from our distributors.

We generally recognize revenue from sales of automobiles and motorcycles upon delivery and acceptance in accordance with the terms of the relevant sales contracts. Our distributorship arrangements are generally non-exclusive. We engage distributors as they enable us to expand our geographic reach and leverage their sales network. Our relationship with our distributors is a buyer and seller relationship. They are our customers and they do not act on our behalf when dealing with their own customers. We may from time to time provide recommended retail prices or pricing guidance to distributors, but distributors generally determine the prices charged to end customers independently, subject to applicable regulations and the terms of their contractual arrangements with us. In addition to sales through distributors, we have limited direct sales channel for our automobiles, motorcycles and general machinery.

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PRICING

The pricing of our automobiles and motorcycles is determined by a combination of factors, including the cost of raw materials, manufacturing expenses, logistics and distribution costs, target gross margin, and prevailing market conditions. Fluctuations in any of these components may necessitate corresponding adjustments to our pricing strategy to ensure both competitiveness and sustainable profitability. In addition, broader macroeconomic trends, supply chain dynamics, and shifts in consumer demand are taken into consideration when establishing and revising our pricing strategies. Although we do not generally adopt different pricing policies for the PRC and overseas markets, we adjust our pricing strategies based on prevailing market conditions and the competitive landscape in each targeted market.

OUR CUSTOMERS

Top Five Customers

In 2023, 2024 and 2025, the aggregate revenue generated from our five largest customers for each year were RMB2,783.3 million, RMB2,919.3 million and RMB3,802.6 million, representing 41.5%, 41.9% and 38.5% of our revenue, respectively. Revenues generated from our largest customer in the same years were RMB2,249.3 million, RMB2,144.4 million and RMB2,925.3 million, representing 33.6%, 30.8% and 29.6% of our revenue, respectively.

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

Rank	Customer ⁽¹⁾	Major Type of Sales	Year of Commencing Business Relationship	Revenue	% of Total Revenue
				(RMB'000)	%
For the year ended December 31, 2023					
1	Geely Group . . .	Vehicles	2021	2,249,335	33.6
2	Customer B . . .	Motorcycles	2005	194,380	2.9
3	Customer C . . .	Motorcycles	2011	150,398	2.2
4	Customer D . . .	Motorcycles	2005	100,648	1.5
5	Customer E . . .	Vehicles	2023	88,496	1.3
For the year ended December 31, 2024					
1	Geely Group . . .	Vehicles	2021	2,144,417	30.8
2	Customer F . . .	Automobile parts	2022	310,844	4.5
3	Customer B . . .	Motorcycles	2005	181,574	2.6
4	Customer C . . .	Motorcycles	2011	141,432	2.0
5	Customer G . . .	Vehicles	2021	141,000	2.0
For the year ended December 31, 2025					
1	Geely Group . . .	Vehicles	2021	2,925,269	29.6
2	Customer B . . .	Motorcycles	2005	324,630	3.3
3	Customer H . . .	Vehicles	2025	233,828	2.4
4	Customer F . . .	Automobile parts	2022	174,259	1.8
5	Customer C . . .	Motorcycles	2011	144,629	1.5

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Note:

- (1) Customer B is a motorcycle and bicycle manufacturer headquartered in the Philippines, primarily engaged in manufacturing and assembly of motorcycles, bicycles, and related components. Customer C is a trading company headquartered in Mozambique, primarily engaged in the wholesale of automobile and motorcycle components. Customer D is a motorcycle and bicycle manufacturer headquartered in Iran, primarily engaged in manufacturing, assembly, import, and sales of motorcycles, bicycles, and related components. Customer E is a company headquartered in Sichuan Province, PRC, primarily engaged in the construction and operation of charging stations, NEV support services, and energy product sales. Customer F is a value-added cabling distributor headquartered in the United Arab Emirates, specializing in optical fiber cables and components, structured cabling, multi-purpose testers, cabinets, and data center cabling solutions. Customer G is a distributor headquartered in Chongqing, PRC, primarily engaged in the sales of automobiles and NEVs, as well as the wholesale of automobile components. Customer H is an automobile exporter headquartered in Hong Kong.

Transfer Pricing Arrangements

During the Track Record Period, we generated revenue primarily from sales of automobiles and motorcycles, and were involved in certain material intra-Group transactions (the “**Intra-Group Transactions**”). Our Directors are of the view that in ensuring ongoing compliance with the applicable transfer pricing laws and regulations, we adhere to the arm’s length principle when entering into Intra-Group Transactions and adopt reasonable pricing methods accordingly.

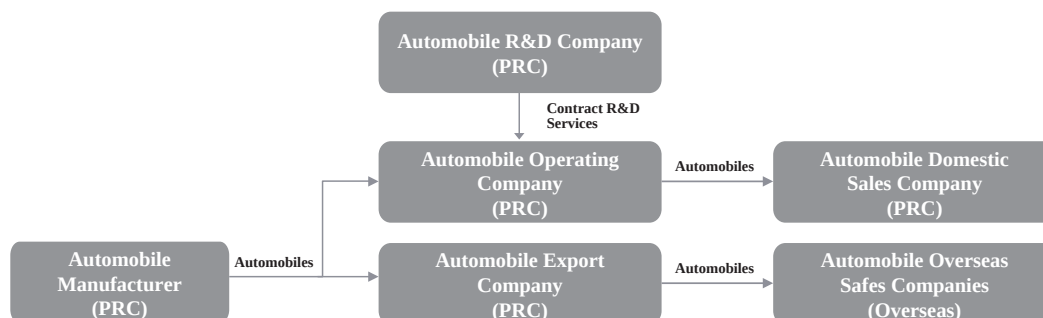
Specifically, we conducted automobile business primarily through our PRC and overseas subsidiaries with the following Intra-Group Transactions:

- i) With respect to the sale of automobiles¹ in China domestic market, our subsidiary that was engaged in automobile manufacturing in China (the “**Automobile Manufacturer**”) sold automobiles to our operating company (the “**Automobile Operating Company**”). Subsequently, the Automobile Operating Company sold automobiles to our subsidiary that was engaged in the sale of automobiles to end customers in China domestic market (the “**Automobile Domestic Sales Company**”);
- ii) With respect to the sale of automobile in overseas market, during the Track Record Period, the Automobile Manufacturer sold automobiles to our subsidiary that was engaged in the sale of automobiles in overseas market (the “**Automobile Export Company**”). Subsequently, the Automobile Export Company sold automobiles to our overseas subsidiaries that were engaged in the sale of automobiles in their respective jurisdictions (the “**Automobile Overseas Sales Companies**”); and
- iii) With respect to R&D services, our automobile R&D company (the “**Automobile R&D Company**”) provided contract R&D services to Automobile Operating Company.

¹ Including parts and components for passenger vehicles.

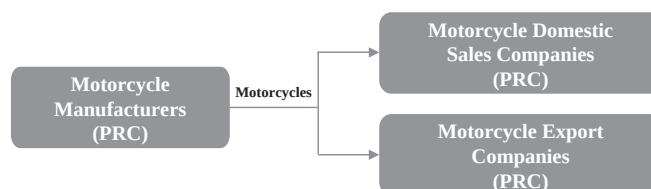
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The diagram below sets forth the primary business and transaction flows of the Intra-Group Transactions within the Group’s automobile business during the Track Record Period:



Furthermore, we conducted motorcycle business operations primarily through our PRC subsidiaries. Our subsidiary that were engaged in motorcycle manufacturing in China (the “**Motorcycle Manufacturers**”) sold motorcycles² to our PRC subsidiaries that were engaged in the sale of motorcycles (the “**Motorcycle Domestic Sales Companies**”) in China domestic market, and to our PRC subsidiary that was engaged in the export sale of motorcycles (the “**Motorcycle Export Companies**”) to overseas market.

The diagram below sets forth the primary business and transaction flows of the Intra-Group Transactions within the Group’s motorcycle business during the Track Record Period:



In addition to the material Intra-Group Transactions disclosed above, during the Track Record Period, we were also involved in the following immaterial intra-group transactions:

- i) The Company provided administrative and management support services to our certain PRC subsidiaries;
- ii) The Motorcycle Manufacturer procured a small quantity of motorcycle electronic fuel injections (EFI) components from our subsidiary that was engaged in EFI manufacturing in China (the “**EFI Manufacturer**”); and
- iii) The Motorcycle Export Company sold few motorcycles to our overseas subsidiaries that were engaged in the sale of motorcycles in the US and Vietnam, respectively.

For the automobile business, during the Track Record Period, the Group mainly applied the following transfer pricing methods in respect of the Intra-Group Transactions:

- i) When Automobile Manufacturer sold automobiles to Automobile Operating Company (China domestic market) and Automobile Export Company (overseas market), the transfer pricing was primarily determined as the sum of material costs and manufacturing fees;
- ii) When Automobile Operating Company sold automobiles to Automobile Domestic Sales Company, the transfer pricing was primarily determined using a resale price approach, i.e., the transfer pricing was determining by leaving the Automobile Domestic Sales Company a reasonable resale margin after covering the Automobile Domestic Sales Company’s operating expenses; When Automobile Export Company sold automobiles to Automobile Overseas Sales Companies, the transfer pricing was primarily determined using a similar resale price method; and

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- iii) When Automobile R&D Company provided contract R&D services to Automobile Operating Company, the transfer pricing was primarily determined using a cost-plus method, including R&D-related costs plus an arm’s length markup.

For the motorcycle business, during the Track Record Period, the Group mainly applied the following transfer pricing methods in respect of the Intra-Group Transactions:

- i) When Motorcycle Manufacturer sold motorcycles to Motorcycle Domestic Sales Companies for China domestic market, and to our Motorcycle Export Companies for overseas market, the transfer pricing was primarily determined using a cost-plus method. This includes material costs, amortization and depreciation expenses, manufacturing expenses, and applicable taxes.

In addition, regarding the immaterial intra-group transactions, the Group mainly applied the following transfer pricing methodologies:

- i) The Company, as the parent of the Group, provides certain administrative and business support services to the Group’s subsidiaries. For these services, the Company recharged certain service costs through an appropriate allocation based on the time spent on the Group subsidiaries.
- ii) The Motorcycle Manufacturer procured a small quantity of motorcycle EFI components from the EFI Manufacturer. The transfer pricing for these parts and components was primarily determined using a cost-plus methodology, based on the manufacturing costs incurred, plus a reasonable markup; and
- iii) The Motorcycle Export Company sold few motorcycles to our overseas subsidiaries that were engaged in the sale of motorcycles in the US and Vietnam, respectively. The transfer pricing for these vehicles was primarily determined using a cost-plus methodology, ensuring that the overseas subsidiaries retain a reasonable profit margin aligned with market conditions.

The Organization for Economic Cooperation and Development (the “**OECD**”), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the “**OECD Transfer Pricing Guidelines**”). According to both the OECD Transfer Pricing Guidelines and the applicable tax laws and regulations of the relevant tax jurisdictions, intra-group transactions must comply with the arm’s length principle. We have engaged a transfer pricing advisor (the “**Transfer Pricing Advisor**”) to review and assess the Group’s transfer pricing arrangements.

The Transfer Pricing Advisor reviewed the Intra-Group Transactions, interviewed the management of the Group, conducted industry analysis and comparability analysis and evaluated whether the price or profit level of the Intra-Group Transactions met the price and profit level required by the arm’s length principle under appropriate transfer pricing methods. The review and analysis conducted by the Transfer Pricing Advisor is mainly based on the OECD Transfer Pricing Guidelines and the requirements of relevant PRC transfer pricing laws and regulations.

Based on the functional profile and characteristics of the Intra-Group Transactions, the Transfer Pricing Advisor analyzed and selected primarily the Transaction Net Margin Method (“**TNMM**”) to assess the transfer pricing of the Intra-Group Transactions in the Group’s product segments of automobiles and motorcycles. TNMM compares the net profit margin of the Intra-Group Transactions with the net profit margin achieved by comparable transactions between independent third parties.

Based on the above analysis, the Transfer Pricing Advisor is of the view that (i) the average price and/or profit level of the Intra-Group Transactions conducted by the Group during the Track Record Period is within the range of the respective arm’s length price and/or profit margin; and (ii) the Group’s transfer pricing arrangements meet the requirements of the arm’s length principle; and (iii) there is no material transfer pricing risk identified on the Intra-Group Transactions of the Group during the Track Record Period.

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Based on the factors and the Transfer Pricing Advisor’s view above, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view.

Third-Party Payment Arrangement

During the Track Record Period, we accepted payments made by third parties to settle the amounts that certain distributors and end customers owed to us in connection with their purchases of our products. In 2023, 2024 and 2025, the aggregate amount settled through such Third-Party Payment Arrangements was RMB639.8 million, RMB832.9 million and RMB1,035.2 million, respectively, representing 9.6%, 12.0% and 10.5% of our total revenue for the same year, respectively. The increasing trend in amounts settled through Third-Party Payment Arrangements during the Track Record Period was primarily attributable to the expansion of our business volume, which correspondingly drove higher transaction flows processed via such arrangements. The number of distributors and end customers who settled payments through third-party channels, referred to as “Third-Party Settled Customers,” was 76 in 2023, 69 in 2024 and 96 in 2025. We confirm that we had not proactively initiated any Third-Party Payment Arrangements. Based on the representations of the Third-Party Settled Customers and to the best knowledge of our Directors, the Third-Party Settled Customers utilized Third-Party Payment Arrangements primarily due to convenience and flexibility. For instance, some of our overseas clients often rely on third parties to facilitate cross-border transactions, offering greater payment convenience and faster processing times. As a result, we have to accept the Third-Party Payment Arrangements. The third parties who made the payments to us under these Third-Party Payment Arrangements during the Track Record Period, referred to as “Third-Party Payers,” consisted of persons affiliated with the Third-Party Settled Customers, such as their beneficial owners, beneficial owners’ employees and business partners. We confirm that all Third-Party Payers are independent of our Group. During the Track Record Period, over 80% of our Third-Party Payment Arrangements in each year were attributable to Third-Party Payers in Asia and Africa. During the Track Record Period and up to the Latest Practicable Date, (i) we had not encountered any disputes with, nor received any refund request from, any Third-Party Settled Customer or Third-Party Payer, (ii) we had not been subject to any administrative penalties by any government authorities with respect to the Third-Party Payment Arrangements, (iii) the pricing, payment and other salient terms of the agreements we entered into with the Third-Party Settled Customers were in line with our other customers not involved in the Third-Party Payment Arrangements, and (iv) we had not provided any discount, commission, rebate or other benefits to any of the Third-Party Settled Customers or the Third-Party Payers to facilitate or encourage the Third-Party Payment Arrangements.

Effective April 1, 2026, all third-party payment arrangements that were not governed by formal Third-Party Payment Arrangements have been terminated. Based on the following facts: (i) based on interviews with the Company and certain Third-Party Settled Customer, the Third-Party Payment Arrangements were based on bona fide underlying transactions, (ii) according to the Directors’ confirmation, the Group had no record of being accused or investigated for money laundering related to the Third-party Payment Arrangements, (iii) according to the Directors’ confirmation and public information searches during the Track Record Period and up to the Latest Practicable Date, the Group had not encountered any disputes with, nor received any refund request from, any Third-Party Settled Customer or Third-Party Payer, and (iv) according to credit reference reports issued by the competent authorities, together with confirmation by the Directors and public information searches, no administrative penalties were imposed by tax management authorities for violation of tax laws, regulations and rules due to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date, the PRC Legal Adviser is of the view that the Third-Party Payment Arrangements did not contravene or circumvent anti-money laundering, taxation or other applicable PRC laws or regulations in material aspects during the Track Record Period and up to the Latest Practicable Date. Our Directors are of the view that the Third-Party Payment Arrangements did not violate any mandatory provisions of applicable laws or regulations of applicable jurisdictions. Based on the factors and the PRC Legal Adviser’s view above, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view.

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We have enhanced our internal control to manage the risks associated with the Third-Party Payment Arrangements. Our sales team is required to inform every customer that third-party payments are not acceptable, except where tripartite agreements are entered that clearly specify the obligations of relevant parties thereof, such as the customers and the designated payors undertake that they shall be jointly and severally liable to us for all their respective obligations and responsibilities. Since third-party payments account for only an insignificant proportion of our total revenue, we believe that the short-term impact on our financial condition and results of operations will be limited. Moreover, as income from technology solutions business continues to grow, this impact will become even less significant. Going forward, our Directors will continue to oversee the effectiveness of the aforementioned enhanced internal control on the Third-Party Payment Arrangements.

Taking into consideration of: (i) based on interviews with the Company and certain Third-Party Settled Customer, the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date were based on bona fide underlying transactions, the Group had no grounds to believe that (a) the Third-Party Settled Customers or the Third-Party Payers were involved in the aforementioned crimes, or (b) the third-party payments received by the Group involved proceeds and/or gains derived from such crimes. Moreover, the Group had never committed any acts for the purpose of covering up or concealing any source and nature of any proceeds and/or gains derived from such crimes. And (ii) according to public information searches and confirmation by the directors, the Group had no record of being accused or investigated for money laundering related to the Third-party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date, PRC Legal Adviser is of the view that the risk of the Group’s activities under the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC for the purpose of covering up or concealing the source and nature of proceeds or gains is remote.

See also “Risk Factors — Risks Related to Our Business and Industry — Risks Related to Our Business and Industry — We are subject to risks relating to the Third-Party Payment Arrangements”.

OUR RELATIONSHIP WITH GEELY GROUP

Overview

Geely Group, an affiliate of us, is our important strategic business partner. In each period during the Track Record Period, Geely and its affiliates, on an aggregate basis, have been our largest supplier and our largest customer. Specifically, we primarily procured CBUs, knock-down kits, automobile components and services from certain affiliates of Geely and sold vehicles, knock-down kits, automobile components and services to certain other affiliates of Geely. For details of our relationships and transactions with such entities, see Note 42 to the Accountants’ Report included in Appendix I to this Document. The aggregate purchase amounts from Geely Group in 2023, 2024 and 2025 were RMB3,386.9 million, RMB1,963.4 million and RMB2,647.5 million, representing 50.1%, 29.3% and 30.8% of our total purchase amount, respectively. In the same years, revenues generated from Geely Group were RMB2,249.3 million, RMB2,144.4 million and RMB2,925.3 million, representing 33.6%, 30.8% and 29.6% of our revenue, respectively. During the Track Record Period, both our purchases from Geely Group and the revenues generated from Geely Group, as a percentage of our total purchases and total revenues respectively, have exhibited an overall declining trend. Moreover, we also expect to provide intelligent driving and Assistance Driving System solutions to Geely Group. Our Directors have confirmed that none of our sales to and purchases from Geely Group during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction. We negotiate the transactions with Geely Group on an arm’s-length basis with reasonable and fair pricing terms.

As part of our upgrades towards NEV, we launched the “LIVAN” brand in 2022 and jointly established LIVAN Auto, our Major Subsidiary, with Geely Automobile. As of the Latest Practicable Date, LIVAN Auto, our Major Subsidiary, was held by Zhejiang Geely Qizheng Automotive Technology Co., Ltd. (浙江吉利啟征汽車科技有限公司, “Geely Qizheng”) as to 45%, which was in turn indirectly wholly owned by Geely Holding. To further

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advance our “AI + Mobility” strategy and strengthen our intelligent driving and Assistance Driving System capabilities, in June 2025, the Company established Afari Intelligent Drive in the PRC as a joint venture with third parties, including among others, Zhejiang Jirun (浙江吉潤) and Lotus Robotics, which are affiliates of Geely Group. Afari Intelligent Drive became a subsidiary of us in October 2025. For more details, please refer to “Consolidation of Afari Intelligent Drive — History, Development and Corporate Information.”

On [●], in order to regulate the ongoing transactions between the Group and Geely Group, the Company entered into business framework agreements with Geely Holding Group, CaoCao Group, Jiyao Group, Aurobay Group, Geely Technology Group, Dreamsmart Group, Lotus Technology Group, Shandong Geely New Energy Group, ECARX Group, YoeNing Technology Group, Genius AFC and Puhua Financing, pursuant to which, we agree to procure from Geely Group, including among others, (i) CBUs and knock down kits, (ii) automobile components, (iii) R&D services; (iv) operation services, and (v) financing cooperation; and Geely Group agree to procure from the Group, including among others, (i) CBUs and knock down kits, (ii) automobile components, (iii) R&D services, (iv) operation services, and (v) our Afari Self-Driving System (“ASD”). For details of our relationship and transactions with Geely Group, please see “Connected Transactions.”

During the Track Record Period and up to the Latest Practicable Date, we maintained a stable relationship with Geely Group and there was no material interruption or dispute in respect of our cooperation with Geely Group. We expect to continue to maintain our relationship with Geely Group. For risks involved in our relationship with Geely Group, see “Risk Factors — Risks Related to Our Business and Industry — Failure to maintain the relationships with our major business partners could adversely impact our business, operation results and financial conditions.” Our Directors believe that the likelihood of Geely Group terminating or materially altering its business relationship with us is low given our mutually beneficial relationship. This assessment is based on the following considerations: (i) we have maintained a stable and longstanding relationship with Geely Group throughout the Track Record Period and there were not any incidents of failure to renew or early termination of agreements, and any reduction, delay or cancellation of orders during the Track Record Period and up to the Latest Practicable Date; (ii) Geely Group’s equity interests in LIVAN Auto and Afari Intelligent Drive reflects a strong, vested interest in the joint collaboration’s success. The mutual capital contributions from both parties not only fund the daily operations, R&D, and business expansion of LIVAN Auto and Afari Intelligent Drive, but also reinforce a stable, enduring partnership structure; and (iii) collaboration of both parties is built on complementary strengths: Geely Group, as an established OEM with extensive vehicle development expertise, serves as a reliable supplier of automotive parts, while we could provide intelligent driving and Assistance Driving System and smart cockpit solutions to enable smart mobility leveraging our technologies and talents.

However, we cannot guarantee that Geely Group will continue to partner with us or will not reduce its business with us. Given our substantial revenue concentration on Geely Group, if Geely Group decides to terminate or decrease the level of its cooperation with us in the future, it may result in a material and adverse effect on our business, financial condition and results of operations. For details, see “Risk Factors — Risks Related to Our Business and Industry — Failure to maintain the relationships with our major business partners could adversely impact our business, operation results and financial conditions.”

Commercial Background and Rationale of the Collaboration

During the Track Record Period, we have entered into various transactions with Geely Group in the ordinary and usual course of business, both as our suppliers and as our customers.

On the supply side, we primarily procure CBUs, knock-down kits and related products from Geely Group. These arrangements were primarily entered into to leverage Geely Group’s established manufacturing capacity to produce certain NEV components. As our self-owned NEV production facilities continue to ramp up, we expect to gradually reduce our reliance on Geely Group as a supplier and increase the proportion of production in-house. Furthermore, as advised by CIC, there are sufficient alternative suppliers in the market that can provide comparable products to us.

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On the sales side, we mainly sell CBUs and knock-down kits to (i) Geely International (Hong Kong) Limited acting as our distributor, in order to leverage its extensive sales and distribution network in the PRC; and (ii) to CaoCao, an affiliate of Geely, which purchase our vehicles as end-users for their own ride-hailing operations. The fact that sales to Geely Group and its affiliates represent a significant portion of our total revenues is, in our view, a natural result of (i) Geely Group’s leading position and extensive distribution capabilities in the PRC automobile market and (ii) CaoCao’s position as a leading ride-hailing platform in China and its corresponding fleet demand. In addition, as we continue to expand our offerings to intelligent driving and Assistance Driving System solutions, we will also sell intelligent driving and Assistance Driving System solutions to Geely, which are expected to be deployed across multiple Geely vehicle models.

Our procurement from, and sales to, Geely Group involve different contracting entities within Geely Group and our Group, are driven by different commercial rationales and are negotiated and conducted on an arm’s length basis. The principal terms, including pricing and settlement terms, are determined with reference to prevailing market conditions and are, to the extent practicable, comparable to those offered to or obtained from independent third parties. These arrangements are not inter-conditional or linked in any contractual or de facto manner: we are under no obligation to purchase from Geely Group in order to sell to Geely Group, or vice versa, and there are no cross-default, volume linkage or set-off arrangements between our procurement and sales contracts. We therefore believe that, while Geely Group is currently an important business partner of our Group, our transactions with Geely Group are commercially justified, conducted on normal commercial terms and do not constitute circular or dependent arrangements.

Our relationship with Geely Group is based on mutual benefit. The collaboration was designed to address complementary strengths and strategic needs of both parties. Specifically:

- We possess full in-house capabilities across the entire automobile value chain, including R&D, procurement, manufacturing and sales. We have established our own R&D institute, procurement and supply chain management teams, production facilities and nationwide sales channels, enabling us to independently develop, produce and commercialize vehicle models. As a representative example, the development, production and sales of our “LIVAN 7” (睿藍7) were completed entirely in-house without relying on Geely Group, demonstrating our ability to operate a full vehicle business independently.
- Our engagement of Geely Group for certain auto parts manufacturing and component procurement was a market-driven choice aimed at optimizing cost, efficiency and production timelines before the completion of our upgraded production lines after the Judicial Restructuring. Conversely, Geely Group could benefit from our qualification to manufacture battery-swapping vehicle models and therefore procures such vehicles from us, such as the CaoCao 60 model used in CaoCao Group’s ride-hailing fleet, based on its commercial needs. These reciprocal arrangements reflect complementary strengths rather than dependency on one party.
- The significant contribution of Geely Group to our total revenue and total procurement was a natural outcome of Geely Group’s leading position in the automobile market. According to CIC, Geely Group ranked as the third-largest OEM in the smart vehicle market in 2024 by sales volume. Given its scale and influence, it is expected that we would establish substantial collaborations with Geely Group across the value chain.

Despite the meaningful contribution of certain affiliates of Geely Group to our overall revenue, we are actively diversifying our product portfolio and customer base. With the introduction of our intelligent driving and Assistance Driving System solutions, smart cockpit systems, and robotaxi solutions, we expect to reach a broader group of customers and OEMs. These innovative offerings position us to further penetrate the market and reduce customer concentration over time, as we continue to expand our collaborations beyond Geely Group and address the evolving needs of the smart mobility ecosystem.

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- Geely Group is our major supplier primarily because it is more cost-effective for us to procure CBUs and knock-down kits from an established manufacturer than to invest in building new factories and production lines. Save for the CaoCao 60 model vehicles, the CBUs and knock-down kits we procured from and sold to Geely Group are related to different vehicle models. With respect to the CaoCao 60 model vehicles that we procured from Geely Holding Group and sold to CaoCao Group which is featured as a battery-swappable SUV for the mobility service market, we added value upfront at the design phase with our market leading battery swap technology. The transactions in relation to the procurement and/or sales of CBUs, knock down kits, and automobile components will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favorable to the Group than terms available to or from (as applicable) other Independent Third Parties. Leveraging Geely Group’s mature manufacturing capabilities allows us to optimize costs and accelerate our time-to-market. Additionally, utilizing components from a reputable supplier such as Geely Group can enhance the market recognition and acceptance of our vehicles, particularly in overseas markets where brand credibility is crucial. In addition, according to CIC, given the two-year or longer timeline typically required for automotive-grade certification and R&D processes, it is an industry norm for automotive manufacturers to rely on a few major suppliers. This approach enables us to maintain quality standards and operational efficiency while we continue to develop and diversify our supplier network. Nonetheless, we believe that our operation is not dependent on any particular supplier considering the availability of comparable alternatives in the market.
- Our collaborations with Geely Group, particularly in R&D, are driven by the highly complementary nature of our respective strengths. As an established player in the automobile industry, Geely Group brings extensive expertise in vehicle engineering, R&D, and sales, as well as a robust manufacturing infrastructure. We, on the other hand, are dedicated to the innovation in intelligent driving and Assistance Driving System, smart cockpit systems, and robotaxi solutions. Notably, our intelligent driving and Assistance Driving System system is expected to be deployed across multiple Geely vehicle models. By leveraging Geely Group’s industry experience and our technological capabilities, our partnership enables us to accelerate the development and commercialization of next-generation smart vehicles.
- As we continue to expand our offerings to intelligent driving and Assistance Driving System solutions, we expect to broaden our customer base and further diversify beyond Geely Group. According to CIC, leveraging mature suppliers and established OEM platforms is an industry norm due to the lengthy automotive certification cycle; nonetheless, comparable alternative suppliers and OEM partners are available in the market, and we do not consider our operations dependent on any particular supplier or customer. For details of the reasons for each type of transaction with Geely Group, please see “G. Reasons for the Transactions with Geely Group — Continuing Connected Transactions with Geely Group — Connected Transactions.”

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Risk Mitigation Factors

Our Directors believe that our Group’s business model is sustainable despite our customer concentration for the following reasons:

- Our relationship with Geely Group is mutually beneficial. Transactions with Geely Group involved different entities operating under different brand names, including listed entities such as Geely Auto (HK.175), CaoCao (HK.2643) and Lotus (Nasdaq. LOT). This reflects the diversified and multi-dimensional nature of our relationship with Geely Group, spanning multiple sectors and operating platforms.
- Lotus: We primarily procure CBUs, knock down kits, and automobile components from Lotus, supporting our vehicle assembly and product offerings.
- CaoCao Group: We sell customized vehicles to CaoCao Group, such as the CaoCao 60, as well as CBUs and knock down kits. In addition, we also provide R&D services to CaoCao Group.

Our Directors believe our partnership with Geely Group is underpinned by a high degree of strategic alignment and complementary capabilities, which collectively support the stability and longevity of our business relationship. We are recognized for our expertise in full-vehicle R&D, particularly in the development of NEVs and the advancement of battery-swapping technologies. Our LIVAN vehicles, for example, are built on the GBRC Crystal Architecture — an innovative vehicle platform designed specifically for battery swapping, featuring a fully integrated chassis tailored for this purpose. By leveraging our proprietary battery-swapping technology, we deliver a diverse portfolio of NEVs that provide enhanced user experience and operational efficiency. Geely Group, on the other hand, does not currently possess the capability to manufacture battery-swapping vehicle models. As a result, Geely Group procured from us vehicles, including the CaoCao 60 and Maple 80V models that are utilized in CaoCao Group’s ride-hailing fleet. This procurement is driven by Geely Group’s commercial needs and highlights the unique value we bring to the partnership. These reciprocal arrangements illustrate a relationship built on complementary strengths rather than dependency, with each party contributing distinctive capabilities that reinforce the success and sustainability of our collaboration.

We maintain a comprehensive and independent value chain from R&D, procurement, and production to sales, distinct from Geely Group’s channels. On the R&D front, we have established the LIVAN Research Institute, which has developed multiple vehicle models, including the LIVAN series and the CaoCao 60 model. In terms of production, we have built our own procurement team and, following our restructuring, gradually established a robust and independent supply chain. As we continuously upgraded our production facilities, the utilization rate of our in-house manufacturing has steadily increased and is now at full capacity. For sales, while some models initially leveraged Geely Group’s sales channels during the restructuring period, we quickly established our own sales team to develop our own sales network. As a result, we now possess a complete and independent system for automotive R&D, procurement, production, and sales. For example, the development, production, and sales of the LIVAN 7 model were all independently managed by us, demonstrating our operational independence.

- We have diligently implemented measures to mitigate risks associated with customer concentration. By leveraging our robust capabilities in product development, marketing, production, and commercialization, we have achieved significant commercialization milestones with OEM customers beyond Geely Group and are well positioned to capture the strong momentum in the smart mobility industry. During the Track Record Period, both our purchases from Geely Group and the revenues generated from Geely Group, as a percentage of

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our total purchases and total revenues respectively, have exhibited an overall declining trend. Going forward, despite the increase in the absolute amounts in the proposed annual caps for the continuing connected transactions with Geely Group, we expect to further broaden our customer base and product portfolio across different brands, models, and end-markets, so that our purchases from Geely Group and the revenues generated from Geely Group, as a percentage of our total purchases and total revenues respectively, is expected to further decrease. As of the Latest Practicable Date, we have established a collaboration with Mercedes-Benz, a leading German OEM, further demonstrating our expanding global presence. Our intelligent driving and Assistance Driving System and smart cockpit solutions have further broadened our product portfolio, enabling us to address a wider range of customer needs and better serve the evolving demands of the smart mobility market. As a result of this diversification, our revenue contribution from Geely Group is expected to decrease moving forward.

- We believe that the potential risks of supply chain and distribution chain disruption arising from our relationship with Geely are remote. According to CIC, the upstream components market for our products is highly competitive and mature, with a large number of alternative suppliers possessing the necessary manufacturing technology, production capacity, and qualifications. We have established a comprehensive supplier assessment and backup mechanism, enabling us to readily source alternative products and services at similar commercial terms, pricing, and quality standards. Therefore, any business disruption of individual suppliers can be smoothly mitigated and would not have a material adverse impact on the our daily operations and financial performance.

Our products are primarily directed towards the motorcycle and automobile sales industries, which are characterized by a massive and widely distributed base of downstream distributors. There is high availability of alternative distributors in the market who possess similar well-established distribution networks, rich local customer resources, and are willing to operate under comparable commercial terms. According to CIC, there are over 30,000 distributors in automobile industry at the end of 2025. In the event of changes to existing distribution partnerships, we can leverage its product competitiveness and brand recognition to swiftly engage and appoint alternative distributors with similar distribution capabilities, thereby ensuring the continuity and efficiency of our sales channels. Based on the factors above, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view.

Reliance on Geely Group

Notwithstanding the Group’s cooperation with Geely Group as set out above, the Directors are of the view that the Group does not have, and is not expected to have, any material reliance on Geely Group, having regard to the following considerations:

Strategic and transitional nature of the cooperation

The cooperation with Geely Group primarily reflects the Group’s strategic arrangements implemented during the recovery period following the Judicial Restructuring and its business transformation, with the objective of facilitating a rapid and orderly ramp-up of operations, rather than constituting a long-term structural or indispensable dependence. In accordance with its medium- to long-term development strategy, the Group has been and will continue upgrading its production infrastructure, enhancing automation, and strengthening its independent research and development, engineering, and product design capabilities, which are expected to progressively reduce reliance on external counterparties and enhance the Group’s operational autonomy.

Genuine commercial relationship based on bona fide business needs

The Group’s cooperation with Geely Group is entered into on the basis of genuine commercial considerations and actual business needs, including capacity availability,

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technical compatibility, cost efficiency, time-to-market considerations, and overall operational effectiveness. Such cooperation was not established due to shareholding relationships, regulatory convenience, or any form of preferential treatment, but represents an ordinary commercial arrangement comparable to those the Group maintains, or may maintain, with other independent third party business partners.

Non exclusive, arm’s length arrangements with flexibility

The relevant cooperation arrangements with Geely Group are conducted on an arm’s length basis, on normal commercial terms, and are non-exclusive in nature. The Group is not contractually restricted from cooperating with or sourcing from other independent third-party manufacturers, suppliers, or technology partners. The Group retains discretion in selecting its business partners based on commercial considerations such as cost, capacity, quality, and technological suitability, thereby preserving its flexibility and bargaining position.

Diversification of business operations, customers, and revenue streams

With the continued expansion of the Group’s automobile manufacturing and intelligent driving and Assistance Driving System businesses, the Group has been actively broadening its customer base and product applications across different brands, models, and end-markets. Revenue is generated from multiple customers and projects, and no single customer or cooperation arrangement is expected to account for a dominant portion of the Group’s revenue on a sustained basis, thereby mitigating concentration risk.

Availability of alternative suppliers and production resources

The Group is not dependent on Geely Group for any irreplaceable production capacity, proprietary technology, or critical intellectual property. Comparable manufacturing, assembly, and technical services are available from other independent third-party manufacturers in the market, and the Group is able, subject to reasonable transition arrangements, to reallocate production or sourcing if required without causing material disruption to its operations.

Industry practice

According to CIC, it is common industry practice for automobile manufacturers — particularly those undergoing transformation or focusing on new energy vehicles and intelligent driving technologies — to adopt asset-light, flexible, or cooperative manufacturing models and to outsource certain production or engineering functions to third parties, instead of investing heavily in self-built factories and production lines. Such arrangements are widely adopted to improve capital efficiency, accelerate commercialization, and manage business scale dynamically, and do not, in themselves, constitute material reliance on any single business partner.

In addition, according to CIC, in the NEV industry, high reliance on major customers in the automotive electronics industry is not uncommon, which aligns with the principles of deep supply chain integration. This business model facilitates suppliers in amortizing sunk costs through scaled mass production while meeting OEMs’ requirements for system integration and supply chain stability.

Independent management and decision-making

The Group maintains independent management, governance, and operational decision-making. Geely Group does not participate in the day-to-day management of the Group, does not control the Group’s procurement, pricing, customer selection, or strategic planning, and does not provide any financial guarantees, credit support, or profit assurances to the Group. Accordingly, the Group’s business operations are not subject to material influence or control by Geely Group.

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Based on the factors above, and the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view above.

MANUFACTURING

We are dedicated to establishing leading intelligent factories for NEVs and motorcycles. We have established five production bases in China as of the Latest Practicable Date. There is no anticipated impact of the technology solutions business on our existing manufacturing bases, as we do not currently intend to utilize our production facilities for technology solutions business.

Our existing LIVAN manufacturing facility is located in Chongqing, equipped to produce both internal combustion engine vehicles and new energy vehicles. It is primarily responsible for the four main production lines. The LIVAN factory is now capable of supporting production of multiple models. We also procured CBUs and knock down kits from Geely Group. For details, please see “Connected Transactions.”

Location	For the year ended December 31,								
	2023			2024			2025		
	Capacity	Production Volume	Utilization Rate ⁽¹⁾	Capacity	Production Volume	Utilization Rate ⁽¹⁾	Capacity	Production Volume	Utilization Rate ⁽¹⁾
	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)
Chongqing	100,000	30,498	30.5%	100,000	37,446	37.4%	100,000	89,826	89.8%

Notes:

- (1) The utilization rate is equal to the production volume divided by the designed capacity during the same period.

We currently operate two factories for the production of motorcycles, one in Guangdong and one in Chongqing. Our Guangdong facility has three production lines, while our Chongqing facility has four, with a combined annual capacity of approximately 500,000 units. Our Chongqing factory has over 1,000 workers. We are currently upgrading our production lines, primarily to meet the manufacturing requirements of larger-displacement products. We currently have no plans to expand factory capacity.

Location	For the year ended December 31,								
	2023			2024			2025		
	Capacity	Production Volume	Utilization Rate ⁽¹⁾	Capacity	Production Volume	Utilization Rate ⁽¹⁾	Capacity	Production Volume	Utilization Rate ⁽¹⁾
	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)
Guangdong and Chongqing	500,000	334,489	66.9%	500,000	384,782	77.0%	500,000	441,268	88.3%

Notes:

- (1) The utilization rate is equal to the production volume divided by the designed capacity during the same period.

Manufacturing Process

The automobile production process follows a structured workflow encompassing the following sequential stages: sales order reception, order placement, production order review, procurement order issuance, parts and components delivery, incoming inspection, vehicle production, finished vehicle inspection, and final vehicle delivery. Upon receipt of a sales order, which may be placed at any time, the order placement phase typically requires five to ten days, followed by a production order review spanning one to two days. Procurement orders

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are subsequently issued within one to two days, with parts and components delivery taking approximately ten to thirty days depending on supply chain conditions. Upon arrival, incoming materials undergo a rigorous inspection process lasting one to two days. The vehicle production cycle spans three to five days, after which the finished vehicle is subject to a comprehensive quality inspection over one to two days before final delivery to the customer, which is completed within an additional one to two days.

The motorcycle production process has the following key stages: sales order placement, production plan review and confirmation, procurement and material preparation, incoming inspection, parts receipt, production assembly, and warehousing and dispatch. The production plan review and confirmation phase requires approximately two days, while procurement and material preparation for standard models typically takes around twenty days. Incoming inspection is completed within one day, followed by parts receipt over one to three days and production assembly requiring approximately three days. The final warehousing and dispatch stage is completed within one day. On the production floor, the assembly workflow proceeds sequentially from production scheduling through material issuance, sub-assembly, final assembly, commissioning and finished product inspection, packaging, and ultimately warehousing and shipment. Depending on the specific model, this production sequence generally requires one to three days from start to finish.

QUALITY CONTROL

We have established robust quality control systems at every stage of our operations, including R&D, mass production, supplier management, and customer services, to ensure consistently high product quality. We strictly follow regulatory and industry standards on product quality and safety.

To ensure the highest standards of product quality, we have established comprehensive quality management policies for the acceptance of outsourced and procured components. These policies are designed to guarantee the quality of externally sourced parts, prevent the unintended use of non-conforming components in production, and clarify inspection requirements and procedures for handling quality issues. We have also developed procedures for the evaluation of final products to ensure that all finished vehicles and motorcycles meet technical specifications and standards before entering inventory. Furthermore, we have implemented a systematic process for the management of repair, which standardizes workflows and provides effective oversight. These measures ensure that the quality of reworked or repaired vehicles and motorcycles is controlled and compliant with our strict quality requirements.

Our product return and recall policy is in accordance with relevant laws. We did not experience any product recalls during the Track Record Period and up to the Latest Practicable Date. We typically approve returns of vehicles from distributors where significant quality issues are found. Our product recall process emphasizes rapid response, accurate tracking, and proper handling to ensure efficiency and effectiveness. Due to our rigorous quality control measures and high manufacturing standards, during the Track Record Period, we have not issued any material vehicle recalls or liability claims with our distributors.

DATA PRIVACY AND INFORMATION TECHNOLOGY SYSTEMS

We are committed to complying with data privacy laws and safeguarding the security of customer information. In the course of selling and marketing our vehicles and motorcycles, we collect certain personal data from users based on the services they select, primarily relating to their usage of our products. We are dedicated to managing and utilizing this information in accordance with all applicable laws, and we take reasonable measures to prevent unauthorized use, loss, or leakage of user data. We will not disclose sensitive user information to any third party without the user's prior consent, except as required by law or under specific circumstances outlined in the customer consent. The data we collect and generated in our operations within the territory of the PRC is stored and processed on the servers within the territory of the PRC, and we do not transmit data from the PRC to third countries or areas. User data we collect in our operations outside of the PRC is stored and processed on servers within the territory of the PRC and Singapore, and our staff within the territory of the PRC have access to the data stored on servers in Singapore.

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We have established a comprehensive set of information management policies, including the *Information Security Management Measures*, *Network Security Management Standards*, *Information Security Compliance Management Standards*, *Access Control Management Measures* and *System Security Management Standards*. These policies clearly define responsibilities, control measures, and response mechanisms for data security, network security, and system operation management, ensuring that our daily operations comply with relevant laws and regulations. We use open-source software in connection with the development of certain of our technologies. For risks associated with using open source software, see “Risk Factors — We use certain open source technology in our business, which could expose us to information security vulnerabilities, result in failures, errors and defects, or subject us to possible litigation or to certain unfavorable conditions.”

Our Information Management Department is responsible for information security, network security, and privacy protection controls. The department guides all business units in formulating and implementing appropriate network security management strategies, supervises and inspects the network security management activities across the group, and develops and conducts security training programs, including evaluating their effectiveness.

All sensitive information is managed under a tiered authorization system: employees may only access information necessary for their job responsibilities and are required to maintain confidentiality, with strict prohibitions against unauthorized disclosure of confidential information. We employ technical measures such as access control, access logging, encrypted transmission, and storage to prevent unauthorized access, disclosure, or misuse. We also conduct regular information security and compliance training to enhance employees’ awareness of confidentiality, and we ensure the effective execution of our information management procedures through internal audits and accountability mechanisms.

During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party’s right to data and privacy protection as provided by any applicable laws and regulations in the PRC. During the Track Record Period and up to the Latest Practical Date, we have been in compliance with the relevant PRC laws and regulations in respect of cybersecurity, data security and personal information protection currently effective and applicable to us in all material aspects. See “Risk Factors — Risks Related to Our Business and Industry — Our business is subject to extensive laws, regulations, rules, policies and other obligations relating to cybersecurity, privacy, data protection and information security. Any failure to comply with these requirements, or any loss, unauthorized access to or disclosure of confidential information or personal data, could result in significant reputational, financial, legal and operational harm to our results of operations.”

During the Track Record Period and up to the Latest Practicable Date, we did not experience significant IT system failures or outages that adversely affected our business operations.

COMPETITION

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

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

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

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EMPLOYEES

As of December 31, 2023, 2024 and 2025, we had an aggregate of 5,178, 4,927 and 6,949 full-time employees, respectively. The following table sets forth a breakdown of the number of our employees as of December 31, 2025 by work function.

Function	Number	% of total
Manufacturing	3,136	45.1
Research and development	2,456	35.3
Sales and marketing	450	6.5
Finance	137	2.0
Management	278	4.0
General and administration	492	7.1
Total	6,949	100.0

The majority of our employees are based in the PRC. Our success depends on our ability to attract, retain and motivate qualified personnel, and we have adopted high standards and strict procedures in our recruitment, including campus recruitment, online recruitment and internal referral. We recruit employees based on their educational background, relevant experience in similar positions and professional qualifications, as well as job vacancies. We offer competitive compensation for our employees. In addition, we provide bonus regularly to employees with outstanding work. We also enhance the development of corporate culture and employee engagement by organizing various activities and trainings to enrich employee’s professional skills, boost morale, and improve the work environment.

We entered into confidentiality agreements with all employees and non-compete agreements with almost of our employees. These agreements stipulate that employees must maintain lifelong confidentiality regarding the Company’s trade secrets and that intellectual property created by employees during their tenure belongs to the Company. When necessary, we also have the authority to enforce non-compete clause with employees with access to the Company’s core technologies and trade secrets. Under this clause, employees are prohibited from joining competing companies operating in the same industry chain for a period of typically no more than two years after their departure. During this non-compete period, the Company provides monthly compensation.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had not made full contributions to the social insurance plan and housing provident fund for some of our employees as prescribed by relevant laws and regulations.

The Group may be ordered to pay the outstanding social insurance premiums within a stipulated period and may be subject to a late payment penalty of 0.05% per day. If such payment is not made within the stipulated period, the maximum amount of penalty the Group may be subject to will be three times the amount of the shortfall (the shortfall amount is estimated to be RMB1,093,300, RMB1,185,200 and RMB2,428,000 in 2023, 2024 and 2025, respectively). In addition, the Group may be ordered to make the outstanding housing provident fund (the shortfall amount is estimated to be RMB689,500, RMB717,100 and RMB989,700 in 2023, 2024 and 2025, respectively) within the stipulated period. According to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題

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的解釋(二)》) (the “**Interpretation II**”) promulgated by the Supreme People’s Court on July 31, 2025 and implemented on September 1, 2025, any agreement between an employer and an employee, or any undertaking by the employee, purporting to waive statutory social insurance contributions, shall be deemed void by the people’s court.

The PRC Legal Advisor is of the view that the Interpretation II would not have a material adverse impact on the Group’s business operations or financial condition, considering that: (i) the Interpretation II does not repeal currently effective PRC laws or regulations relating to social insurance, nor does it expand the scope of any applicable penalties relating to social insurance; and (ii) during the Track Record Period and up to the Latest Practicable Date, there have been no collective employee complaints, reports, or material related litigation or arbitration proceedings against the Group.

SEASONALITY

In general, our vehicle sales tend to peak in the fourth quarter, which is traditionally the busiest season for the automotive industry. This seasonal increase is primarily driven by a rise in vehicle purchases toward the end of the year.

INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We also purchase supplemental employer’s liability insurance to cover generic risks that may arise from our ordinary course of business and property insurance to safeguard our property and mitigate risks of various accidental losses.

See the section headed “Risk Factors — Risks Related to Our Business and Industry — We may be subject to product liability claims, and if we are unable to successfully defend against or obtain sufficient insurance coverage for such claims, our financial conditions and liquidity could be materially and adversely affected.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We adhere to the sustainable development concept of green and low-carbon, and are committed to creating a sustainable ESG impact through cooperation with customers, suppliers, and all stakeholders. Our management attaches great importance to ESG matters, actively develops and optimises our operational processes, and focuses on continuous improvement in this area. According to our PRC Legal Adviser, we were in compliance, in all material respects, with all PRC ESG-related laws and regulations during the Track Record Period and up to the Latest Practicable Date.

ESG Management Framework

We have established a three-tier ESG governance structure comprising the board of directors, the Strategy and ESG Committee, and the ESG Working Group, with clear roles and responsibilities to support the effective implementation of our ESG initiatives. The Strategy and ESG Committee is responsible for reviewing ESG strategies, key issues, risks and opportunities, and related disclosures, and provides recommendations while overseeing the overall ESG management framework and ensuring adequate organizational and resource support. It also reviews reports from the ESG Working Group, including progress on targets, information disclosure, risk management and internal control. The ESG Working Group is responsible for implementing ESG initiatives, including formulating work plans, managing compliance matters, setting and achieving ESG targets, and handling ESG disclosures and external inquiries. It also maintains ongoing communication with key stakeholders, including governments, investors, suppliers and customers.

We are committed to creating long-term ESG value through active stakeholder engagement. We regularly communicate with shareholders and investors through general

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meetings, investor meetings and performance briefings to understand their expectations. We gather employee feedback through internal platforms, surveys and meetings, and engage with customers through surveys, service channels and feedback mechanisms to improve product quality and service. We work with suppliers through conferences, codes of conduct and audits to promote sustainable and compliant supply chains. We also maintain regular communication with regulatory authorities and participate in industry associations to ensure compliance with relevant laws and requirements, while engaging with communities through public activities and media to better understand public expectations.

Through these diverse coordination channels, we can systematically collect stakeholders’ feedback and incorporate it into the evaluation process of material issues to ensure that the identified issues are widely representative and material.

ESG Issues

We regard the identification and management of ESG material issues as the core part of our sustainable development strategy. We identify potential ESG issues related to our business by referring to international sustainable development standards (such as Global Reporting Initiative ESG standard, Sustainability Accounting Standards Board, Task Force on Climate-related Financial Disclosures.). At the current stage of development, we have identified the following key issues and risks. Climate change and carbon emission management is a core focus, given the urgency of global climate change and the increasing attention of the global market to climate-related matters. We are committed to continuously monitoring and reducing greenhouse gas emissions, exploring low-carbon transition pathways, and evaluating the potential risks and opportunities that climate change may present to our business. Employee health and safety is also a key priority, as employees are among our most valuable assets. In addition, we uphold integrity as a core value and have established comprehensive business ethics policies and anti-corruption mechanisms to ensure the transparency and compliance of all business activities.

Environment

We are well aware that environmental protection is an integral part of sustainable corporate development. We strictly comply with national laws and regulations such as the Environmental Protection Law (《環境保護法》) and the Environmental Impact Assessment Law (《環境影響評價法》), as well as environmental management standards. Through regular climate risk assessments and flexible strategy adjustments, we have effectively reduced the potential negative impacts of climate change on business stability and sustainable development. Based on the ISO 14001 environmental management system, we integrate the concept of environmental protection into our decision-making process, production operations, and supply chain management. Our environmental management system covers all aspects from resource consumption, waste management to emission control, and undergoes regular internal audits and external assessment to ensure its effectiveness.

The Group’s environmental compliance costs amounted to approximately RMB1.4 million. Such expenses were primarily attributable to: (i) compliant hazardous waste disposal and pollution source monitoring system construction; (ii) sewage treatment system operation; (iii) testing room exhaust system upgrades; and (iv) routine environmental monitoring.

Risks related to the environment and climate

We fully recognize the potential financial, operational, and reputational risks that environmental and climate change factors bring to our operations. These risks can be mainly classified into two categories: transition risks and physical risks.

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Transition risks: Transition risks mainly arise from policy, market and regulatory changes. China’s carbon reduction targets may increase our costs, including higher prices for green energy, equipment upgrades and stricter compliance requirements. At the same time, growing demand for environmentally friendly products may affect our competitiveness and reputation if we fail to respond effectively. Delays in adopting energy-saving and low-carbon technologies may also reduce our efficiency or lead to the early obsolescence of existing assets. In addition, stricter regulatory and disclosure requirements may require increased investment in data management, system upgrades and compliance.

Physical risks: Physical risks primarily arise from the impacts of climate change on our operations. Rising global temperatures may lead to long-term changes, such as water shortages in our operating regions and a significant increase in cooling energy consumption at production facilities during the summer months. In addition, extreme weather conditions may heighten safety risks in production, increasing the likelihood of workplace accidents and directly affecting the health and safety of employees.

Opportunities related to the environment and climate

By providing EVs and battery-swapping technologies that improve energy efficiency and reduce carbon footprints, we have taken the lead in the industry’s green upgrade. Macro-opportunities such as the energy efficiency revolution in the industrial sector, the acceleration of transportation electrification, and the expansion of renewable energy infrastructure will continue to drive the growth of market demand for our technological solutions. At the same time, the upgrade of international carbon reduction standards and policy incentives have further strengthened the competitive barriers and commercial value of our products.

Energy management and greenhouse gas emissions

We actively respond to the global call to address climate change and are committed to reducing energy consumption and greenhouse gas emissions. We have established a sound energy monitoring system, regularly review energy usage, and set specific energy-saving and emission-reduction goals. The following table sets out our main energy consumption data for the period indicated.

	Unit	2022	2023	2024
Gasoline	Liter	230,234	382,581	419,866
Diesel	Liter	47,556	37,315	45,756
Natural gas	Cubic meter	1,270,469	1,345,091	378,432
Purchased electricity . .	Kilowatt-hour	19,642,534	19,746,978	23,227,306

In terms of greenhouse gas emissions, we conduct the inventory and monitoring of Scope 1 (direct emissions), Scope 2 (energy indirect emissions), and Scope 3 (other indirect emissions) in strict accordance with the international standard Greenhouse Gas Protocol (GHG Protocol) and China’s national standards. We also regularly summarize and analyze relevant data to further improve efficiency and optimize processes in the carbon reduction process. The following table shows the statistics of direct emissions at the Group level:

	Unit	2022	2023	2024
Scope 1	Tonne	5,950.61	6,630.34	6,529.75
Carbon dioxide	Tonne	2,881.63	3,084.14	4,462.75
Methane	Tonne	3,068.98	3,546.20	2,067.00
Scope 2	Tonne	10,267.15	10,321.75	12,140.91

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The specific measures we have taken to reduce energy consumption and greenhouse gas emissions include energy transition, process optimization and employee engagement. We upgrade or replace high energy-consuming equipment, adopt energy-efficient technologies, and conduct regular energy assessments to improve efficiency. In 2024, we replaced six fuel-powered forklifts with electric forklifts and introduced five electric tractors to reduce emissions and energy consumption. We have also implemented process improvements and equipment upgrades, including low-carbon combustion modifications in the boiler room, optimization of air compressors, and enhanced treatment of VOCs, with maintenance of related facilities entrusted to qualified third-party institutions. In addition, we promote power-saving practices by encouraging employees to switch off equipment when not in use, setting appropriate air-conditioning temperatures, conducting regular electricity inspections, and raising awareness through internal communications and training.

Based on the above measures and continuous environmental protection innovation, we commit to reducing the greenhouse gas emission intensity by 50% by 2035 compared with the 2024 baseline and will continue to strive to achieve the carbon-neutral goal.

Water management

We regularly monitor water consumption and actively seek to use water from sustainable sources. We continue to work hard to further reduce water consumption in production and operation and improve water-use efficiency through technological improvements and equipment upgrades. In addition, we regularly check and repair faucets to prevent water leakage. The following table shows our cumulative water consumption in each year:

	<u>Unit</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water	Cubic meter	<u>324,203</u>	<u>319,487</u>	<u>323,951</u>

To reduce water consumption and improve efficiency, we have implemented measures across the Group and business units. We carry out regular inspections and maintenance of water, electricity and gas facilities to prevent leaks and waste. Key production units use circulating water systems, and treated wastewater is reused for purposes such as greening and equipment cleaning, reducing overall water use and discharge. We also promote water-saving practices by encouraging employees to turn off taps, placing reminder signs, conducting regular inspections and raising awareness through internal communications and training.

In the future, we will continue to strengthen water resource management, optimize water usage plans, participate in water resource protection actions, and enhance employees’ awareness of water conservation. We commit to reducing water consumption intensity by 20% by 2030 compared to the baseline of 2024.

Emission and Waste Management

We implement the Environmental Management System ISO14001 and establish a comprehensive waste classification, recycling, and treatment system. We strictly conduct thorough checks in accordance with Integrated Emission Standards for Air Pollutants (《大氣污染物綜合排放標準》), Emission Standards for Air Pollutants from Surface Coating in Automobile Manufacturing (《汽車整車製造表面塗裝大氣污染物排放標準》), and Odor Pollutant Emission Standards (《惡臭污染物排放標準》) of Chongqing, and timely publish monitoring data on the Chongqing Pollution Source Monitoring Data Release Platform (重慶市污染源監測數據發佈平台). Meanwhile, we engage professional third parties to upgrade our waste gas treatment equipment to ensure stable waste gas emissions and compliance with standards. We have set up waste classification and disposal stations within the Company and provided waste classification training to employees. We cooperate with professional waste recycling and treatment companies to achieve the resource utilization of waste. In addition, we actively promote cleaner production to reduce waste generation at the source.

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We manage waste gas emissions in accordance with environmental impact assessments and pollution permit requirements, and conduct regular monitoring to ensure compliance. We also ensure that all vehicles used in our operations meet emission standards. For waste gas treatment, we apply processes such as filtration, activated carbon adsorption and catalytic combustion to treat emissions from vehicle coating, and discharge them only after meeting the required standards.

Social Responsibility

Talent Management System

We strictly abide by labor laws and regulations and establish a comprehensive employee welfare system, including competitive salaries, comprehensive medical insurance, and pension plans. In terms of occupational health and safety, we have established a sound occupational safety and health management system, conduct regular safety training and risk assessments to ensure the safety of the workplace. We also attach great importance to talent development, providing a variety of training courses and career development paths, and encouraging employees to continuously learn and grow.

Occupational Health, Safety and Care

We strictly abide by the laws and regulations of relevant departments, continuously steps up efforts to ensure employees' occupational health, and systematically reviews the documents of the occupational health management system. We have established an HSE education and training control procedure to carry out three-level safety education and training for production on-site employees at the company, workshop and team levels. It organizes special operation personnel and special equipment operation personnel to receive training and obtain corresponding certificates before taking up their positions, and organizes all safety and environmental management personnel within the Group to participate in the safety dual-control system special training on “risk classification management and control and hidden danger investigation and treatment”.

Community Engagement

Over the past two decades, we have made outstanding and continuous contributions in respect of corporate social responsibility. We regard giving back to society and safeguarding public safety as an important aspect of our core values. In particular, we have demonstrated a strong sense of corporate responsibility in voluntary rescue operations across the country.

Corporate Governance

Organizational Structure

We strictly adhere to the laws, regulations and normative documents of the People's Republic of China, including the Company Law (《公司法》), the Securities Law (《證券法》) and the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), as well as the Self-regulatory Rules of the Shanghai Stock Exchange (上海證券交易所自律監管規則), the Company's Articles of Association and other relevant provisions. We have further improved the corporate governance structure, optimized the internal control management mechanism, strengthened the compliance operation level, continuously standardized the operation of the general meeting, the board of Directors, and the board of supervisors, as well as the management of information disclosure affairs, effectively safeguarding the legitimate rights and interests of all Shareholders, especially small and medium-sized [REDACTED].

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Business Ethics, Anti-Corruption and Anti-Bribery

We regard business ethics and honest operation as the core values of our corporate culture. We have established strict codes of conduct and ethical standards, requiring all employees and business partners to adhere to the highest ethical standards in their daily work. We have implemented comprehensive anti-corruption policies, including but not limited to: prohibition of bribery, declaration of conflicts of interest, management of gifts and entertainment, etc., and established an independent reporting mechanism to encourage employees and external stakeholders to report any unethical or illegal behavior, where we promise to protect the whistle-blowers. We provide regular training on business ethics and anti-corruption for employees to enhance their ethical awareness and compliance capabilities. We take a zero-tolerance attitude towards any behavior that violates business ethics and honest operation and will handle it seriously in accordance with laws and regulations.

PROPERTIES

Our principal executive office is located in Chongqing, China. We lease and own certain land parcels and buildings in the PRC for our business operations. According to our PRC Legal Adviser, we have obtained all material licenses, permits and certificates with respect to significant land and properties material to our core business as required by relevant PRC laws and regulations.

As of the Latest Practicable Date, we leased a portion of a development complex we own in Chongqing to third-party tenants. The property is a development complex with retail, underground parking spaces and storage rooms components. In addition, we also own a property in Chongqing that is vacant for sale. Pursuant to Rules 5.01A and 5.01B of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) that forms part of an applicant's property activities is or is above 1% of the applicant's total asset, the document must include the full text of a valuation report for such property interest. As of December 31, 2025, being the date of which the most recent audited consolidated statements of the financial position of our Group, (i) the carrying amount of our investment property exceeds 1% of our total assets; and (ii) no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of total assets. Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, valued our investment property based on certain assumptions. Details of our investment property interests are set out in Appendix III to this Document.

We are required to develop a property project according to the terms of the land grant contract, including those relating to the designated use of the land and the time for commencement and completion of the property development. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delays in the commencement of construction of properties which had any material adverse impact on our business, financial condition and results of operations. See “Risk Factors — Risks Related to Our Business and Industry — We may be subject to fines or forfeit land to the PRC Government if we fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts.” We are also required to commence construction of our projects within the time prescribed by the relevant PRC laws and regulations. Otherwise our lands may be regarded as “idle land” and as a result we may be subject to certain penalties and the idle land might be resumed without any compensation. Under the Measures on Disposing of Idle Land (《閒置土地處置辦法》) promulgated by the Ministry of Land and Resources on April 28, 1999, as amended on June 1, 2012, a land parcel may be defined as idle land under any of the following circumstances: (i) development and construction of the state-owned land is not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or (ii) the development and construction of the state-owned land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

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During the Track Record Period and up to the Latest Practicable Date, we incurred delays in commencement and/or completion of construction for a project in Chongqing. As of the Latest Practicable Date, we are still in further communication with the competent authorities regarding future plans on the relevant land. The PRC Legal Advisor is of the view that the potential risks associated with the failure to commence construction as scheduled would not have a material adverse effect on the Group’s core business, considering that: (i) based on the consultation with the competent land and resources authority, the authority has explicitly confirmed that before the disposal plan for the land is approved in accordance with legal procedures, it will not impose penalties or demand the payment of liquidated damages for the time being; and (ii) as there are currently no active business operations conducted on the subject land, the potential imposition of idle land fees or the risk of land forfeiture would not compromise the Group’s business integrity or disrupt its core production activities.

The PRC Legal Advisor is of the view that the Group has obtained all material licenses, permits and certificates with respect to significant land and properties material to the Group’s core business, considering that: (i) The Group’s self-constructed properties, which have been unable to be registered with property certificates due to outstanding litigation, are currently used for tricycle-related operations, unrelated to the Group’s core business. Based on confirmation by the Directors, it is expected that all relevant cases will be settled, leading to the lifting of court-ordered attachments and enabling the Group to complete the property title registrations; (ii) warehouses that cannot obtain property certificates are used solely for storage, which are highly replaceable and therefore do not constitute material properties for the Group; and (iii) there are currently no active business operations conducted on the subject land, and therefore it is unrelated to the Group’s core business.

Sale of Real Estate

Our real estate portfolio encompasses residential and commercial projects. The residential projects are for sale, while the commercial projects are partly utilized for commercial operation and leasing, and partly for sale. Our real estate projects are located within the core commercial districts of Chongqing. We develop the aforementioned projects through our subsidiary, Chongqing Runtian Real Estate Development Co., Ltd. As of the Latest Practicable Date, our real estate projects have been fully completed and registered except for a garage that is currently in the process of obtaining the real estate certificate. We are in the process of disposing all residential properties and we expect to complete the deregistration of our real estate development qualification and the corresponding change to our business scope by the first half of 2026.

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LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits that are material for our business operations in the jurisdictions where we operate, and such licenses, approvals and permits were valid and would be in force on an ongoing basis.

As advised by our PRC legal advisor, the Group had obtained all material licenses and permits for its operations in the PRC as of the Latest Practicable Date.

We have obtained the entry approval from MIIT to become a Road Power-Driven Vehicle manufacturer according to the Announcement of Road Power-Driven Vehicle Manufacturing Enterprises and Products released by MIIT. The table below sets forth a summary of our other material licenses and permits and their validity:

Type of licenses, approvals and permits	Validity
Pollutant Discharge Permit (排污許可證)	Valid for five years
Pollutant Discharge Registration for Fixed Pollution Sources (固定污染源排污登記)	Valid for five years
Registration of a Consignee or Consignor of Imported or Exported Goods (海關進出口貨物收發貨人備案回執)/Registration Certificate of Customs Declaration Entity (海關報關單位註冊登記證書)/Filing Certificate for Customs Declaration Entities (報關單位備案證明)	Long-term
Export License (出口許可證)	Valid for one year (<i>Note 1</i>)
Letter Regarding the Approval of the Application for Road Testing of Intelligent Connected Vehicles by Afari Zhixing Network (Chengdu) Technology Co., Ltd. (關於同意千里智行網聯(成都)科技有限公司智能網聯汽車普通駕駛道路測試申請的函)	Valid for eighteen months
Letter Regarding the Review of Application Materials for Adding Vehicles to Road Testing of Intelligent Connected Vehicles by Afari Zhixing Network (Chengdu) Technology Co., Ltd. and Review Opinion Form (關於千里智行網聯(成都)科技有限公司增加普通駕駛道路測試車輛申請材料審核情況的函及審核意見表)	Valid for eighteen months

Note 1:

Pursuant to the Notice on Further Regulating the Export Order of Automobiles and Motorcycles (Shang Chan Fa [2012] No. 318) (《商務部、工業和信息化部、海關總署、質檢總局、國家認監委關於進一步規範汽車和摩托車產品出口秩序的通知》(商產發[2012]318號)) jointly issued by the Ministry of Commerce, the MIIT, the General Administration of Customs, the General Administration of Quality Supervision, Inspection and Quarantine and the Certification and Accreditation Administration of the PRC, the PRC implements an export qualification administration system for manufacturers of automobiles and motorcycles (including off-road two-wheeled motorcycles and all-terrain vehicles), and an authorization-based operation system for export operators, under which export operators must obtain authorization from qualified manufacturers. In addition, a classified management regime applies to such manufacturer authorizations. The Ministry of Commerce, together with the MIIT, the General Administration of Customs, the General Administration of Quality Supervision, Inspection and Quarantine and the Certification and Accreditation Administration of the PRC, publishes in October each year the List of Enterprises Eligible to Apply for Automobile and Motorcycle Export Licenses for the following year.

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LEGAL PROCEEDINGS AND COMPLIANCE

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

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

Relevant Activities with International Sanctions Exposure

During the Track Record Period, certain Russian suppliers and banks we transacted with became subject to U.S. blocking sanctions. Our International Sanctions Legal Adviser has advised that the risk of OFAC imposing sanctions on the Group is limited and manageable because: (i) these transactions had no U.S. nexus and only implicate secondary sanctions; (ii) historical transactions were entirely within Russia, in Russian Rubles, infrequent, and insubstantial; (iii) we have ceased all new business and transactions with sanctioned Russian suppliers; and (iv) we are shutting down our Russian subsidiary and winding down sanctioned bank relationships in accordance with local laws.

Under Executive Order 14024, OFAC may designate entities “operating in” certain sectors of the Russian economy, including transportation. Our International Sanctions Legal Adviser considers the risk of sector-based sanctions designation to be remote because: (i) no Group entity has been designated; (ii) we conducted only sales (not manufacturing) through our Russian subsidiary, which is being shut down; and (iii) OFAC’s past enforcement has targeted Russian-owned companies or those supplying items critical for the Russian military, categories into which the Group does not fall.

In addition, during the Track Record Period, we sold motorcycles and general-purpose machinery to Iranian distributors, accounting for approximately 3.20%, 2.56% and 2.2% of total revenue in 2023, 2024 and 2025. Our International Sanctions Legal Adviser has advised that these sales did not trigger applicable EU, UK, Australian, Canadian, UN, or U.S. sanctions. OFAC has clarified that exports of finished vehicles and related maintenance goods to Iran are not sanctionable. The Group has discontinued all businesses involving Iran.

During the Track Record Period, we sourced U.S.-origin chips for AI-driven products. Our International Sanctions Legal Adviser has confirmed these chips are not restricted for export to China. We also procured non-U.S.-origin goods and services from certain Entity List suppliers; as U.S. export controls do not prohibit purchasing from such entities, these transactions are not subject to U.S. export control restrictions.

Taking into consideration the above advice, our Directors do not consider International Sanctions and other trade restrictions to have any material impact on the Group’s business operations and financial performance. Based on the factors and the International Sanctions Legal Adviser’s view above, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view.

Implications of the U.S. Outbound Investment Rules

The U.S. Outbound Investment Rule (effective January 2, 2025) restricts certain U.S. person investments into China involving covered activities in semiconductors, quantum technologies, and AI sectors. We do not believe the Company is a Covered Foreign Person as it does not currently engage in covered activities. U.S. persons’ post-[REDACTED] purchases of publicly [REDACTED] on the Stock Exchange are generally permitted without notification, provided such shares do not afford rights beyond standard minority shareholder protections.

Our Directors are of the view that the Outbound Investment Rule is not expected to have a material adverse impact on the Group, as our major shareholders, Directors, and senior

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management are not U.S. persons, and an exception allows U.S. persons to [REDACTED] in our publicly [REDACTED] securities. Based on the factors above, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view.

Our Internal Control Measures to Mitigate Sanctions Risk

We have implemented sanctions compliance measures including: policies requiring compliance with U.S., UK, EU, and UN sanctions laws; risk-based counterparty screening; standard sanctions clauses in overseas sales contracts; dedicated compliance staff; and regular sanctions training. Upon [REDACTED], we will establish a separate bank account for [REDACTED].

Our International Sanctions Legal Adviser has confirmed these measures would be adequate and effective for compliance with applicable International Sanctions Laws. Our Directors agree these measures provide an adequate framework for identifying and monitoring sanctions risks. Based on the review of the internal control measures above, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to cast doubt on the adequacy and effectiveness of such internal control measures.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and implemented comprehensive risk management policies and internal control measures covering our business operations, financial reporting, and overall compliance. To ensure the continued effectiveness of these policies and uphold strong corporate governance following our [REDACTED], we have adopted, and will continue to adopt, a range of risk management initiatives, including but not limited to the following measures. (i) we design a comprehensive set of policies to identify, analyze, manage and monitor various risks. We periodically assess and update our risk management policies; (ii) our Board is responsible for overseeing the overall risk management and internal control. Our Audit Committee is authorized to review and evaluate our financial control, risk management and internal control system. See “Directors and Senior Management — Board Committees — Audit Committee” for the composition of the Audit Committee and the qualifications and experience of them; (iii) we will adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to conflict of interest management, connected transactions and information disclosure; and (iv) we will continue to organize training sessions for our Directors and senior management with respect to the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong.

We engaged an independent internal control consultant to perform an assessment on the effectiveness of our internal controls, to identify deficiencies in our internal control system and to furnish recommendations on enhanced internal control measures. The work scope of our internal control consultant covered reviewing and assessing various aspects of our operations, including, among others, the internal control environment, financial reporting and disclosure, sales and accounts receivables management, procurement and accounts payables management, inventory management, engineering and manufacturing management, fixed and intangible asset management, human resources and compensation, fund management and information system management.

We had adopted substantially all of the recommendations made by the independent internal control consultant and had improved our internal control system to comply with the Listing Rules. Having considered the internal control measures adopted by us, our Directors are of the view that our enhanced internal control measures are adequate and effective having regard to the obligations of our Company and our Directors under the Listing Rules and other relevant legal and regulatory requirements.

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AWARDS AND RECOGNITIONS

<u>Award/Recognition</u>	<u>Award Authority</u>	<u>Award Year</u>
Innovative Small and Medium-sized Enterprises (SMEs)	Chongqing Municipal Commission of Economy and Informatization	2024
SME Technology Research and Development Center	Chongqing Municipal Commission of Economy and Informatization	2025
Environmental Management System Certification	China Quality Certification Centre	2025
Quality Management System Certification	China Quality Certification Centre	2025
Occupational Health and Safety Management System Certification	China Quality Certification Centre	2025