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Application Proof of



Chongqing Afari Technology Co., Ltd.

重慶千里科技股份有限公司

(the “**Company**”)

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

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

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

[REDACTED]

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

*Sole Sponsor, Overall Coordinators, [REDACTED], [REDACTED] and
[REDACTED]*



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

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

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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SUMMARY

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

OVERVIEW

We are a well-known automaker in China with strong expertise in vehicle development, design, and manufacturing. We are primarily focused on serving B-end clients, typically enterprise or institutional clients rather than individual consumers, 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 addition to automobiles, we offer 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. 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 during the Track Record Period.

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. 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. For details, see “Business Our Products and Solutions.”

OUR COMPETITIVE STRENGTHS

We believe our following core competitive strengths will allow us to further consolidate our market leading position: (i) uniquely positioned with scale in both automobile and motorcycle sectors; (ii) comprehensive R&D capabilities and a versatile product portfolio in automobiles and motorcycles; (iii) scalable platform potential and ecosystem synergies; (iv) AI-native capabilities with holistic solutions; (v) global vision and service capabilities; and (vi) a core management and R&D team driving continuous innovation. For details, see “Business — Our Strengths.”

OUR GROWTH STRATEGIES

To achieve our vision and mission, we intend to pursue the following strategies: (i) continuous product optimization and strategic expansion for automobile and motorcycle businesses; (ii) advancing AI capabilities and solutions; (iii) driving industry chain integration; (iv) enhancing our full-collaboration with key strategic customers; (v) accelerating international expansion; and (vi) expanding to “AI + robotics”. For details, see “Business — Strategies.”

SUMMARY

KEY OPERATING DATA

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										
		Gross Profit	Gross Profit Margin	Number of customers	ASP ²	Volume	Revenue	Gross Profit	Gross Profit Margin	Number of customers	ASP	Volume	Revenue	Gross Profit	Gross Profit Margin	Volume	ASP	Number of customers				
		RMB in thousands	%					RMB in thousands	%					RMB in thousands	%							
ICE	PRC	622,889	49.5	(71,845)	(11.5)	12,671	49	167	1,019,897	50.0	60,047	5.9	19,103	53	49	1,976,852	55.3	57,531	2.9	43,749	45	215
	Asia	559	0.0	(42)	(7.4)	3	186	7	352,933	17.3	12,665	3.6	6,464	55	15	1,099,964	30.7	57,212	5.2	24,194	45	57
	Europe	588,034	46.7	117,676	20.0	4,361	135	168	390,821	19.2	49,959	12.8	3,529	111	189	446,012	12.5	(45,376)	(10.2)	3,850	116	155
	Others ¹	47,788	3.8	(874)	(1.8)	703	68	16	276,165	13.5	3,990	1.4	4,156	66	22	54,397	1.5	1,988	3.7	862	63	19
Total		1,259,269	100.0	44,915	3.6	17,738	71	358	2,039,816	100.0	126,656	6.2	33,252	61	275	3,577,224	100.0	71,354	2.0	72,655	49	446
NEV	PRC	2,431,823	99.9	(240,926)	(9.9)	24,556	99	434	2,133,238	99.9	(77,680)	(3.6)	24,504	87	601	2,689,748	97.1	101,263	3.8	32,947	82	627
	Others	3,526	0.1	389	11.0	14	252	8	2,837	0.1	(128)	(4.5)	21	135	5	80,251	2.9	7,858	9.8	666	120	8
Total		2,435,349	100.0	(240,537)	(9.9)	24,570	99	442	2,136,075	100.0	(77,808)	(3.6)	24,525	87	606	2,770,000	100.0	109,121	3.9	33,613	82	635

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. During the Track Record Period, the average selling price of our automobile decreased from RMB99 thousand in 2023 to RMB87 thousand in 2024, and further to RMB82 thousand, primarily attributable to our adjustments to pricing strategies across different regions based on local market conditions.

SUMMARY

During the Track Record Period, the average selling price of our motorcycle remained relatively stable at approximately RMB6 thousand. The following tables present a breakdown of key operating data of our motorcycle business by region and product type during the Track Record Period.

	2023						2024						2025					
	Gross Profit			Number of customers			Gross Profit			Number of customers			Gross Profit			Number of customers		
	Revenue	Gross Profit	Margin	Volume	ASP ²		Revenue	Gross Profit	Margin	Volume	ASP		Revenue	Gross Profit	Margin	Volume	ASP	
	<i>RMB in thousands</i>		%			<i>RMB in thousands</i>			%			<i>RMB in thousands</i>			%			
Traditional	727,049	45,643	6.3	65,535	11	893	644,235	30.2	44,190	6.9	59,553	11	557,305	22.5	22,485	4.0	35,083	16
Fuel	513,080	83,394	16.3	76,303	7	145	469,367	22.0	74,444	15.9	80,904	6	607,763	24.5	101,156	16.6	108,582	6
Asia	391,345	60,192	15.4	106,225	4	47	421,250	19.7	51,979	12.3	116,104	4	518,674	20.9	64,437	12.4	139,738	4
Africa	134,854	22,243	16.5	26,056	5	102	187,438	8.8	28,650	15.3	39,949	5	272,471	11.0	33,743	12.4	61,783	4
North America																		
South America	209,817	24,491	11.7	55,603	4	21	360,714	16.9	39,693	11.0	84,204	4	473,344	19.1	61,425	13.0	94,815	5
Others ¹	52,624	9,895	18.8	6,872	8	23	52,727	2.5	7,437	14.1	7,860	7	48,123	1.9	6,018	12.5	7,280	7
Total	2,028,767	245,860	12.1	336,594	6	1,231	2,135,725	100.0	246,393	11.5	388,574	6	2,477,678	100.0	289,263	11.7	447,281	6

Notes:

- Others include Europe and Oceania.
- Average Selling Price (ASP) is calculated by dividing total revenue by sales volume.
- 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.

SUMMARY

SALES, MARKETING AND DISTRIBUTION OF OUR PRODUCTS

We engage distributors who possess extensive sales experience and a strong market presence. In 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 year. 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. For details, see “Business — Sales, Marketing and Distribution of Our Products.”

OUR SUPPLIERS AND CUSTOMERS

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.

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 and 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 customers or five largest suppliers. During the Track Record Period and up to the Latest Practicable Date, each of our five largest customers and five largest suppliers are independent from each other. For details, see “Business — Our Customers” and “Business — Supply Chain Management.”

BUSINESS SUSTAINABILITY

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 recorded 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; and (ii) since 2025, we have made substantial upfront investments for our technology solutions, which remained at the beginning stage of commercialization as of the Latest Practicable Date.

For our automobile business, we will (i) drive growth in revenue and sales volume by enhancing our sales network, improving brand recognition, and optimizing our product portfolio; and (ii) enhance gross profit margin through economies of scale, efficient cost management and focus on high-margin models. We have already achieved significant progress in implementing these measures, as evidenced by the improving gross profit margin of our automobile business from (5.3)% in 2023 to 1.2% in 2024 and further to 2.8% in 2025. Going forward, we will also improve the gross profit margin of our automobile business by integrating our technological capabilities in intelligent driving and/or Assistance Driving

SUMMARY

System and smart cockpit, to further enhance the competitiveness of our vehicles. For our motorcycle business, we recorded relatively stable and healthy gross profit margins of 12.1%, 11.5% and 11.7% in 2023, 2024 and 2025, respectively. Like our automobile business, we plan to sustain steady, healthy growth in motorcycle sales through an expanded product portfolio and customer base, and to improve gross profit margin through economies of scale. For technology solutions, we are on track to accelerate commercialization, supported by significant milestones and strategic partnerships. We have demonstrated a strong commercialization trajectory, recording revenue of RMB350.1 million from technology solutions in 2025. In addition, we have secured multiple MOUs with key strategic partners that outline the framework for sales of intelligent driving and/or Assistance Driving System solutions and formalize the business model for future cooperation. For details, see “Financial Information — Path to Profitability.”

OUR RELATIONSHIP WITH GEELY GROUP

Geely Group, an affiliate of us, is our important strategic business partner. In each year 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. 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/or 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. For details, please see “Business — Our Relationship with Geely Group.”

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.

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. Major players, including global technology companies and traditional automotive industry players, 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. See “Industry Overview.” For related risks, please see “Risk Factors — Risks Related to Our Business and Industry — We may not be able to successfully compete in China’s mobility market.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in

SUMMARY

Appendix I to this Document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements in this Document, including the related notes. Our consolidated financial information was prepared in accordance with IFRSs.

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
REVENUE	6,698,322	100.0	6,963,852	100.0	9,876,042	100.0
Cost of sales	(6,426,071)	(95.9)	(6,481,472)	(93.1)	(9,080,972)	(92.0)
Gross profit	272,251	4.1	482,380	6.9	788,070	8.0
Other income and gains	202,890	3.0	158,833	2.3	672,520	6.8
Selling and marketing expenses	(375,086)	(5.6)	(337,820)	(4.9)	(296,386)	(3.0)
Administrative expenses	(423,397)	(6.3)	(338,158)	(4.9)	(403,847)	(4.1)
Research and development expenses	(214,781)	(3.2)	(406,576)	(5.8)	(821,801)	(8.3)
Fair value gains on financial assets at fair value through profit or loss, net	—	—	—	—	46,463	0.5
Fair value gains/(losses) on investment properties	10,684	0.2	(95,587)	(1.4)	(51,753)	(0.5)
Impairment losses on financial assets, net	(18,303)	(0.3)	(3,561)	(0.1)	(80,567)	(0.8)
Other expenses	(87,100)	(1.3)	(139,219)	(2.0)	(358,718)	(3.6)
Finance costs	(123,445)	(1.8)	(93,336)	(1.3)	(72,450)	(0.7)
Share of profits of joint ventures and associates	413,770	6.2	488,247	7.0	442,704	4.5
LOSS BEFORE TAX	(342,517)	(5.1)	(284,797)	(4.1)	(135,765)	(1.4)
Income tax expense	80,345	1.2	(44,100)	(0.6)	(185,435)	(1.9)
LOSS FOR THE YEAR	(262,172)	(3.9)	(328,897)	(4.7)	(321,200)	(3.3)
Attributable to:						
Owners of the parent	24,213	0.4	40,017	0.6	84,408	0.9
Non-controlling interests	(286,385)	(4.3)	(368,914)	(5.3)	(405,608)	(4.1)
	<u>(262,172)</u>	<u>(3.9)</u>	<u>(328,897)</u>	<u>(4.7)</u>	<u>(321,200)</u>	<u>(3.3)</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	<u>0.01</u>		<u>0.01</u>		<u>0.02</u>	

SUMMARY

Revenue

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

	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	6,698,322	100.0	6,963,852	100.0	9,876,042	100.0

During the Track Record Period, our revenue increased from RMB6,698.3 million in 2023 to RMB6,963.9 million in 2024, and further to RMB9,876.0 million in 2025, primarily due to increased revenue from sales of automobiles and motorcycles. In the fourth quarter of 2025, we generated revenue of RMB350.1 million from our technology solutions by providing non-recurring engineering services. For details, see “Financial Information — Description of Major Components of Our Results of Operations.”

Gross Profit and Gross Profit Margin

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

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Automobiles	(195,623)	(5.3)	48,852	1.2	180,476	2.8
Motorcycle	245,856	12.1	246,388	11.5	289,263	11.7
Technology solutions	—	—	—	—	106,445	30.4
Others						
– General-purpose machinery . .	75,291	18.8	88,838	20.7	82,996	20.9
– Miscellaneous	146,727	25.5	98,302	43.9	128,890	42.5
	272,251	4.1	482,380	6.9	788,070	8.0

SUMMARY

The gross profit for our motorcycles segment increased from RMB245.9 million in 2023 to RMB246.4 million in 2024, and further to RMB289.3 million in 2025, which was in line with the increased sales volume. The gross profit margin of our motorcycles segment remained relatively stable during the Track Record Period. The gross profit of our automobiles segment improved from negative RMB195.6 million in 2023 to RMB48.9 million in 2024, and further to RMB180.5 million in 2025. We incurred gross losses in our automobile business primarily due to increased manufacturing and raw material costs, as well as intensified competition in our targeted markets, which imposed significant pricing pressure on us. The gross profit margin for our automobiles segment improved from (5.3)% in 2023 to 1.2% in 2024, and further to 2.8% in 2025, mainly due to cost reductions achieved through procurement and an increase in exports. Moreover, our technology solutions recorded a gross profit of RMB106.4 million with a gross profit margin of 30.4% in 2025. For details, see “Financial Information — Description of Major Components of Our Results of Operations.”

Summary of Consolidated Statements of Financial Positions

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets	13,268,797	13,627,903	20,522,378
Total current assets	8,530,283	8,085,759	9,017,434
Total assets	21,799,080	21,713,662	29,569,812
Total non-current liabilities	2,135,248	1,540,051	2,249,508
Total current liabilities	7,702,662	8,508,369	9,906,357
Total liabilities	9,837,910	10,048,420	12,155,865
Net assets	11,961,170	11,665,242	17,413,947

Our net current assets decreased from RMB827.6 million as of December 31, 2023 to become net liabilities of RMB422.6 million as of December 31, 2024, primarily due to (i) an increase in trade and bills payables, and (ii) a decrease in inventories, partially offset by an increase in restricted cash. Our net current liabilities increased from RMB422.6 million as of December 31, 2024 to RMB888.9 million as of December 31, 2025, primarily due to (i) an increase in other payables and accruals, and (ii) a decrease in inventories, partially offset by an increase in cash and cash equivalents.

We recorded net assets of RMB11,961.2 million as of December 31, 2023, mainly due to capital injection from non-controlling interests of RMB366.0 million, partially offset by loss for the year of RMB286.4 million. We recorded net assets of RMB11,665.2 million as of December 31, 2024, mainly due to loss for the year of RMB328.9 million, partially offset by share of other comprehensive income of associates of RMB115.0 million. We recorded net assets of RMB17,413.9 million as of December 31, 2025, mainly due to acquisition of subsidiaries of RMB4,099.8 million, partially offset by loss for the year of RMB321.2 million. For a detailed discussion of our current assets and current liabilities during the Track Record Period, see “Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position.”

SUMMARY

Summary of Consolidated Statements of Cash Flows

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

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash generated from/(used in) operating activities	(238,842)	525,211	1,298,361
Net cash generated from/(used in) investing activities	(298,598)	269,312	(1,127,433)
Net cash generated from/(used in) financing activities	(231,376)	(454,563)	992,144
Net increase/(decrease) in cash and cash equivalents	(768,816)	339,960	1,163,072
Cash and cash equivalents at the beginning of the year	1,743,112	986,333	1,321,676
Effect of exchange rate changes on cash and cash equivalents	12,037	(4,617)	32,966
Cash and cash equivalents at the end of the year	986,333	1,321,676	2,517,714

Net operating cash outflow during the Track Record Period was primarily due to amortization of intangible assets and depreciation, fluctuations in inventories, trade and bills receivables and payables, and our operating losses. For a detailed discussion of our consolidated cash flow data during the Track Record Period, see “Financial Information — Cash Flow Analysis.”

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this Document. You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include: (i) we may not be able to successfully compete in China’s mobility market; (ii) our failure to build and strengthen our brand could adversely affect our business and prospects; (iii) we may not be able to timely launch or diversify products to address changing customer demand, preferences and spending patterns; (iv) failure to continue to attract new customers and retain existing customers, manage our relationship with them could materially and adversely affect our business, results of operations and financial condition; (v) any delays or difficulties in ramping up or maintaining our manufacturing facilities or in establishing new production bases, could disrupt production and deliveries; (vi) we rely on suppliers and any failure to deliver key components for our products on time, at required quality and cost, could disrupt our production; (vii) our distributors may accumulate excess or obsolete inventory and any excessive build-up of inventory could affect the volume of future orders from our distributors; (viii) we may be exposed to credit risk of trade receivable; (ix) changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations.

SUMMARY

KEY FINANCIAL RATIOS

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

	For the year ended December 31,		
	2023	2024	2025
Interest-bearing debt ratio ¹	10.6%	9.3%	11.1%
Asset-liability ratio ²	45.1%	46.3%	41.1%
Revenue growth rate ³	(22.4)%	4.0%	41.8%
Gross profit margin ⁴	4.1%	6.9%	8.0%
Net loss ratio ⁵	3.9%	4.7%	3.3%
Return on equity ⁶	N/A *	(3.1)%	(3.1)%
Return on total assets ⁷	N/A *	(1.5)%	(1.3)%
Current ratio ⁸	1.1	1.0	0.9
Debt to equity ratio ⁹	0.8	0.9	0.7

* The relevant figures as of December 31, 2022 are not available.

Notes:

1. The interest-bearing debt ratio is calculated by dividing interest-bearing debt (including interest-bearing bank loans and other borrowings, lease liabilities, and bonds payable) by total assets.
2. The asset-liability ratio is calculated by dividing total liabilities by total assets.
3. The revenue growth rate refers to the percentage change in our revenue for a certain period compared to the revenue from the previous same period.
4. The gross profit margin is calculated as gross profit divided by revenue for a certain period.
5. The net loss ratio is calculated as net loss divided by revenue for a certain period.
6. The return on equity is calculated as net profit/loss for the period divided by average equity attributable to equity shareholders during the period.
7. The return on total assets is calculated as net profit/loss for the period divided by average total assets during the period.
8. The current ratio is calculated as current assets divided by current liabilities as at the end of the relevant period.
9. The debt to equity ratio is calculated as total interest-bearing debt divided by total equity as at the end of the relevant period.

FUTURE PLANS AND USE OF [REDACTED]

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

In line with our strategies, we intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below: (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used for implementing our AI-driven strategies, enhancing our R&D capabilities, develop and upgrade our products and solutions, and strengthen our technology capabilities; (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used for the strategic integration of upstream industrial chain resources, including the establishment of industrial funds and deepening collaborations with business partners to create synergies and enhance the innovativeness of our products and solutions; (iii) approximately [REDACTED]%, or HK\$[REDACTED], will be used for strengthening sales and service networks in China and overseas markets, and to enhance our global brand influence; (iv) approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and general corporate purposes. For details, please see “Future Plans and Use of [REDACTED].”

SUMMARY

[REDACTED]

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

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

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

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

SUMMARY

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

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

CONNECTED TRANSACTIONS

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

[REDACTED]

DIVIDENDS

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

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, after making up for our historically accumulated losses (if any) in accordance with the PRC laws and less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. As advised by our PRC legal advisor, pursuant to the Company Law of the PRC and the relevant accounting standards, dividend distributions can only be made out of distributable profits, being the retained earnings after offsetting accumulated losses and making appropriations to reserves as required by the Company Law of the PRC. As of the end of Track Record Period, the Company recorded negative retained earnings, indicating that it has accumulated losses which have not yet been fully offset. Accordingly, the Company is not permitted to declare or distribute dividends unless and until such accumulated losses have been fully made up.

SUMMARY

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.

[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED] expenses, such as [REDACTED] fees and [REDACTED], and (ii) [REDACTED] expenses, comprising professional fees paid to our legal advisers and reporting accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the [REDACTED], the estimated total [REDACTED] (based on the mid-point of the [REDACTED] range and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our net [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED] expenses of HK\$[REDACTED], professional fees for our legal advisers and reporting accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED] is expected to be expensed through the statement of profit or loss and an estimated amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. During the Track Record Period, we incurred [REDACTED] of HK\$[REDACTED], of which HK\$[REDACTED] was charged to our consolidated income statements for the year ended December 31, 2025, while the [REDACTED] directly attributable to the issue of shares of HK\$[REDACTED] was recognized in the consolidated statement of financial position as of December 31, 2025 and is expected to be accounted for as a deduction in equity upon completion of the [REDACTED].

CONSOLIDATION OF AFARI INTELLIGENT DRIVE

In June 2025, the Company established Afari Intelligent Drive in the PRC, as a joint venture through Jianghe Qixing, with third parties. Jianghe Qixing is a limited partnership established in the PRC, the sole general partner of which is Zhiqi Xinwang, our wholly-owned subsidiary. With a view to enhancing the Company’s “AI + Mobility” solutions, and to securing the control over Afari Intelligent Drive, (1) in September 2025, the partners of Jianghe Qixing have unanimously agreed to amend the partnership agreement of Jianghe Qixing resulting in Zhiqi Xinwang’s control of the key corporate matters of Jianghe Qixing, and (2) Jianghe Qixing entered into a Proxy Agreement with its shareholder on September 28, 2025. Pursuant to the Proxy Agreement and the Shareholders’ approval dated October 15, 2025, the Company is able to control 60% of the voting rights in Afari Intelligent Drive on Shareholders Entrusted Matters and Board Entrusted Matters and exercises effective control over its board of directors, through Jianghe Qixing. Accordingly, each of Jianghe Qixing and Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since October 15, 2025. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers” for more details.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report set out in Appendix I to this Document, and there had been no event since December 31, 2025, that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DEFINITIONS

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

“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and is/are listed for trading on the Shanghai Stock Exchange with the stock code of 601777
“A Shareholder(s)”	holder(s) of the A Share(s)
“Accountants’ Report”	the accountants’ report prepared by Ernst & Young, details of which are set out in Appendix I
“Afari Intelligent Drive”	Chongqing Afari Intelligent Drive Co., Ltd.* (重慶千里智駕科技有限公司), a limited liability company incorporated in the PRC on June 27, 2025 and a non-wholly owned subsidiary of the Company
“Afari Intelligent Drive Group”	Afari Intelligent Drive and its subsidiaries
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“AIC”	Administration of Industry & Commerce (工商行政管理機關) of the PRC (now known as the Administration for Market Regulation (市場監督管理局)) or, where the context so requires, the State Administration for Industry & Commerce of the PRC (中華人民共和國工商行政管理總局) or its delegated authority at the provincial, municipal or other local level
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix IV
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Azolla EM”	Chongqing Azolla Enterprise Management Co., Ltd.* (重慶滿江紅企業管理有限公司), a limited liability company incorporated in the PRC on August 6, 2020 and a member of our Single Largest Group of Shareholders

DEFINITIONS

“Azolla Fund”	Chongqing Azolla Private Equity Investment Fund Partnership (Limited Partnership)* (重慶滿江紅私募股權投資基金合夥企業(有限合夥)) (previously known as Chongqing Azolla Equity Investment Fund Partnership (Limited Partnership)* (重慶滿江紅股權投資基金合夥企業(有限合夥))), a limited partnership incorporated in the PRC on December 14, 2020, whose general partner is Azolla EM and a member of our Single Largest Group of Shareholders
“BIS”	the Bureau of Industry and Security of the U.S. Department of Commerce
“Board” or “our Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China which, for the purpose of this Document and for geographical reference only, excluding Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China, and Taiwan Region
“Chongqing Jianghehui”	Chongqing Jianghehui Enterprise Management Co., Ltd.* (重慶江河匯企業管理有限責任公司), a limited liability company incorporated in the PRC on October 29, 2020
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Chongqing Afari Technology Co., Ltd.* (重慶千里科技股份有限公司), a limited liability company incorporated in the PRC on December 1, 1997 and converted into a joint stock company with limited liability on December 28, 2007, with its A Shares listed on the Shanghai Stock Exchange with the stock code of 601777 since 2010
“Compliance Adviser”	Rainbow Capital (HK) Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of our Company
“EAR”	the Export Administration Regulations (15 C.F.R. Parts 730 -774) administered by the BIS
“EIT”	the PRC enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

[REDACTED]

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

DEFINITIONS

[REDACTED]

“Geely Automobile”	Geely Automobile Holdings Limited* (吉利汽車控股有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 175 (HKD counter) and 80175 (RMB counter))
“Geely Group” or “Geely”	Geely Holding and its affiliates and subsidiaries
“Geely Holding”	Zhejiang Geely Holding Group Company Limited* (浙江吉利控股集團有限公司), a limited liability company established under PRC laws on March 24, 2003. Geely Holding is directly owned as to 82.23%, 9.71% and 8.06% by Mr. Li Shu Fu (李書福), Ningbo Yima Enterprise Management Partnership (Limited Partnership) (a company controlled by Mr. Li Shu Fu and his associates) and his associate
“Geely Technology”	Geely Technology Group Co., Ltd.* (吉利科技集團有限公司) (formerly known as Geely Maijie Investment Co., Ltd.* (吉利邁捷投資公司)) and an affiliate of Geely Automobile, a limited liability company incorporated in the PRC on October 27, 2015

[REDACTED]

“Group”, “our Group”, “our”, “we” or “us”	our Company and our subsidiaries
“Guide”, “Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“H Share(s)”	[REDACTED] ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and [REDACTED] in HK dollars and to be [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

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

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited

“Hong Kong Takeovers Code” or “Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[REDACTED]

DEFINITIONS

[REDACTED]

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

[REDACTED]

“International Sanctions”	International laws and regulations relating to the economic sanctions and export control restrictions administered and enforced by the Relevant Jurisdictions
“International Sanctions Legal Adviser”	Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo, our legal advisers on international sanctions laws in connection with the [REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

“Latest Practicable Date”	[April 13, 2026], being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication
“Liangjiang Fund Management”	Chongqing Liangjiang Equity Investment Fund Management Co., Ltd.* (重慶兩江股權投資基金管理有限公司), a limited liability company incorporated in the PRC on July 4, 2013 and a wholly-owned subsidiary of Liangjiang Industrial Development
“Liangjiang Industrial Development”	Chongqing Liangjiang New Area Industrial Development Group Co., Ltd.* (重慶兩江新區產業發展集團有限公司), a limited liability company incorporated in the PRC on May 18, 2016
“Lifan Motorcycle Production and Sales”	Chongqing Lifan Motorcycle Production and Sales Co., Ltd.* (重慶力帆摩托車產銷有限公司), a limited liability company incorporated in the PRC on May 27, 1996 and a wholly-owned subsidiary of the Company

[REDACTED]

“Listing Committee”	the listing committee of the Hong Kong Stock Exchange

[REDACTED]

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“LIVAN Auto”	Chongqing LIVAN Automobile Technology Co., Ltd.* (重慶睿藍汽車科技有限公司), a limited liability company incorporated in the PRC on January 24, 2022 and a non-wholly owned subsidiary of the Company
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“Major Subsidiary(ies)”	the major subsidiary(ies) of our Company listed in “History, Development and Corporate Structure — Our Major Subsidiaries”

DEFINITIONS

“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
“Mr. Yin”	Mr. Yin Qi (印奇), the chairperson of the Board and an executive Director
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Nomination Committee”	the nomination committee of the Board
“OFAC”	the U.S. Treasury Department’s Office of Foreign Assets Control

[REDACTED]

“OFSI”	the UK Office of Financial Sanctions Implementation

[REDACTED]

“Overall Coordinators” and “Sponsor-Overall Coordinator”	the overall coordinators and sponsor-overall coordinator as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this Document

DEFINITIONS

“Overseas Listing Trial Measures”	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities
“PRC Legal Adviser”	Fangda Partners, our legal adviser on PRC laws in connection with the [REDACTED]
	[REDACTED]
“Primary Sanctioned Activity”	has the meaning ascribed to it under Chapter 4.4 of the Guide, and means any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by a [REDACTED] incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation
	[REDACTED]
“QIBs” or “Qualified Institutional Buyers”	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
“Regulation S”	Regulation S under the U.S. Securities Act

DEFINITIONS

“Relevant Jurisdiction(s)”	has the meaning ascribed to it under Chapter 4.4 of the Guide, and means any jurisdiction that is relevant to the [REDACTED] and has sanctions related laws or regulations restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation. For the purposes of this document, Relevant Jurisdictions include the U.S., the EU, the UN, the UK, Australia and Canada
“Relevant Person(s)”	has the meaning ascribed to it under Chapter 4.4 of the Guide, and means the Group, its investors and shareholders and persons who might, directly or indirectly, be involved in permitting the [REDACTED], [REDACTED], clearing and settlement of its shares, including the Sponsors and the Stock Exchange
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), the function of which has now been merged into the SAMR
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Sanctioned Target”	has the meaning ascribed to it under Chapter 4.4 of the Guide, and means any person or entity (i) designated on SDN List or any list of targeted persons or entities issued under the sanctions-related laws or regulations of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the laws or regulations of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
“SAT”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“SDN”	Specially Designated Nationals designated pursuant to U.S. sanctions programs

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“Secondary Sanctionable Activity”	has the meaning ascribed to it under Chapter 4.4 of the Guide, and means certain activity by a [REDACTED] that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the [REDACTED] is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shanghai Stock Exchange Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》), as amended from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including the A Share(s) and H Share(s) upon the [REDACTED]
“Shareholder(s)”	holder(s) of our Share(s)
“Single Largest Group of Shareholders”	refers to Azolla Fund and Azolla EM
“Sole Sponsor”	the sole sponsor of the [REDACTED] as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this Document [REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy and ESG Committee”	the strategy and ESG committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Track Record Period”	the period comprising the three financial years ended December 31, 2023, 2024 and 2025
“Transfer Pricing Advisor”	Ernst & Young (China) Advisory Limited, our advisor as to transfer pricing assessment
“U.S. Government”	the federal government of the United States, including its executive, legislative and judicial branches
“U.S. persons”	U.S. persons as defined in Regulation S

DEFINITIONS

“U.S. Securities Act” United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“United States”, “USA” or “U.S.” the United States of America, its territories, its possessions and all areas subject to its jurisdiction

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

“VAT” value-added tax

[REDACTED]

“%” per cent

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

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

GLOSSARY OF TECHNICAL TERMS

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

“ADAS”	advanced driver-assistance system, an integrated set of advanced driver assistance technologies that utilize sensors, software and control systems to enhance driving safety, improve vehicle operation and support semi-autonomous functions
“Agent OS”	Agent Operating System, a software platform that provides the core infrastructure and runtime environment for developing, deploying, and managing AI agents, enabling them to operate autonomously, interact with users, and integrate with external systems or applications
“AI”	artificial intelligence
“API”	Application Programming Interface, a defined set of rules and protocols that allows different software applications or systems to communicate, enabling developers to access and integrate specific functionalities or data without needing to understand the underlying code
“B-end”	Business-end, the business-facing side of a company’s operations, referring to products, services, or solutions designed for enterprise or institutional clients rather than individual consumers
“BEV”	Battery Electric Vehicle, a type of vehicle powered entirely by electricity stored in onboard batteries, which drive electric motors without the use of an internal combustion engine
“BSD”	Blind Spot Detection, an advanced driver assistance system that monitors areas alongside and behind the vehicle that are not directly visible to the driver and provides alerts of potential collision risks
“CAGR”	compound annual growth rate, measures an investments’ average annual growth over a given period
“CBU(s)”	complete buildup unit(s) (整車), a complete vehicle after the final assembly
“CVT”	Continuously Variable Transmission, a type of automatic transmission that can change seamlessly through an infinite number of effective gear ratios within a given range, providing smoother acceleration and improved fuel efficiency compared with traditional stepped transmissions

GLOSSARY OF TECHNICAL TERMS

“ECCV”	European Conference on Computer Vision, a top-tier biennial academic conference in the field of computer vision, held in Europe and organized by the European computer vision community, featuring state-of-the-art research on image understanding, pattern recognition and related AI technologies
“electronic and electrical (E/E)”	refers to the integrated systems of electronic control units, wiring, sensors, and electrical components within a vehicle that support its power distribution, control functions, and intelligent features
“electronic fuel injection (EFI)”	a fuel delivery system that uses electronic controls and sensors to precisely regulate the amount of fuel injected into an internal combustion engine’s cylinders, thereby improving efficiency, performance and emissions control
“end-to-end model”	an artificial intelligence model that learns to map inputs directly to outputs within a unified framework, eliminating the need for manually designed intermediate steps or separate processing stages
“ESG”	environment, social and governance
“GBRC”	proprietary integrated charging-and-swapping crystal architecture designed to deliver high levels of safety, efficiency, and industry-leading performance in energy management and battery systems
“hybrid electric vehicle (HEV)”	vehicles powered by a combination of an internal combustion engine and an electric motor, where the battery is charged through regenerative braking and the engine itself rather than by external charging
“ICCV”	International Conference on Computer Vision, a premier biennial academic conference in the field of computer vision, organized by the IEEE and the Computer Vision Foundation, featuring leading research on image analysis, pattern recognition and related AI technologies
“ICE”	Internal Combustion Engine, an engine that generates power through the combustion of fuel and air within a chamber, commonly used in automobiles, motorcycles and other machinery
“IMU”	Inertial Measurement Unit, an electronic device that measures and reports a moving object’s specific force, angular velocity, and sometimes orientation, typically using accelerometers, gyroscopes, and magnetometers, to support navigation and control functions

GLOSSARY OF TECHNICAL TERMS

“in-cabin intelligence”	an integrated system of hardware and software that uses sensors, artificial intelligence, and human-machine interaction technologies to monitor occupants and enhance safety, comfort, and user experience inside a vehicle
“large language models (LLMs)”	a class of large-scale artificial intelligence models trained on extensive text corpora with billions of parameters, capable of understanding, generating, and reasoning over human language
“LCA”	Lane Change Assist, a driver assistance function that evaluates the safety of lane change maneuvers by monitoring adjacent lanes and warns the driver of potential hazards
“Level 2 Assistance Driving System”	a driving assistance system that can simultaneously control steering, acceleration, and braking under certain conditions, but requires the human driver to remain engaged and monitor the environment at all times
“Level 3 Assistance Driving System”	a conditional automated driving system that can perform all driving tasks within specific operational design domains, allowing the driver to disengage from dynamic driving under those conditions, but requiring the driver to resume control when the system requests
“Level 4 intelligent driving system”	a highly automated driving system that can perform all driving tasks within defined operational design domains without human intervention, though manual control may still be possible if needed
“MaaS”	model as a service, a type of service which packages the suitable AI engines toolbox for specific industry verticals and cater to the needs of massive number of customers with cost-efficient customization
“Natural User Interface (Natural UI/NUI)”	an interface that enables users to interact with computers or devices through natural human behaviors such as speech, gestures, touch, or vision, minimizing the need for traditional input methods like keyboards or mice
“NEV”	New Energy Vehicle, a vehicle powered fully or partially by new energy sources such as electricity, hydrogen fuel cells, or plug-in hybrid systems, designed to reduce reliance on traditional fossil fuels and lower emissions
“NOA”	Navigation on Autopilot, an advanced driver assistance function that integrates navigation data with automated driving capabilities, enabling the vehicle to perform tasks

GLOSSARY OF TECHNICAL TERMS

“NPU”	Neural Processing Unit, a processor optimized for executing artificial intelligence algorithms, particularly neural network computations, providing high efficiency and low power consumption for AI-driven applications
“OEM”	Original Equipment Manufacturer, a manufacturer that designs and produces parts, components, or complete products which may be marketed under its own brand or supplied to other companies for integration and resale
“PV”	passenger vehicle
“RCW”	Rear Collision Warning, a safety system that detects potential rear-end collision risks from approaching vehicles and issues timely alerts to the driver
“Reinforcement Learning-Multimodal (RLM)”	an artificial intelligence framework that applies reinforcement learning techniques to process and optimize tasks across multiple modalities, such as text, vision, audio, and sensor data, enabling coordinated decision-making in complex environments
“SOP”	Start of Production, the point in time when a product moves from the development and trial phase into formal mass production, marking the official commencement of manufacturing for commercial delivery
“Supplier Quality Engineer (SQE)”	a professional role responsible for managing and ensuring the quality of materials, components and services provided by suppliers
“VLA”	Vision-Language-Action model, an artificial intelligence model that integrates visual perception, natural language understanding, and action execution, enabling agents to interpret images or video, understand instructions, and carry out corresponding tasks in real-world or simulated environments
“VLM”	Vision-Language Model, an artificial intelligence model that combines visual and textual data to understand, interpret, and generate language grounded in visual inputs, enabling tasks such as image captioning, visual question answering, and multimodal reasoning
“WAIC”	World Artificial Intelligence Conference, an international conference organized in China that brings together global leaders, enterprises, researchers, and policymakers to showcase innovations, discuss trends, and promote collaboration in artificial intelligence

FORWARD-LOOKING STATEMENTS

This Document contains forward-looking statements and information relating to us and our subsidiary that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words “aim,” “anticipate,” “believe,” “could,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would,” “vision,” “aspire,” “target,” “schedules,” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following: (i) our operations and business prospects; (ii) our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers; (iii) future developments, trends and conditions in the industries and markets in which we operate or plan to operate; (iv) general economic, political and business conditions in the markets in which we operate; (v) changes to the regulatory environment in the industries and markets in which we operate; (vi) our ability to maintain the market leading positions; (vii) the actions and developments of our competitors; (viii) our ability to effectively contain costs and optimize pricing; (ix) the ability of third parties to perform in accordance with contractual terms and specifications; (x) our ability to retain senior management and key personnel and recruit qualified staff; (xi) our business strategies and plans to achieve these strategies, including our service and geographic expansion plans; (xii) our ability to defend our intellectual rights and protect confidentiality; (xiii) the effectiveness of our quality control systems; (xiv) change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and (xv) capital market developments.

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

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

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

RISK FACTORS

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

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

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

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

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

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

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

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

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

Our business and long-term growth prospects depend heavily on our ability to establish, maintain and strengthen our brand in the mobility market. Brand recognition is critical to

RISK FACTORS

earning customer trust, differentiating ourselves from competitors, and expanding our customer base. If we fail to effectively build and sustain a strong brand, our business and growth potential may be materially and adversely affected.

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

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

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

Our ability to sustain growth relies significantly on our capacity to timely introduce new models and broaden our product portfolio to respond to evolving customer demand and spending patterns. We have consistently devoted efforts to expanding and upgrading our offerings, aiming not only to adapt to market trends but also to shape customer preferences. If we fail to anticipate or respond effectively to shifts in demand, our business performance could be materially and adversely affected. Customer demand in the mobility market is influenced by a wide range of factors, including general economic conditions, disposable income levels, technology advancement, lifestyle changes, environmental awareness, and the publicity surrounding our products and those of our competitors. For example, in the highly competitive mobility market, customer preferences can shift rapidly in response to the launch of new products or aggressive promotional and pricing campaigns by competitors. In the automobile and motorcycle sectors, preferences for vehicle type, energy replenishment methods (such as charging versus battery swapping), and intelligent features continue to evolve, requiring constant product innovation and timely upgrades.

There is no assurance that our new models or solutions will achieve market acceptance. Product development cycles can be lengthy, and delays in design, engineering, production or regulatory approval could limit our ability to seize emerging market opportunities. Furthermore, our ability to diversify into new technologies depends on our capacity to scale innovation while maintaining product quality, safety and cost efficiency. These would adversely impact our revenue, brand positioning, financial conditions, results of operations and long-term prospects.

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

Our collaborations with certain major customers and suppliers are important to your business. In 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. 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. We cannot assure you that we will be able to maintain the relationships with our major business partners in the future. Any failure to maintain relationships with them could have an adverse effect on our business, results of operations and financial condition.

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In particular, in each period during the Track Record Period, Geely and its affiliates, on an aggregate basis, have been our largest supplier and our largest customer. Specifically, we primarily procured CBUs, knock-down kits and automobile components from certain affiliates of Geely, and sold vehicles while providing non-recurring engineering services to certain other affiliates of Geely. 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. Moreover, we also expect to provide intelligent driving and Assistance Driving System solutions to Geely Group, which may further increase the amount of transactions between Geely Group and us. Our Directors have confirmed that none of our sales to and purchases from Geely Group during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction. We negotiate the transactions with Geely Group on an arm’s-length basis with reasonable and fair pricing terms. For details of our relationship and transactions with Geely Group, please see “Connected Transactions.”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Moreover, we continue to rely on suppliers for certain critical technologies and components, such as batteries, sensors and electronic control units. As new technologies

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

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

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

During the Track Record Period, we began generating revenue from our “AI+Mobility” solutions through non-recurring engineering services in the fourth quarter of 2025. Our partners, such as automobile OEMs and mobility platforms, may choose not to collaborate with us, may introduce competing solutions, or may seek to protect their existing business models in ways that hinder our growth. In addition, regulatory frameworks governing intelligent vehicles continue to evolve, and uncertainty in licensing, safety requirements, and liability standards may delay or restrict the commercialization of our technology.

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

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

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

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

Delays or setbacks may arise from a range of factors. For example, our partners may cancel or postpone implementation of our solutions due to internal business strategy

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adjustments, funding constraints, or changing regulatory requirements, any of which are beyond our control. Our relationship with third-party suppliers are also subject to risks of quality issues, cost escalation, or disruption in availability.

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

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

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

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

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

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

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

We have developed our intelligent driving and Assistance Driving System solutions to perceive, predict and respond to real-world driving situations with the aim of improving safety and efficiency. These technologies are designed for applications in advanced mobility scenarios, including passenger vehicles and robotaxi. However, the operation of vehicles equipped with intelligent driving and Assistance Driving System technologies differs in important ways from conventional vehicles and may be unfamiliar to users and other road participants. Vehicles equipped with our systems adhere strictly to traffic regulations and programmed safety protocols. In practice, this may cause driving behaviors that differ from those of human drivers, such as conservative acceleration, braking or lane-changing

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decisions. Such behaviors, while designed to improve safety, may appear unusual or unexpected to passengers, drivers accustomed to conventional vehicles, or surrounding vehicles on the road. This could affect user acceptance of our solutions or create potential safety risks if other drivers fail to anticipate the behavior of vehicles equipped with our systems.

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

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

We have been broadening our business. We recorded revenue of RMB6,698.3 million, RMB6,963.9 million and RMB9,876.0 million in 2023, 2024 and 2025, respectively. Our growth has been supported by investments in research and development, expansion of our product portfolio, scaling of our manufacturing capabilities, and the development of our distribution and service networks in both domestic and overseas markets. We plan to continue pursuing growth by introducing new vehicle models, upgrading our motorcycle offerings, and advancing intelligent driving and Assistance Driving System and robotaxi technologies. Our ability to sustain this trajectory will depend on whether we can effectively manage the increasing complexity of our operations.

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

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

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

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

We have been consistently investing heavily in research and development to strengthen our technological capabilities and support our diversified product portfolio. Our research and development expenses were RMB214.8 million, RMB406.6 million and RMB821.8 million for the years ended December 31, 2023, 2024 and 2025, respectively. We expect our research and development expenses to remain at a relatively high level as we continue to advance our solutions and technologies. However, our investments in research and development may not generate the expected returns. Development activities are inherently uncertain, and we may not always be able to secure sufficient resources, including qualified research and development personnel, or to manage projects efficiently. Even when results are achieved at the technical

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level, commercialization may face delays due to regulatory requirements, supply chain constraints, or higher-than-expected costs. Given the rapid pace of innovation in the mobility industry, there is a risk that our solutions may not be upgraded in a timely, efficient or cost-effective manner. Furthermore, technological breakthroughs by competitors could render our current or future technologies obsolete or commercially non-viable. In such cases, our ability to recover R&D expenditures would be limited, which could negatively impact our revenues, reduce our market share, and adversely affect our profitability and cash flow. See “— Our industry and technologies are rapidly evolving, and breakthroughs in competing products could materially reduce demand for our products” for more details.

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

We will continue to require significant capital to support R&D of new technologies, ramp up and upgrade production capacity, and expand our distribution, marketing and after-sales service networks. Our capital expenditures depend on factors such as customer demand and the pace of our technology development. Given our limited operating history, our future capital needs are uncertain and may exceed current expectations. We intend to fund these needs through equity, debt or credit facilities. However, such financing may not be available in a timely manner or on acceptable terms. If we are unable to secure sufficient funding, we may need to delay or scale back product development, production expansion and investments, which could weaken our competitive position. Our ability to obtain financing may also be affected by market conditions, investor sentiment and overall capital market volatility.

In addition, raising funds through equity or equity-linked securities may dilute existing shareholders. Financing at the subsidiary level may result in a portion of our results being attributable to minority interests, while additional debt may increase repayment obligations and impose restrictive covenants on our operations. If we are unable to obtain sufficient funding on acceptable terms, we may need to reduce spending or delay key initiatives, which could materially and adversely affect our business and financial performance.

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

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

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

Furthermore, any inappropriate or abusive use of vehicles, motorcycles or intelligent driving and Assistance Driving System technologies, regardless of whether attributable to us

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

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

An effective sales and distribution network is essential for us to grow revenues and build stronger brand recognition. We primarily rely on distributors for the sales of our automobiles and motorcycles, supplemented by certain direct sales. We plan to further expand our network of distributors and sales outlets, both in China and overseas, to capture growth opportunities in the mobility market. Our distributor model exposes us to a number of risks. We may not be able to consistently identify, attract and retain qualified distributors with sufficient operational experience, financial resources and market reach. Moreover, the day-to-day operations of these outlets are outside our direct control. If distributors fail to provide satisfactory customer service, mishandle customer complaints, or engage in practices that harm customer confidence, our brand image and reputation could be adversely affected. In addition, many of our distribution agreements are non-exclusive. Distributors may operate outlets that sell products of other brands, and they may allocate more resources to those competing businesses than to our own. This could weaken the effectiveness of our marketing initiatives and reduce customer focus on our brands. Furthermore, competition among our distributors, if not managed properly, could result in aggressive pricing or sales cannibalization, which would harm both distributor profitability and our own sales performance.

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

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

A substantial portion of our revenue is derived from sales through distributors, and distributorship is expected to remain a key component of our sales network. For the years ended December 31, 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. Our reliance on distributors exposes us to risks arising from their operational capabilities, financial conditions and market performance.

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

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may be disrupted, which could materially and adversely affect our business, financial condition and results of operations.

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

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

Our business, results of operations, financial condition and prospects could be adversely affected if we are unable to adequately manage our inventory.

As of December 31, 2023, 2024 and 2025, we had inventories of RMB2,868.6 million, RMB2,267.0 million and RMB1,861.1 million, respectively. We assess impairment to inventories at each year during the Track Record Period and may make provision to write down our inventories to the net realizable value if they become obsolete or are damaged or their prices decrease, and their net realizable value is lower than the costs. In 2023, 2024 and 2025, we recognized inventory provision of RMB210.7 million, RMB214.0 million and RMB74.1 million, respectively. However, we cannot assure you that we will not experience material write-offs in the future.

Furthermore, during the Track Record Period, we have experienced fluctuations in our inventory turnover days. The fluctuation and extension of inventory turnover may have a material and adverse effect on our cash flow and liquidity position. It is crucial that we monitor these metrics closely to ensure the financial health of our organization. See “Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position — Inventories” for details.

In addition, it may be difficult to accurately forecast demand and determine appropriate levels of inventory we should maintain. Any change in end user demand for our products or the occurrences of catastrophic events may have an adverse impact on our product sales, which may in turn lead to decline in inventory value or inventory write-off. In the case of overestimation of customer demand, we may be subject to overstock, resale of the inventories at less favorable terms, or even write-downs of inventories. In addition, if we are required to lower sale prices to boost demand for our product sales to reduce inventory level, our profit margins might be negatively affected. In the case of underestimation of customer demand, we may not be able to fulfill all the orders we receive to maximize our revenue. Any of the above may adversely affect our business, results of operations, financial condition and prospects.

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

We may not be able to accurately monitor the inventory levels held by distributors or sub-distributors, nor identify potential imbalances in a timely manner. If distributors are unable to sell sufficient quantities of their inventories during a given period, excess stock may accumulate. This situation may arise from factors such as weaker-than-expected customer demand, ineffective sales execution by distributors, intensified competition, or misalignment between our production output and actual market needs. Excess inventory in the distribution channel could lead to order reductions by distributors in subsequent periods, as they may prioritize selling existing stock before placing new orders with us. In addition, the risk of

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inventory build-up may be compounded by the introduction of new vehicle or motorcycle models, changes in customer preferences, or product updates that render older models less competitive. Excess or obsolete inventory may force distributors to engage in discounting or promotional campaigns, which could negatively impact our brand image, pricing discipline and profitability. Any significant build-up of inventory by our distributors could reduce the volume of future orders that we receive, create instability within our sales network, and materially and adversely affect our business, financial condition, results of operations and long-term prospects.

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

We promote our brands and products through a wide range of online and offline channels, including digital campaigns on social media platforms, retail outlets operated by our distributors, offline events and exhibitions and commercial advertising activities. These efforts are designed to enhance brand awareness, strengthen customer engagement, and support product sales. Marketing and promotional activities require substantial investments. Our selling and marketing expenses amounted to RMB375.1 million, RMB337.8 million and RMB296.4 million in 2023, 2024 and 2025, respectively. However, there is no assurance that these expenditures will translate into increased sales or stronger brand recognition. The effectiveness of marketing initiatives is inherently difficult to measure and may take time to materialize. As a result, our revenue growth in a given period may not fully reflect the scale of our marketing efforts.

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

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

Our business has historically benefited from government subsidies, tax exemptions and other supportive policies that encourage the growth of new energy vehicles. During the Track Record Period, we recognized government grants income of RMB12.0 million, RMB5.9 million and RMB393.3 million in 2023, 2024 and 2025, respectively.

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

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

Any adverse adjustments to government incentives or preferential policies, whether due to fiscal tightening, changing industrial strategies, or regulatory realignment, may reduce

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customer demand for our products, increase competitive pressure, and negatively impact our revenues, profitability and growth prospects.

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

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

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

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

Before our products are delivered to distributors, corporate customers or end consumers, they are temporarily stored in warehouses operated by us or by third-party logistics service providers. Warehousing is a critical step in our supply chain management, as it directly affects our ability to ensure timely delivery and maintain product quality. However, the warehousing process exposes us to a number of risks, including accidental damage, theft, fire, flooding or other natural and man-made disasters. We maintain property-related insurance to cover financial losses from accidents, including fires. However, our coverage may not be sufficient to fully offset losses in the event of major damage to products or warehouse facilities. If such incidents occur, our ability to supply products to distributors and customers could be significantly disrupted. We may also be required to make unanticipated capital expenditures to repair or replace damaged inventory or facilities. These disruptions could delay deliveries, reduce customer satisfaction, and lead to lost sales opportunities. In addition, prolonged interruptions in warehousing and distribution may erode the confidence of our distributors and end customers, especially if we are unable to secure replacement inventory in a timely manner. Losses resulting from such disruptions may not be fully recoverable under our existing insurance policies, leaving us exposed to financial liabilities. Any such outcome could materially and adversely affect our business, financial condition, results of operations and long-term prospects.

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

We primarily rely on independent third-party logistics service providers to manage warehousing, transportation and delivery of our products to distributors, corporate clients and end consumers. The reliability and timeliness of these logistics services are critical to our

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operations and customer satisfaction. However, interruptions or failures in logistics services could result in delayed or incomplete deliveries, inventory backlogs, customer dissatisfaction, and ultimately reduced sales.

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

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

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

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

Given our reliance on third-party suppliers for critical parts including batteries and sensors, we may be required to recall products even when the defect originates from components that are not manufactured by us. In such cases, although some costs may be contractually recoverable from suppliers, we cannot assure that we will always be able to recover such costs in full or on a timely basis. In addition to direct expenses such as repair and replacement of defective parts, recalls could impose substantial indirect costs. Moreover, regulatory authorities may impose penalties or require additional compliance measures, adding to the financial and operational impact.

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

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

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

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brand image, and reduce consumer confidence in our products. Moreover, negative publicity from such claims could inhibit the commercialization of new vehicle models or reduce demand for existing products.

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

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

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

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

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

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

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

In addition to risks during product use, we store significant volumes of lithium cells, modules and packs at our production and warehousing facilities. Mishandling, improper storage, or unexpected events such as fire, flooding, or power failures could result in damage to inventory, disruption of operations, and additional safety hazards. Given that some of the factors mentioned above are beyond our control, we cannot guarantee that accidents will never occur.

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

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

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

In addition, our operating costs are expected to fluctuate as we continue to invest heavily in product development, technological innovation and capacity expansion. Research and development expenses may increase significantly in periods when we are designing new vehicle or motorcycle models, advancing intelligent driving and Assistance Driving System solutions or enhancing our battery-swapping ecosystem, while the associated revenues may not be realized until future periods when commercial deliveries begin. Similarly, we may incur substantial selling and marketing expenses to support new product launches or expand our sales and service network, without an immediate corresponding increase in revenue. During the Track Record Period, our operating expenses, including selling and marketing expenses, administrative expenses, and research and development expenses, increased from RMB1,013.3 million in 2023 to RMB1,082.6 million in 2024, and further increased to RMB1,522.0 million in 2025.

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

We have incurred net losses and net operating cash outflows during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the future.

In 2023, 2024 and 2025, we incurred net loss of RMB262.2 million, RMB328.9 million and RMB321.2 million, respectively, mainly due to the loss recorded by our automobile business and the significant upfront investment of our technology solutions. In particular, we incurred gross loss of RMB195.6 million for our automobile business in 2023. For details, see “Business — Business Sustainability.” We have also incurred net operating cash outflows. In 2023, we recorded cash used in operating activities of RMB238.8 million, primarily due to the increase in trade and bills receivables and our net loss. Moreover, we incurred accumulated loss amounted to RMB2.8 billion and RMB2.7 billion as of December 31, 2024 and 2025, respectively. Our ability to generate revenue and achieve profitability depends significantly on our success in achieving economies of scale for our manufacturing business and commercializing our technology solutions, which we may not be able to do in a timely manner or at all. For details, see “Financial Information — Path to Profitability.”

Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods thereafter. Our net losses have had, and will continue to have, an adverse effect on our working capital and shareholders’ equity. Our failure to become and remain profitable may affect perception of the potential value of our Company and could impair our ability to raise additional capital, expand our business or continue our operations.

We had net current liabilities positions in the past and may not be able to achieve or maintain net assets and net current assets position in the future.

We recorded net current liabilities of RMB422.6 million as of December 31, 2024 and RMB888.9 million as of December 31, 2025, mainly attributable to the increase in trade and

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bills payables. Having significant net current liabilities could constrain our operational flexibility and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future liquidity needs, we may need to rely on additional external borrowings for funding. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our growth plans, and our business, financial condition and results of operations may be materially and adversely affected.

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

The proper functioning of our products and technology solutions depends on seamless connectivity with our information technology and communication systems. Key features across our product portfolio, including intelligent driving and Assistance Driving System capabilities, smart cockpit functions and connected mobility applications, are supported by stable integration with our IT infrastructure and cloud-based platforms. Customers also rely on our mobile applications to access services such as navigation, vehicle management and after-sales support. Accordingly, the stability, reliability and availability of our IT and communication systems are essential to ensuring a satisfactory user experience and safeguarding our brand reputation. Our systems are vulnerable to a range of risks, including fire, power outages, natural disasters, extreme weather events, telecommunication failures, cyberattacks, computer viruses, or other malicious attempts to disrupt our operations. In addition, our data centers and critical facilities may be exposed to physical security threats such as break-ins, sabotage or intentional vandalism. Some of our systems lack full redundancy, and our disaster recovery planning may not cover all possible contingencies. Any extended downtime or system failure could interrupt customer access, delay vehicle functions, and negatively impact our business operations. Furthermore, our products and solutions are technologically complex and may contain software bugs, design flaws, or vulnerabilities that could lead to system errors or failures. As we continue to roll out new products and solutions, the complexity and interdependence of our systems will increase, thereby raising the risk of errors or interruptions. Any such disruptions could lead to customer dissatisfaction, reputational damage, additional maintenance costs, and potential liability, which in turn could materially and adversely affect our business, financial condition, results of operations and long-term growth prospects.

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

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

Furthermore, some open source software licenses require users who distribute open source software as part of their proprietary software, or derive proprietary software from or

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

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

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

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

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

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

Our overseas operations expose us to a variety of legal, regulatory, political and economic risks over which we have limited control and which are inherently difficult to

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predict. Each jurisdiction imposes its own regulatory and safety requirements, technical standards, customs procedures and product certification regimes, and any failure to comply may result in delays, penalties or restrictions on our ability to sell products in those markets.

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

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

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

During the Track Record Period, our revenue from overseas markets amounted to RMB2,242.5 million, RMB2,828.3 million and RMB3,902.8 million in 2023, 2024 and 2025, respectively, accounting for 33.5%, 40.6% and 39.5% of the total revenue for the respective year. During the Track Record Period, we did not have overseas procurement. Our business operations and financial performance may be materially and adversely affected by sanctions, export controls and other international trade restrictions. While our global sales activities during the Track Record Period, including those involving sanctioned jurisdictions such as Iran and Russia, should not give rise to material risks of violating international sanctions or export controls applicable to us, we cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Our business and reputation could be materially and adversely affected if the government of the United States, the EU, the UK, Australia, the UN or any other governmental entities were to determine that any of our activities constitute violations of the sanctions they impose. In addition, because sanctions programs evolve over time, new requirements or restrictions could come into effect which may increase scrutiny on our business or result in our business activities being deemed to violate sanctions. We cannot assure you that [REDACTED] who are subject to the jurisdictions of the US, the EU, the UK, Australia and/or other jurisdictions will be willing to make [REDACTED], or may divest their [REDACTED], in us, which may have an adverse impact on the [REDACTED] and the future prevailing [REDACTED] of our H shares, despite our commitment not to direct the [REDACTED] from the [REDACTED] to dealings with Sanctioned Targets.

On October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment, or the Outbound Investment Rule, to implement the executive order of August 9, 2023, which became effective on January 2, 2025. The Outbound Investment Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau), collectively defined as “Covered Foreign Persons,” that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as “covered transactions.” We do not believe the Company is a

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Covered Foreign Person. An investment in the Company through the [REDACTED] may be considered an indirect covered transaction because certain of our subsidiaries engage in covered activities and a portion of the proceeds from the [REDACTED] may be used to fund their business activities. A U.S. person's [REDACTED] in the Company through the [REDACTED] may rely on the publicly [REDACTED] securities exception. Upon completion of the [REDACTED], U.S. persons (and their non-U.S. subsidiaries) would be allowed to purchase our [REDACTED] shares on the Stock Exchange without notification obligations, so long as the purchased shares do not afford such U.S. persons or their non-U.S. subsidiaries rights beyond standard minority shareholder protections. Investors that are U.S. persons should consult their own legal counsel and make their own assessment of the applicable compliance requirements under the Outbound Investment Rule in connection with this [REDACTED], including any notification obligation and the availability of any exception. Given that relevant laws, regulations, and policies continue to evolve and there are uncertainties in the interpretation and enforcement of the Final Rule, we cannot rule out the possibility of being deemed a Covered Foreign Person due to different views taken by the U.S. Department of the Treasury, potential amendments to the Final Rule or the introduction of similar regulations. In addition, on February 21, 2025, the U.S. administration issued the memorandum entitled the “America First Investment Policy,” which indicates a policy direction to review whether the existing outbound investment regime contains sufficient controls to address U.S. national security concerns and contemplates potentially broader restrictions on outbound investment involving China. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the “COINS Act”) was enacted as part of the U.S. National Defense Authorization Act for fiscal year 2026. The COINS Act codifies the U.S. outbound investment program and requires the U.S. Department of Treasury to amend or issue regulations to implement its provisions. Any such future regulations, amendments or policy developments may expand the scope of restricted transactions, increase compliance burdens, narrow existing exceptions or otherwise create additional uncertainty for U.S. investors and other investors subject to similar restrictions. This may reduce U.S. [REDACTED] interests in our equity securities and the value of the Shares, as well as limit our ability to raise capital or contingent equity capital from U.S. [REDACTED] after this [REDACTED]. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the value of our Shares may significantly decline, or in extreme cases, become worthless.

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

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

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

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

We rely on proprietary technology and we are dependent on our ability to protect such technology. In particular, our success depends on our ability to obtain, maintain, enforce and protect our brand, trademarks, patents, domain names, copyrights, trade secrets, know-how, confidential information, proprietary software and other proprietary methods and technologies, whether registered or not, that we developed under intellectual property laws of the PRC and other jurisdictions, so that we can prevent others from using our inventions and proprietary information. However, there can be no assurance that our efforts to obtain, maintain, enforce and protect our intellectual property and proprietary information will be adequate to prevent unauthorized use of our confidential information, intellectual property, or technology, or to prevent our competitors or other third parties from unintentionally or willfully copying, reverse engineering or otherwise obtaining and using our technology, solutions, or proprietary information. Intellectual property rights are generally territorial and we may not be able to obtain protection (e.g. in connection with patents or trademarks) in certain jurisdictions where we do business because of local laws, local filings or other reasons. Monitoring unauthorized use and disclosures of our intellectual property, proprietary

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technology, or proprietary information can be difficult and expensive and we cannot be sure that the steps we have taken will prevent misappropriation or infringement of our intellectual property rights or proprietary information.

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

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

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

We rely on a combination of patents, trademarks, copyrights, trade secrets and confidentiality agreements to protect our proprietary rights. As of the Latest Practicable Date, we have 342 granted patents, 1,664 copyrights, as well as 1,255 trademarks both in China and overseas. There can be no assurance that all of our applications for registration with the competent government authorities of trademarks, patents and other intellectual property rights related to our current or future business will be approved, or that our registered intellectual property rights will not be challenged, invalidated or found unenforceable by third parties or relevant authorities. From time to time, we may encounter difficulties in registering our trademarks or patents, or face disputes with third parties in respect of intellectual property ownership, use or registration. If we are unable to register or enforce such rights, we may fail to prevent others from using these intellectual properties, which could materially and adversely affect our business, financial condition and results of operations. Policing unauthorized use of proprietary technology is inherently difficult and costly. Third parties may still attempt to copy, reverse engineer, or otherwise misappropriate our technologies, or even seek court declarations that they do not infringe upon our rights. Monitoring and enforcing our intellectual property rights may require significant resources, and from time to time, we may need to resort to litigation, which could be costly, time-consuming, and divert management attention. Furthermore, our patents have a finite term and may expire without extension, while our existing patent rights may be contested, circumvented, invalidated or limited in scope. As a result, our patents may not provide effective protection, and we may not be able to prevent others from developing or exploiting

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competing technologies. Any such events could materially and adversely affect our business operations, financial condition and results of operations.

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

We may evaluate and pursue strategic investments, acquisitions, joint ventures or alliances to enhance our product portfolio, strengthen our technological capabilities, expand into new markets or achieve greater operational efficiency. Strategic investments or acquisitions involve a number of risks, including but not limited to: (i) challenges in integrating operations, personnel, systems, technologies, products and services of the acquired business; (ii) the risk that acquired technologies, products or businesses may not achieve anticipated levels of revenue, profitability or further development; (iii) difficulties in retaining, motivating and integrating key management or technical personnel from the acquired entity; (iv) diversion of management’s time and resources from our existing operations, potentially disrupting our ongoing businesses; (v) increased strain on our liquidity and capital resources; (vi) challenges in executing intended business plans and achieving projected synergies; (vii) difficulties in maintaining uniform internal controls, compliance, standards and procedures across an expanded organization; (viii) potential loss of relationships with existing suppliers, distributors or other partners of the acquired business; (ix) risks associated with entering new geographic markets or industries in which we have limited or no prior experience; (x) regulatory and compliance risks, including the need for approvals from governmental authorities and being subject to oversight by new regulators; (xi) assumption of contractual obligations that may impose unfavorable terms, require licensing or waiving of intellectual property rights, or increase potential liabilities; and (xii) exposure to pre-existing liabilities of the acquired business, including tax liabilities, legal or regulatory violations, commercial disputes, or intellectual property claims.

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

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

During the Track Record Period, we accepted payments made by third parties to settle the amounts that certain distributors and end customers owed to us in connection with their purchases of our products (the “**Third-Party Payment Arrangements**”). In 2023, 2024 and 2025, the aggregate amounts settled through such Third-Party Payment Arrangements were RMB639.8 million, RMB832.9 million and RMB1,035.2 million, respectively, representing approximately 9.6%, 12.0% and 10.5% of our total revenue for the corresponding years, respectively. The number of distributors and end customers who settled payments through third-party channels (the “**Third-Party Settled Customers**”) was 76, 69 and 96, respectively, for the corresponding years. We confirm that we did not proactively initiate any Third-Party Payment Arrangements. Based on the representations of the Third-Party Settled Customers and to the best knowledge of our Directors, such arrangements were primarily adopted for convenience and flexibility. The third parties who made the payments to us under these Third-Party Payment Arrangements during the Track Record Period, referred to as “Third-Party Payers,” consisted of persons affiliated with the Third-Party Settled Customers, such as their beneficial owners, beneficial owners’ employees and business partners. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any disputes with, nor received any refund requests from, any Third-Party Settled Customer or Third-Party Payer, nor had we been subject to any administrative penalties by any government authorities with respect to the Third-Party Payment Arrangements. As advised by our PRC Legal Advisers, our acceptance of payments through the Third-Party Payment Arrangements does not contravene 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. See “Business — Third-party Payment Arrangement” for more details.

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

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

In order to operate our diverse businesses in the PRC and overseas, we are required to obtain and maintain a wide range of licenses, permits, approvals and filings in accordance with applicable laws and regulations. These requirements may include, among others, vehicle production admission, China Compulsory Certification (CCC), environmental approvals, import and export permits, filings for websites and apps. Given the discretion exercised by PRC regulatory authorities in interpreting and enforcing relevant laws, as well as the evolving nature of certain regulatory frameworks, we cannot assure you that we have obtained, or will always be able to obtain, all requisite approvals, licenses and permits in a timely manner, or at all.

As of the Latest Practicable Date, we had not been subject to material penalties, warnings or disciplinary action for failing to obtain such license. As the regulatory framework for new energy vehicles, intelligent driving and Assistance Driving System, connected mobility services and charging infrastructure continues to evolve, we may be subject to new licensing or approval requirements in the future. Any delay, difficulty or failure in obtaining, maintaining or renewing requisite licenses, permits, filings or approvals could materially and adversely affect our business operations, brand reputation and financial conditions.

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

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

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

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

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

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

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

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

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

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

We may also receive complaints from customers regarding product quality, safety, pricing or after-sales support. If we fail to address such complaints effectively, our brand and reputation may suffer, and customers may lose confidence in us, reducing their purchases or switching to competitors. Our success also depends, in part, on generating positive customer feedback and minimizing negative commentary, especially on social media platforms where existing and potential customers seek and share product information. If actions we take or

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changes we make to our products or solutions are poorly received, related commentary could further damage our brand perception. Complaints or negative publicity about us, our products, technologies, or solutions could materially and adversely impact our ability to attract and retain customers, and could negatively affect our business, results of operations and financial conditions.

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

We are subject to various cybersecurity, data security, and personal information protection laws and regulations in China. For more details, see “Regulatory Overview — Regulations Relating to Cybersecurity, Information Security, Privacy and Data Protection.” We have adopted rigorous and comprehensive policies regarding the collection, processing, sharing, disclosure, authorization, protection, and other aspects of data use and privacy, and have taken necessary measures to comply with applicable cybersecurity, data security and personal information protection laws and regulations. However, we cannot guarantee the effectiveness of these policies and measures undertaken by us, or by our vendors or other business partners, given the evolving legal and regulatory landscape. Any failure, or perceived failure, to comply with any applicable cybersecurity, data security and personal information regulations, or any failure, or perceived failure, of our business partners to do so, or any failure, or perceived failure, of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us. Such outcomes could lead to fines, revocation of licenses, suspension of relevant operations, or other legal or administrative penalties, which may, in turn, damage our reputation, discourage current and potential customers, and expose us to fines and damages, potentially having a material adverse effect on our business, financial condition, and results of operations.

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

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

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

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

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

As of the Latest Practicable Date, we were not a party to any material legal or administrative proceedings. However, given the nature and scale of our business, we and certain members of our management may from time to time be subject to claims, disputes, lawsuits and other legal or administrative proceedings. Such proceedings may involve allegations of product quality and safety issues, contractual disputes, intellectual property rights, labor and employment matters, regulatory compliance or other business-related claims. Any actual or threatened litigation could cause us to incur substantial legal costs, utilize significant management and operational resources, and divert management’s attention from our day-to-day operations. In particular, claims arising from actual or alleged violations of laws, breaches of contract or torts could be asserted against us by customers, distributors, suppliers, competitors, employees or governmental entities. Any adverse outcome in legal proceedings, or even prolonged litigation regardless of outcome, could materially and adversely affect we, our business, financial condition, results of operations and reputation. In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity, consumption restriction orders or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

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

Our business and future success are closely tied to the expertise, leadership, and vision of our Directors, executive officers and other key employees. We particularly rely on the continued service of senior management members who possess extensive experience in the automobile, motorcycle, new energy vehicle and smart mobility industries, as well as technical know-how in areas such as intelligent driving and Assistance Driving System, powertrain systems and digital platform operations. If one or more of these individuals were to resign,

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become incapacitated or otherwise be unable to continue their service, we may encounter difficulties in identifying and appointing qualified successors in a timely manner, or at all. Given the intense competition for talent in our industry, we cannot assure you that we will be able to retain our existing senior management and technical experts, or recruit suitable replacements without incurring significant costs.

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

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

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

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

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

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

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

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

We may be exposed to credit risk of trade receivable.

As of December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB1.9 billion, RMB2.1 billion and RMB2.0 billion, respectively. We are exposed to credit risk arising from delays in payment or defaults by various third parties, including, among others, distributors, corporate customers and business partners. As of December 31, 2023, 2024 and 2025, we recorded impairment losses for trade receivables of RMB771.4 million, RMB773.3 million and RMB684.1 million, respectively. We may not be able to recover all such amounts due to factors beyond our control. In particular, some of our distributors and corporate customers may encounter financial difficulties, prolonged payment cycles or reduced profitability, affecting their ability to make timely payments for our products and solutions. Similarly, suppliers and other counterparties may face operational or liquidity pressures that delay their settlement of obligations to us. If any of these parties fail to make payments to us as scheduled, we may be required to make impairment provisions or write off the relevant prepayments, other receivables and other assets. This could adversely affect our liquidity, financial condition and results of operations. See “Financial Information — Financial Risks Disclosure — Credit Risk” for more details.

We are subject to risks associated with investments in joint ventures and associates, which may adversely and materially affect our financial performance due to their illiquidity and volatility.

We have equity method investments in joint ventures and associates, including financial institutions and other business affiliates. We recorded share of profits of joint ventures and associates of RMB413.8 million, RMB488.2 million and RMB442.7 million in 2023, 2024 and 2025, 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. These investments are inherently less liquid than other assets, such as marketable securities, as they cannot be easily sold or converted into cash without significant delays or price concessions. The financial performance of our joint ventures and associates is subject to factors beyond our control, including market fluctuations, management decisions, and regulatory changes. Such volatility could result in impairment losses or reduced profitability, which may adversely impact our financial position. Furthermore, if the carrying value of these investments exceeds their recoverable amount, we may need to recognize impairment losses. Due to limited visibility into their day-to-day operations, we may face difficulties in promptly addressing operational or financial challenges, which could materially and negatively affect our business, financial condition, and results of operations.

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

PRC laws and regulations require us to pay several statutory social welfare benefits for our employees, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund. The amounts of our contributions for our employees under such benefit plans shall be calculated based on certain percentage of salaries, including bonuses and allowances, up to a maximum amount specified by the local authority from time to time at locations where we operate. During the Track Record Period and up to the Latest Practicable Date, we had not made full contributions to the social insurance plan and housing provident fund for some of our employees as prescribed by relevant laws and regulations. As of the Latest Practicable Date,

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there were no pending material disputes or controversies with our employees in relation to the payment of social insurance and housing provident funds during the Track Record Period, and we had not received any material objections from our employees or the competent authorities regarding such payments.

Pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. We cannot assure you that the relevant government authorities will not require us to pay the outstanding amount within a prescribed time and impose late charges or fines on us, which may materially and adversely affect our business, financial condition and results of operations. Having considering that: (i) based on credit reference reports issued by the competent authorities, during the Track Record Period, the Group has not been subject to any administrative penalties in relation to social insurance or housing provident fund matters; (ii) based on consultations with the competent authorities of major subsidiaries (such competent authorities are located in Chongqing, Ningbo, Hangzhou and elsewhere), these authorities typically do not proactively conduct audits or require supplementary payments unless prompted by employee complaints; (iii) based on confirmation by the Directors and public information searches (including the following websites: National Enterprise Credit Information Publicity System, Credit China platform, the official website of the State Taxation Administration, China Judgements Online, Court Announcements, and China Enforcement Information Online), during the Track Record Period and up to the Latest Practicable Date, the Group has not been involved in any collective employee complaints or litigation or arbitrations concerning such contributions; and (iv) pursuant to Notice of the General Office of the State Administration of Taxation on Prudently and Orderly Carrying Out Work Related to the Collection and Administration of Social Insurance Contributions (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) and the Notice on Implementing Further Measures to Support and Serve the Development of the Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) promulgated in 2018, administrative authorities are strictly prohibited from organizing centralized collections of historical social insurance arrears. The PRC Legal Advisor is of the view that in the absence of collective employee complaints or litigation or arbitrations, the risk of the Group being penalized or required to make up payments by the relevant competent authorities during the Track Record Period is remote, and the Group's shortfall in social insurance and housing provident fund contributions would not have a material adverse effect on its business, financial condition, or results of operations.

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.

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

We are subject to anti-corruption, anti-bribery and similar laws and regulations in various jurisdictions in which we conduct activities. In the ordinary course of our business, we interact with a variety of third parties, including suppliers, distributors, and other business partners, and in certain cases may have indirect interactions with government agencies and

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state-owned entities (for example, in relation to licensing, permits, or regulatory inspections). These interactions subject us to heightened compliance-related concerns. There can be no assurance that our internal compliance policies and procedures will be fully effective at all times, and our Directors, officers, employees, representatives, consultants, agents, or business partners could nevertheless engage in conduct in violation of such laws and regulations, for which we may be held responsible.

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

Our products and solutions rely on the stable performance of both internal and external servers, networks, IT infrastructure and data processing systems.

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

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

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

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

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

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

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

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

To recognize the contributions of our employees and consultants and incentivize them to further promote our development, our Employee Incentive Platforms were established in the PRC in the form of PRC limited partnerships. Participants in our employee incentives have been granted limited partnership interests in these platforms as awards. In 2023, 2024 and 2025, we incurred equity-settled share-based payment expenses of RMB23.8 million, nil and RMB11.4 million, respectively. To further incentivize employees and consultants, we may grant additional share-based compensation in the future, which may increase our operating expenses and adversely affect our financial condition. In addition, the issuance of additional shares for share-based awards could dilute the ownership percentage of our existing shareholders.

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

In 2023, 2024 and 2025, we received government grants of RMB12.0 million, RMB5.9 million and RMB393.3 million, respectively. During the Track Record Period, we received various forms of government subsidies and preferential tax treatments in accordance with applicable PRC laws and regulations. Particularly, certain of our PRC subsidiaries principally engaged in new energy vehicle and intelligent mobility sectors were entitled to, and applied, a preferential corporate income tax rate of 15% during the Track Record Period. A portion of these subsidies and incentives are non-recurring in nature, and most preferential tax treatments are subject to periodic review and renewal by relevant authorities. There can be no assurance that we will continue to enjoy the same level of preferential tax treatments or

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government subsidies in the future. Any reduction, delay, or termination of such support, whether due to changes in government policies, fiscal tightening, adjustments to industrial guidance, or other factors beyond our control, could materially and adversely affect our results of operations and financial performance. In addition, government subsidies and preferential tax treatments often involve application procedures, conditions of compliance and subsequent examinations, and we cannot guarantee that we will always meet such requirements. Failure to satisfy the conditions attached to these benefits could result in their withdrawal or require us to return previously received subsidies, which may in turn negatively impact our profitability, cash flow, and overall financial conditions.

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

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

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

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

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

The PRC Legal Advisor is of the view that these properties comply with the production safety and fire safety requirements in all material respects. This view is based on the following: (i) as of the Latest Practicable Date, Shumin Vehicle had completed the requisite fire protection completion inspection procedures for these properties, and the Group was not aware of any safety-related incidents or accidents involving such properties; and (ii) as evidenced by the credit reference report obtained by Shumin Vehicle, no material administrative penalties have been imposed on it in relation to production safety or fire safety during the Track Record Period.

As for the five warehouses that have not obtained the Planning Permit (建設工程規劃許可證) and the Construction Permit (建築工程施工許可證), the Company and its subsidiary, Jiangmen Qipai Motorcycle Co., Ltd (江門氣派摩托車有限公司), did not conduct fire protection design or final inspection. The PRC Legal Advisor is of the view that the aforementioned circumstances would not have a material adverse effect on the Group's business, financial condition, or results of operations, considering that: (i) as evidenced by the credit reference reports obtained by the Company and its relevant subsidiaries, no material administrative penalties have been imposed on them in relation to production safety or fire safety during the Track Record Period; (ii) as confirmed by the Directors, necessary firefighting facilities have been installed within the relevant warehouses; and (iii) as confirmed

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by the Directors, if any competent authorities subsequently require the Group to cease using these warehouses, the Group will relocate and dismantle the relevant warehouses in accordance with the authorities’ requirements.

Our Directors and the PRC Legal Advisor are of the view that the failure to obtain the building ownership certificates, construction planning permits, and construction permits for the subject properties would not have a material adverse effect on the Group’s business, financial condition, or results of operations, considering that: (i) the Group has been utilizing these properties normally and has not been subject to any ownership disputes, administrative penalties, or orders for demolition from the competent authorities in relation to land and resources, urban-rural planning, and fire management; (ii) the aggregate gross floor area (GFA) of the affected properties represents a small portion of the total GFA of properties owned by the Group in the PRC; (iii) the properties lacking construction permits are primarily used as warehouses rather than for revenue-generating purposes and are not part of the core production properties, making them highly substitutable in the event the Group is ordered to relocate; and (iv) regarding the properties affected by legal proceedings, based on confirmation by the Directors, it is expected that all relevant cases can be resolved through settlement and execution, following which the court attachments will be lifted to enable the Group to proceed with the title registration.

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

The self-constructed properties held by Shumin Vehicle are currently unable to obtain property ownership certificates solely due to outstanding litigation, and no penalties will be involved. The maximum potential penalty for the lack of Planning Permit (建設工程規劃許可證) and the Construction Permit (建築工程施工許可證) is estimated at RMB1,500,000, which represents the highest of (i) approximately 10% of the relevant construction costs; (ii) 2% of the total construction contract value; or (iii) a maximum fine of RMB300,000 for each warehouse that failed to obtain fire protection final inspection.

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

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

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

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the designated use of the land and the time for commencement and completion of the property development, government authorities may issue a warning, impose a penalty and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to commence development after one year of the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land penalty equivalent to or less than 20% of the land premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may confiscate our land use rights

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without compensation, except where the delay in the development is attributable to a force majeure event or the action of the relevant government department or delay in the requisite preliminary work preceding commencement of such development. In addition, according to the land grant contract, we may be required to pay a contract penalty for idle land. Moreover, had a property developer commenced development of the property in accordance with the timeframe stipulated in the land grant contract, however, if such development was suspended for more than one year without government approval, then the land may be treated as idle land and will be subject to the risk of forfeiture. During the Track Record Period and up to the Latest Practicable Date, we incurred delays in commencement and/or completion of construction for a project in Chongqing. See "Business — Properties" for further details.

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

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

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

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

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

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we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property or proprietary information. Furthermore, individuals executing agreements with us may have pre-existing or competing obligations to third parties, which could render our agreements ineffective in perfecting ownership of inventions developed by such individuals.

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

RISKS RELATED TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

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

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

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

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

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

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

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

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

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

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

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

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

In light of changing economic and political conditions, tax rates in various jurisdictions may fluctuate significantly. Our effective tax rate may be affected by changes in the geographic

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

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

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

We are subject to increasingly stringent regulatory requirements in respect of entering into labor contracts with our employees and making statutory contributions for various employee benefits, to designated governmental authorities for the benefit of our employees. We believe that our current practices comply with the PRC Labor Contract Law (《中華人民共和國勞動合同法》) and its amendments. Nonetheless, relevant governmental authorities may hold a different view and impose fines or other penalties on us. Any failure to comply with such laws and regulations, or any imposition of significant penalties or legal costs in connection therewith, could adversely affect our business, financial condition and results of operations.

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

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

Nonetheless, should we decide to adjust our employment structure or terminate certain employees, the Labor Contract Law and its implementation rules may restrict our ability to implement such changes in a timely or cost-effective manner. We may be required to provide additional compensation to employees in the event of termination or restructuring, which could adversely affect our financial condition and results of operations.

We are subject to the currency exchange control system.

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

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

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

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, in principle we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax of the MOF and SAT (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, dividend income of individual foreigners from PRC enterprises with foreign investment are exempted from individual income tax for the time being.

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

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

In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

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

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. Distributable profit is our profit

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

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

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

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

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

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

In addition, our future financing activities may also need to be filed with and/or reported to the CSRC according to the Overseas Listing Filing Rules. However, we cannot assure you that we will be able to complete such filings in a timely manner and/or fully comply with such regulations in connection with the [REDACTED] or our continued [REDACTED] overseas and our overseas securities [REDACTED] in the future. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such

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as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. Where any entity or individual fails to fulfill the confidentiality obligations under the relevant PRC laws during the overseas issuance and [REDACTED] of PRC-based companies, such entity or individual may be subject to legal sanctions, such as warnings, fines, and criminal liabilities. See “Regulatory Overview — Regulations Relating to Filing of Overseas Listing by Domestic Enterprises.”

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

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

The M&A Rules and certain other PRC regulations impose additional procedures and requirements that are expected to increase the complexity and duration of merger and acquisition activities in China involving foreign investors, as well as overseas investments by PRC domestic enterprises.

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

RISKS RELATED TO THE [REDACTED]

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

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

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

Our A Shares are listed and traded on the Main Board of the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Main Board of the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Hong Kong Stock Exchange. Under current PRC laws and regulations, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct [REDACTED] or settlement between the H Share and A Share markets. Given their different [REDACTED] characteristics, the H Share

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and A Share markets differ in [REDACTED] volumes, liquidity and [REDACTED] bases, as well as levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be directly comparable.

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

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

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

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

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

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

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

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

In addition, while [REDACTED] subscribing shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing

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arrangements or agreements to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares subscribed by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] volume of our H Shares.

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

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

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

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

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

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

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

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with relevant provisions of the Listing Rules and exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

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

- (a) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Hong Kong Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Yin Qi (印奇) (“**Mr. Yin**”) and Mr. Chu Lok Him Matthew (朱樂謙) (“**Mr. Chu**”) (the “**Authorized Representatives**”). Mr. Chu is situated and based in Hong Kong, and will be available to meet with the Hong Kong Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Hong Kong Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Hong Kong Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Hong Kong Stock Exchange and will inform the Hong Kong Stock Exchange promptly in respect of any change in the Authorized Representatives;
- (b) when the Hong Kong Stock Exchange wishes to contact our Directors on any matters, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. We have provided the Hong Kong Stock Exchange with the contact details (i.e., mobile phone number, office phone number, email address and fax number, if applicable) of all Directors to facilitate communication with the Hong Kong Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the Authorized Representatives in the event that any Director expects to travel or otherwise be out of office;
- (c) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Hong Kong Stock Exchange in Hong Kong upon reasonable notice, when required;
- (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Rainbow Capital (HK) Limited as compliance adviser (the “**Compliance Adviser**”) upon [REDACTED] for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after

WAIVERS AND EXEMPTIONS

- the [REDACTED]. The Compliance Adviser will act as an additional channel of communication with the Hong Kong Stock Exchange and will be available to respond to enquiries from the Hong Kong Stock Exchange. The contact details of the Compliance Adviser have been provided to the Hong Kong Stock Exchange;
- (f) the Compliance Adviser will have access at all times to our Authorized Representatives, our Directors and our senior management, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available, as prescribed by Rule 3A.23 of the Listing Rules. Our Company shall ensure that our Authorized Representatives, Directors and our senior management members will timely provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties as set forth in the Listing Rules. To the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Hong Kong Stock Exchange and us. Meetings between the Hong Kong Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Hong Kong Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;
 - (g) we will appoint other professional advisers (including legal advisers in Hong Kong) after the [REDACTED] to assist us in dealing with any questions which may be raised by the Hong Kong Stock Exchange and to ensure that there will be prompt and effective communication with the Hong Kong Stock Exchange; and
 - (h) our Company has designated one of our staff members as the communication officer at our headquarters after the [REDACTED] who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company’s professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondence with and/or enquiries from the Hong Kong Stock Exchange and report to our executive Directors to further facilitate communication between the Hong Kong Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for listing on the Hong Kong Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the “relevant experience” of the individual: (a) length of employment with the issuer and other issuers and the roles he/she played; (b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (d) professional qualifications in other jurisdictions.

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

WAIVERS AND EXEMPTIONS

The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Ms. Xia, who is serving as the vice president and board secretary of the Company and has day-to-day knowledge of the Company’s affairs. Ms. Xia has the nexus to the Board and close working relationship with the management of the Company necessary to perform the function of a joint company secretary and to take required actions in the most effective and efficient manner. However, Ms. Xia presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Chu, who is a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Ms. Xia for an initial period of three years from the [REDACTED], to enable Ms. Xia to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Xia may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [REDACTED], and is granted on the condition that Mr. Chu, as a joint company secretary of our Company, will work closely with Ms. Xia to jointly discharge the duties and responsibilities as company secretaries and assist Ms. Xia in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Chu will also assist Ms. Xia in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Chu is expected to work closely with Ms. Xia and will maintain regular contact with Ms. Xia, the Directors and the senior management of our Company. In addition, Ms. Xia will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. Ms. Xia will also be assisted by (a) the Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company’s ongoing compliance with the Listing Rules and applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Mr. Chu ceases to provide assistance to Ms. Xia as a joint company secretary for the three-year period after the [REDACTED] or where there are material breaches of the Listing Rules by our Company.

Prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Xia will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We must demonstrate and seek the Hong Kong Stock Exchange’s confirmation that Ms. Xia, having benefited from the assistance of Mr. Chu for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

PARTICULARS OF INFORMATION OF OUR SUBSIDIARIES

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

WAIVERS AND EXEMPTIONS

Paragraph 27 of Appendix D1A to the Listing Rules requires this Document to include particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement.

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

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

As of the date of this Document, we have 58 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of each of our subsidiaries, as our Company would have to incur additional costs and devote significant resources to compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to the [REDACTED] save for the Major Subsidiaries as referred to below.

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

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

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

We have also disclosed the corporate information (including name, principal business activities, place and date of incorporation and the interest held by the Group) of the Major Subsidiaries as required under Paragraph 29(1) of the Appendix D1A to the Hong Kong

WAIVERS AND EXEMPTIONS

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

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

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

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

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

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

CONNECTED TRANSACTIONS

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

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Positions	Address	Nationality
Executive Directors and non-executive Directors			
Mr. Yin Qi (印奇)	Executive Director	Unit 2, Building 16# Weixing Courtyard Guandou Street Jiujiang District Wuhu, Anhui Province PRC	Chinese
Mr. Zhao Ming (趙明)	Non-executive Director	Unit 11, Lane 55 No. 11 Puxiu North Road Minhang District Shanghai PRC	Chinese
Mr. Bao Yi (鮑毅)	Non-executive Director	Floor 9, Building C10 No. 77 Hongcao Road Xuhui District Shanghai PRC	Chinese
Mr. Xu Honghu (徐鴻鵠)	Non-executive Director	No. 10-6, Caixin Yuzhong City Zhongshan 1st Road Qixinggang Street Yuzhong District Chongqing PRC	Chinese
Mr. Li Chuanhai (李傳海)	Non-executive Director	Room 501, Building 2 Golden Eagle Garden Gutang Street Cixi, Zhejiang Province PRC	Chinese
Ms. Chen Ting (陳婷)	Non-executive Director	Room 101, Unit 1, Building 4 Jingjida Community Xicheng District Beijing PRC	Chinese
Mr. Liu Jinliang (劉金良)	Non-executive Director	Room 601, Building 1 No.168 Liyi Road Yingfeng Street Xiaoshan District Hangzhou Zhejiang Province PRC	Chinese
Ms. Long Zhenzhu (龍珍珠)	Non-executive Director	Room 26-3, Unit 1, Building 3 No. 47 Jintong Road North New District Chongqing PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Positions	Address	Nationality
Mr. Xu Huanchun (徐煥春)	Executive Director (employee representative director)	Room 2-4 No. 421 Luzuofu Road Chengnan New Area Beibei District Chongqing PRC	Chinese
Independent non-executive Directors			
Dr. Liu Yunhao (劉雲浩)	Independent non-executive Director	Unit 3141, Building 5 Zhixin Village No.2 Haidian District Beijing PRC	Chinese
Ms. Huang Qun (黃群)	Independent non-executive Director	Room C, 25/F, Larchwood 62 Larch Street Tai Kok Tsui, Kowloon Hong Kong	Chinese
Dr. Xiao Xiang (肖翔)	Independent non-executive Director	Room 1505, Building 11, No. 3 Shangyuan Village Haidian District Beijing PRC	Chinese
Dr. Dou Junsheng (竇軍生)	Independent non-executive Director	Room 14-2-702, Zijinxiyuan Wuchanggang Road Xihu District Hangzhou, Zhejiang PRC	Chinese
Mr. Ren Xiaochang (任曉常)	Independent non-executive Director	Room 4-1, Unit 1, Building 25 Zhujiang Garden No. 199 Zhigang Avenue Jiulongpo District Chongqing PRC	Chinese

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

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, Sponsor-Overall Coordinator, [REDACTED], [REDACTED] and [REDACTED] and [REDACTED]	China International Capital Corporation Hong Kong Securities Limited 29/F One International Finance Centre 1 Harbour View Street Central Hong Kong
Overall Coordinator	Morgan Stanley Asia Limited 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Legal advisers to our Company	<i>As to Hong Kong and United States laws:</i> Davis Polk & Wardwell 10/F, The Hong Kong Club Building 3A Chater Road Central Hong Kong <i>As to PRC laws:</i> Fangda Partners 24/F, HKRI Centre Two HKRI Taikoo Hui 288 Shi Men Yi Road Shanghai PRC
Legal advisers to the Sole Sponsor and the [REDACTED]	<i>As to Hong Kong and United States laws:</i> Clifford Chance 27th Floor, Jardine House 1 Connaught Place, Central Hong Kong <i>As to PRC laws:</i> Jingtian & Gongcheng 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Reporting Accountants	Ernst & Young <i>Certified Public Accountants Registered Public Interest Entity Auditor</i> 27/F, One Taikoo Place 979 King’s Road Quarry Bay Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Transfer Pricing Advisor	Ernst & Young (China) Advisory Limited 50/F, Shanghai World Financial Center 100 Century Avenue Pudong New Area Shanghai PRC
Industry Consultant	China Insights Industry Consultancy Limited 10F, Block B Jing'an International Center 88 Puji Road, Jing'an District Shanghai 200070 PRC
Independent Property Valuer	Asia-Pacific Consulting and Appraisal Limited Flat/Rm A, 12/F Kiu Fu Commercial Building 300 Lockhart Road, Wanchai Hong Kong
International Sanctions Legal Adviser	Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo 30/F, Shiroyama Trust Tower 4-3-1 Toranomom Minato-ku, Tokyo Japan
Compliance Adviser	Rainbow Capital (HK) Limited Office No. 710 7/F Wing On House 71 Des Voeux Road Central Central Hong Kong [REDACTED]

CORPORATE INFORMATION

Registered Office	No. 2 Huanghuan North Road Jinshan Avenue Liangjiang New District Chongqing China
Headquarters and Principal Place of Business in the PRC	No. 16, Fengxi Road, Caijiagang Beibei District, Chongqing China
Principal Place of Business in Hong Kong	Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company’s Website	https://qianli-ai.com/ (the information contained on this website does not form part of this Document)
Joint Company Secretaries	Ms. Xia Yuyang (夏雨揚) No. 16, Fengxi Road, Caijiagang Beibei District, Chongqing China Mr. Chu Lok Him Matthew (朱樂謙) (an associate of CGI and HKCGI) Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Mr. Yin Qi (印奇) No. 16, Fengxi Road, Caijiagang Beibei District, Chongqing China Mr. Chu Lok Him Matthew (朱樂謙) (an associate of CGI and HKCGI) Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Dr. Xiao Xiang (肖翔) (<i>chairperson</i>) Mr. Bao Yi (鮑毅) Ms. Long Zhenzhu (龍珍珠) Dr. Dou Junsheng (竇軍生) Mr. Ren Xiaochang (任曉常)

CORPORATE INFORMATION

Remuneration and Appraisal Committee

Mr. Ren Xiaochang (任曉常) (*chairperson*)
 Mr. Yin Qi (印奇)
 Mr. Xu Honghu(徐鴻鵠)
 Dr. Xiao Xiang (肖翔)
 Dr. Dou Junsheng (竇軍生)

Nomination Committee

Dr. Dou Junsheng (竇軍生) (*chairperson*)
 Mr. Bao Yi (鮑毅)
 Mr. Liu Jinliang (劉金良)
 Dr. Xiao Xiang (肖翔)
 Mr. Ren Xiaochang (任曉常)

Strategy and ESG Committee

Mr. Yin Qi (印奇) (*chairperson*)
 Mr. Xu Honghu(徐鴻鵠)
 Mr. Li Chuanhai (李傳海)

[REDACTED]

Principal Banks

China Minsheng Bank Corp., Ltd., Jinkai Sub-Branch
 No. 156-159 Attached to No. 1218, Jinkai Avenue
 Yubei District
 Chongqing
 PRC

The Export-Import Bank of China, Chongqing Branch
 Muxing Technology Building
 No. 7, Middle Section of Huangshan Avenue
 High-Tech Park
 Yubei District
 Chongqing
 PRC

Industrial Bank Co., Ltd., Chongqing Branch
 Room 3-90 to 3-100
 No. 6 Attached to No. 415, Huhong Road
 Yubei District
 Chongqing
 PRC

Shanghai Pudong Development Bank Co., Ltd., Daping Sub-Branch
 No. 110 Daping Zhengjie
 Yuzhong District
 Chongqing
 PRC

INDUSTRY OVERVIEW

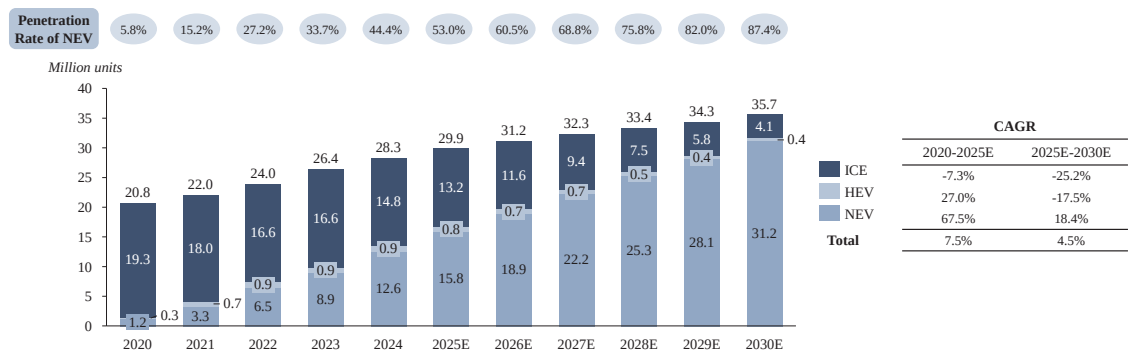
The information and statistics set out in this section and other sections of this [REDACTED] Document were extracted from the CIC Report, which was commissioned by us, and from various official government publications and available resources from public market research. We engaged CIC to prepare the CIC Report in connection with the [REDACTED]. Our Directors and Sole Sponsor have exercised reasonable care in selecting and identifying the relevant information sources, and in compiling, extracting and reproducing such information, and have ensured that there has been no material omission of the information to their best knowledge, information and belief. However, the information from official government sources has not been independently verified by any of the Sole Sponsor, our Directors and advisors, or any other persons or parties involved in the [REDACTED] (other than CIC), and no representation is given as to its accuracy.

OVERVIEW OF CHINA’S PASSENGER VEHICLE MARKET

Market Size of China’s Passenger Vehicle Market

Since 2009, China has been the world’s largest passenger vehicle market. In 2025, passenger vehicle sales volume in China is expected to reach 29.9 million units, accounting for 37.5% of the global passenger vehicle market. In 2025, the sales volume of NEVs is expected to reach 15.8 million units in China and surpass the sales volume of ICEs for the first time. Additionally, the NEV penetration rate has been rising rapidly from 5.8% in 2020 to 53.0% in 2025, and is expected to further increase to 87.4% by 2030. This structural change has been primarily driven by policy support with the goal of “carbon emission peaking and carbon neutrality”, continuous breakthroughs in core technologies such as batteries, as well as the rapid growth in consumer demand for intelligent and green mobility.

Sales Volume of Passenger Vehicles in China, 2020-2030E



Source: China Passenger Car Association, CIC

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

Market Trends of China’s Passenger Vehicle Industry

- **Intelligent technologies are reshaping passenger vehicles.** With the rapid adoption of intelligent driving and Assistance Driving System solution and smart cockpit solution, passenger vehicles are evolving into adaptive systems with intelligent perception, decision-making, and interaction capabilities.
- **Product offerings across different price ranges serve various consumer demands.** China’s passenger vehicle market is shifting from volume-driven growth to structural upgrading. The mid-range segment is emerging as the most dynamic space, well-aligned with high-frequency use cases such as household purchases and urban commuting.
- **Emergence of diversified mobility scenarios and shift toward platform-based transformation.** With the rise of ride-hailing and shared mobility, passenger vehicles are evolving into service-enabled platforms. Models featuring remote operation and intelligent service interfaces offer enhanced customer engagement and operational flexibility, positioning themselves as a key driver for automakers’ second growth curve.

Competitive Landscape of China’s Passenger Vehicle market

In China, the competition of ICE market is relatively concentrated. In 2024, in terms of sales volume, top five ICE OEMs held market share of 34.0% and top ten ICE OEMs held

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market share of 54.5%. In 2024, the Company sold 19 thousand units ICEs in China, with a market share of approximately 0.1%.

The B-end market refers to procurement by enterprises or platforms, such as logistics companies, ride-hailing platforms, and taxi platforms, rather than purchases by individuals. Generally, B-end clients have long driving hours and high average daily mileage, and they pursue more efficient charging measures. The Company has strategically deepened its presence in the B-end ride-hailing market. To address the rigorous demands of this sector, the Company has established an energy technology solution supporting both battery charging and swapping. This solution enables flexible switching between energy replenishment modes based on actual operating scenarios, effectively alleviating drivers’ range anxiety while significantly reducing downtime for energy replenishment, thereby maximizing daily vehicle uptime and economic efficiency. Leveraging the deep alignment of this technical solution with specific operating scenarios, the Company’s products have continuously gained validation from B-end ride-hailing market.

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

Ranking of China’s ride-hailing market, in terms of NEV sales volume, 2024

Ranking	Company	Business Profile	Sales Volume (thousand units)
1	Company I	Established in 1997, headquartered in Guangzhou, China, is company listed on both Shanghai Stock Exchange and Hong Kong Stock Exchange, providing BEVs, intelligent connected vehicles and SUVs	165.7
2	Company J	Established in 1995, headquartered in Shenzhen, China, listed on both the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, providing electronics, automobiles, new energy and rail transit	162.0
3	Company K	Established in 1982, headquartered in Toyota, Japan, listed on both the Tokyo Stock Exchange and the New York Stock Exchange, providing a full range of passenger cars, SUVs, pickups and commercial vehicles, together with HEVs, PHEVs and BEVs	38.9
4	Company L	Established in 2010, headquartered in Beijing, China, listed on the Hong Kong Stock Exchange, providing a wide range of passenger vehicles, commercial vehicles, BEVs and SUVs	34.4
5	Company M	Established in 1969, headquartered in Wuhan, China, providing compact and mid-size sedans, SUVs, MPVs and BEVs.	30.0
6	Company N	Established in 1953, headquartered in Changchun, China, providing BEVs, PHEVs and SUVs.	26.5
7	Company O	Established in 1984, headquartered in Shanghai, China, listed on SSE, providing BEVs, PHEVs and SUVs	22.1
8	Our Company		18.3
9	Company P	Established in 1997, headquartered in Hangzhou, China, listed on Hong Kong Stock Exchange, providing BEVs	17.7
10	Company Q	Established in 2003, headquartered in Guangzhou, China, providing passenger vehicles, NEVs and SUVs	14.3

Source: China Passenger Car Association, CIC

Entry Barriers for China’s Passenger Vehicle Industry

- **High Initial Capital Requirements.** Launching a NEV development project entails substantial upfront investment in research and development, intelligent manufacturing facilities, and brand establishment. The capital intensity creates significant financial pressure, necessitating strong funding capabilities and access to sustained financing channels, posing a considerable barrier for new entrants.
- **Robust and Integrated Supply Chain Ecosystem.** NEVs involve complex systems such as advanced electric drive units, electronic controls, and intelligent driving modules, all of which require close coordination with high-specification suppliers.
- **Stringent NEV Manufacturing Qualification Requirements.** According to prevailing Chinese regulations, vehicle manufacturers must obtain the Announcement on Road Motor Vehicle Manufacturers and Products. The qualification process imposes rigorous standards across technical competence, production consistency, quality assurance, and safety systems.

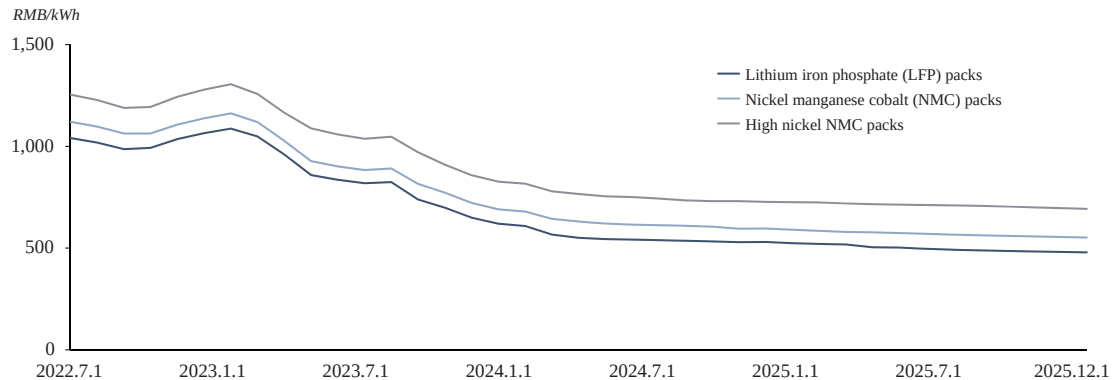
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- **Cost Structure and Economies of Scale.** NEVs typically incur elevated unit production costs, and achieving profitability requires scale to dilute fixed costs. New entrants face substantial cost disadvantages and margin pressures without comparable production volumes or operational scale.

Average Price Trend of Battery Packs for NEVs in China

Since 2022, the prices of power batteries in China have exhibited a consistent downward trajectory. Such decreasing price trend not only reflects the reduction in raw material costs along the lithium battery industry chain, but also demonstrates the continuous cost optimization driven by the increasing industry concentration and the enhancement of large-scale production capabilities.

Average Price Trend of Battery Packs for NEVs in China, 2022.7-2025.12



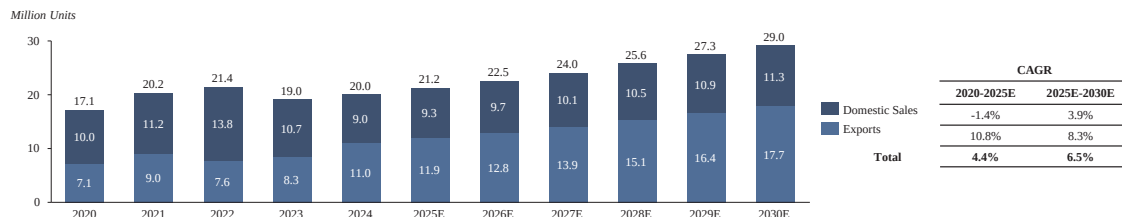
Source: ICC Battery, CIC

OVERVIEW OF CHINA'S MOTORCYCLE MARKET

Market Size of China's Motorcycle Market

The total sales volume of motorcycles in China has grown from 17.1 million units in 2020 to 21.2 million units in 2025, and is expected to grow to 29.0 million units in 2030, representing a CAGR of 6.5% during 2025 and 2030.

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



Source: China Chamber of Commerce for Motorcycle, CIC

Market Trends of China's Motorcycle Market

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

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manufacturers to strengthen global competitiveness by expanding across both value-driven and volume-driven markets.

Competitive Landscape of China’s Motorcycle Market

The competitive landscape of China’s motorcycle market is relatively fragmented in terms of sales volume, with leading enterprises in both the domestic and export markets maintaining a relatively stable position. In the domestic market, the top ten companies have remained largely stable, with limited changes in the overall landscape. The Company sold approximately 59,553 motorcycles in China’s domestic market in 2024, ranking around 9th in the domestic motorcycle market. For the export market, the concentration is relatively higher, with the top ten companies together accounting for approximately 60% of the market share. In 2024, the Company ranked 9th in exports.

Ranking of China’s Motorcycle Market, in terms of sales volume, 2024

Ranking	Company	Domestic Sales Volume (thousand unit)	Ranking	Company	Export Sales Volume (thousand unit)
1	Company R	193.9	1	Company S	157.2
2	Company S	174.4	2	Company R	95.2
3	Company T	100.6	3	Company U	75.2
4	Company U	85.0	4	Company W	61.4
5	Company V	73.9	5	Company R	61.3
6	Company W	63.9	6	Company X	59.9
7	Company X	62.2	7	Company AA	48.3
8	Company Y	60.0	8	Company V	43.4
9	Our Company	59.6	9	Our Company	32.9
10	Company Z	58.9	10	Company AB	30.3

Source: China Chamber of Commerce for Motorcycle, CIC

Notes:

Company R, founded in 1992 and headquartered in Guangdong Province, China, is a large-scale motorcycle enterprise integrating research and development, manufacturing, and sales.

Company S, founded in 1993 and headquartered in Chongqing, China, is engaged primarily in the production of motorcycles, engines, and general-purpose power machinery. The company also operates in sectors such as drones and new energy locomotives. The company is listed on the Shanghai Stock Exchange in 2012.

Company T, founded in 1992 and headquartered in Chongqing, China, is a manufacturing enterprise mainly engaged in motorcycles, engines, and general-purpose machinery. The company is listed on the Shenzhen Stock Exchange in 1997.

Company U, founded in 2002 and headquartered in Guangdong Province, China, is a large-scale manufacturing enterprise specializing in the production of motorcycle products.

Company V, founded in 2001 and headquartered in Jiangsu Province, China, is a Sino-Japanese joint venture engaged in motorcycle manufacturing, with the Chinese partner being a publicly listed company.

Company W, founded in 2001 and headquartered in Guangdong Province, China, is a large-scale enterprise integrating the research and development, manufacturing, and sales of complete motorcycles, engines, and components.

Company X, founded in 2002 and headquartered in Chongqing, China, is a large-scale enterprise integrating the research and development, manufacturing, and sales of motorcycles, engines, and general-purpose gasoline engines.

Company Y, founded in 1992 and headquartered in Henan Province, China, is a large-scale enterprise specializing in motorcycle production. It is a joint venture between Chinese and foreign partners.

Company Z, founded in 1992 and headquartered in Guangdong Province, China, is a joint venture established through investment from both Chinese and Japanese parties, focusing on the research and development, manufacturing, and sales of motorcycles.

Company AA, founded in 2006 and headquartered in Guangdong Province, China, is an enterprise dedicated to the research and development, manufacturing, and sales of motorcycles.

Company AB, founded in 2007 and headquartered in Chongqing, China, is a diversified group company engaged in industries including gasoline power, motorcycles/all-terrain vehicles (ATVs), diesel power, and energy storage equipment.

Entry Barriers for China’s Motorcycle Industry

- **Robust product R&D and integration capabilities.** The essence of competition in the motorcycle industry continues to lie in powertrain matching, overall vehicle reliability, riding experience, and model iteration speed. Manufacturers with mature engine calibration, electronic control integration, and platform-based development capabilities are able to launch product portfolios across different displacement classes and use cases more efficiently.
- **Well-established distribution networks and after-sales service systems.** Motorcycle sales and ownership are highly dependent on offline dealerships, maintenance

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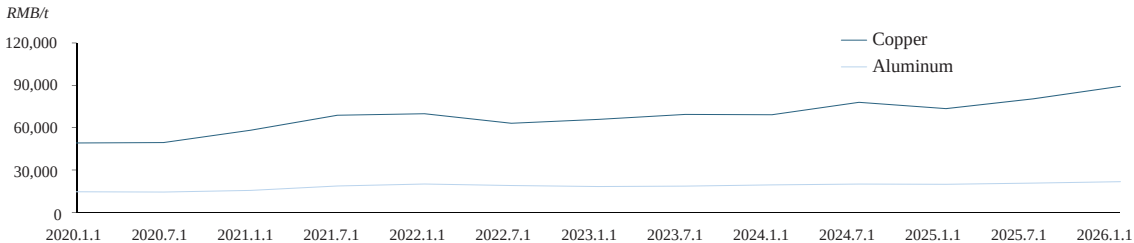
support, and spare parts availability. Channel coverage density and service responsiveness directly influence purchase decisions and brand reputation.

- **Cost control and scaled operational capabilities.** Price competition is intense across most motorcycle segments, making unit cost efficiency a key determinant of profitability. Leading manufacturers typically achieve superior cost structures through platform-based design, bulk procurement, lean manufacturing, and efficient inventory management.

Average Price Trend of Motorcycle Raw Materials in China

From 2020 to early 2026, the prices of key motorcycle raw materials in China represented by copper and aluminum have shown an overall upward but moderately volatile trend. The upward movement mainly reflects tighter supply demand dynamics and higher energy and commodity costs across the industrial metals chain, while the relatively smoother aluminum trajectory indicates more balanced capacity expansion and supply conditions.

Average Price Trend of Motorcycle Raw Materials in China , 2020.01-2026.01



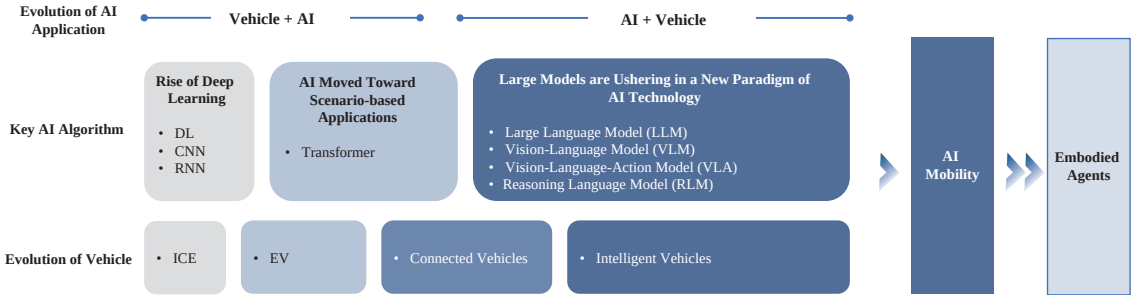
Source: CIC

During the Track Record Period, the Company also developed intelligent driving and Assistance Driving System solutions, smart cockpit solutions and AI mobility solutions, and expanded into the Robotaxi market, and therefore the following section covers overview of the intelligent driving and Assistance Driving System solutions market, the smart cockpit solutions market, the Robotaxi market and the AI mobility solutions market.

OVERVIEW OF AI TECHNOLOGY AND VEHICLE EVOLUTION

AI has fundamentally reshaped the world, driving innovation and transformation in every aspect of the global economy. Powered by deep learning, ground-breaking architectures like Transformers, and the rapid evolution of large models including LLMs, VLMs, VLAs, and RLMs, AI has entered into a new paradigm. The automotive industry is at the forefront of this transformation — having already transitioned from internal combustion engines (“ICE”) to electric vehicles (“EV”), and having embraced advanced communication technologies, it is now entering a new era of intelligent transformation, exemplified by the rise of intelligent vehicles. In this transformation, the integration of perception and interaction capabilities has made intelligent mobility one of the most promising real-world applications of AI. This marks the advent of AI mobility and is driving the industry toward the continuous evolution of embodied AI.

The Evolution of AI Technology and Vehicles



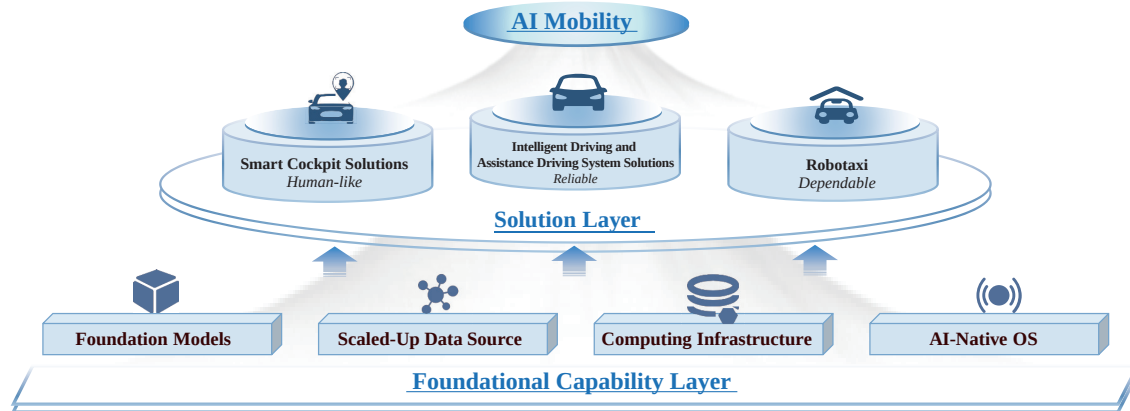
Source: CIC

Underpinned by robust foundations, including foundational models, large-scale data, advanced computing power, and AI-native operating systems, technological advancements

INDUSTRY OVERVIEW

have given rise to three key solutions that directly generate value for the mobility industry: smart cockpit solutions that deliver a human-centric experience, intelligent driving and Assistance Driving System solutions with reliable performance, and trustworthy robotaxi services. These three solutions, together, could be the key pillars supporting the large-scale commercialization of the blueprint of AI mobility.

The Evolution of AI Mobility



Source: CIC

OVERVIEW OF INTELLIGENT DRIVING AND ASSISTANCE DRIVING SYSTEM SOLUTIONS MARKET

Definition and Classification of Intelligent Driving and Assistance Driving System Solutions

Intelligent driving and Assistance Driving System solutions are usually powered by multimodal large models with hardware, software and data systems to perform driving tasks with minimal or no human intervention in complex traffic scenarios. In terms of functional architecture, intelligent driving and Assistance Driving System solutions can cover different stages from single-function driver assistance to full-scenario autonomous driving. With continuous enhancement of AI algorithms and computing platforms, the industry is steadily progressing from lower-level assistance toward higher levels of automation.

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

Driving Conditions	L1	L2-L2+	L3	L4	L5
Complex Urban Scenarios	ADAS Driver Assistance ACC, AEB, LKA	ADAS Driver Assistance TJA, ICA Urban NOA	Traffic Light Recognition & Automatic Start-Stop Complex Overtaking and Lane Changing Urban NOA	Full-scenario Autonomous Logistics Delivery Full-scenario Robovehicle	Full-scenario Autonomous Driving
Highway Scenarios	ADAS Driver Assistance ACC, LKA, BSD	ADAS Driver Assistance ICA, HWA Highway NOA	Automatic Ramp-to-Ramp Driving Automated Lane Merging and Splitting Traffic Jam Pilot	Suburban Highway Robovehicle Intercity Autonomous Passenger Transport Intercity Autonomous Line-haul Transport	Full-scenario Autonomous Driving
Low-speed Closed Scenarios		ADAS Driver Assistance AVP, RPA	Memory Parking	Closed-road Robovehicle Autonomous Port Operations Autonomous Last-mile Delivery in Industrial Parks	Full-scenario Autonomous Driving
	L1	L2-L2+	L3	L4	L5

Legend: Achieved large-scale mass production Early-stage commercialization Commercialization remains highly challenging

Source: Ministry of Industry and Information Technology, China Society of Automotive Engineers, CIC

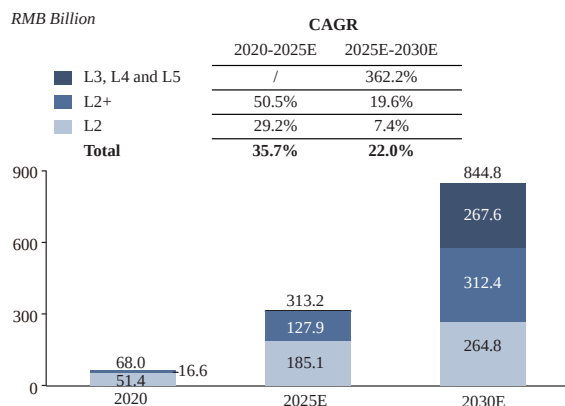
Market Size of Global and China's Intelligent Driving and Assistance Driving System Solutions Industry

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

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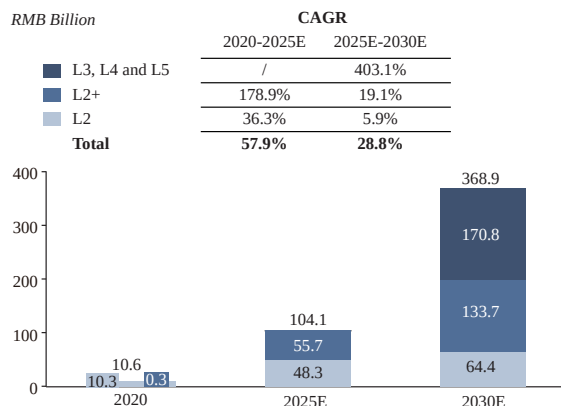
intelligent driving and Assistance Driving System solutions in China is projected to reach RMB104.1 billion in 2025, accounting for approximately 33.2% of the global market.

Market Size of Global Intelligent Driving and Assistance Driving System Solutions Industry, in Terms of Revenue, 2020-2030E



Source: CPCA, CIC

Market Size of Intelligent Driving and Assistance Driving System Solutions Industry in China, in Terms of Revenue, 2020-2030E



Source: CPCA, CIC

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

Market Trends of Intelligent Driving and Assistance Driving System Solutions Industry

- **Mainstream adoption and continuous upgrade.** Driven by consumer demand for safety and efficiency, intelligent driving and Assistance Driving System has become a standard vehicle feature. The penetration of L2+ and above passenger vehicles is projected to exceed 29.4% in China and 24.2% globally by 2025, accelerating toward nearly full L2+ adoption by 2030.
- **Model-driven intelligence and efficiency requirements.** The industry is shifting from rule-based systems to end-to-end AI and world-model-driven solutions. This increasing algorithmic complexity makes high-performance centralized architecture essential for processing multimodal data and supports scalable, real-time decision-making.
- **Rising value of integrated and closed-loop system.** To address complex urban scenarios requiring high computing capacity, redundancy, and sophisticated software, OEMs increasingly favor integrated, closed-loop platforms to ensure reliability, accelerate iteration cycles, and deliver differentiated user experiences.
- **Ecosystem collaboration and customization.** More OEMs are seeking for flexible platforms and direct collaboration with intelligent driving and Assistance Driving System solution providers to co-develop customized features. This fosters a collaborative ecosystem that accelerates commercialization, shortens time-to-market, and enables continuous product optimization.

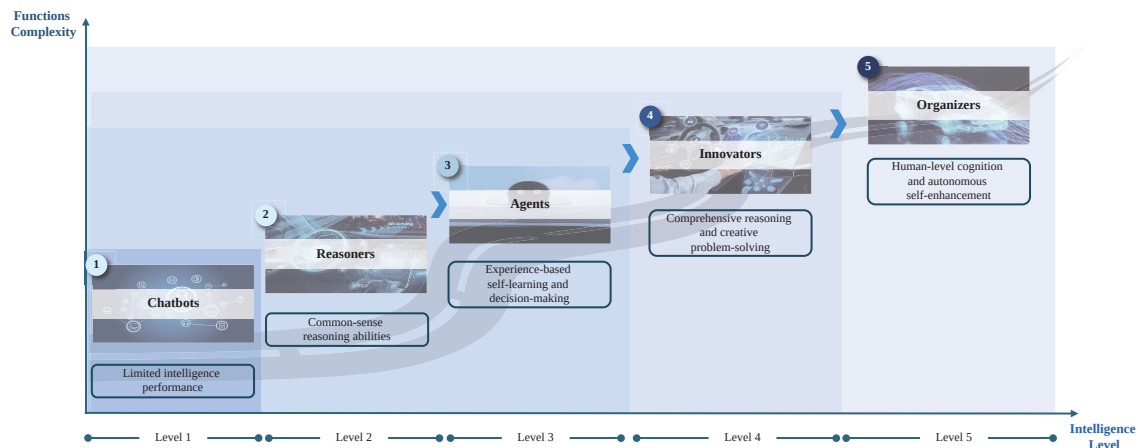
OVERVIEW OF SMART COCKPIT SOLUTIONS MARKET

Definition and Classification of Smart Cockpit Solutions

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

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Classification of Smart Cockpit Solutions, 2025



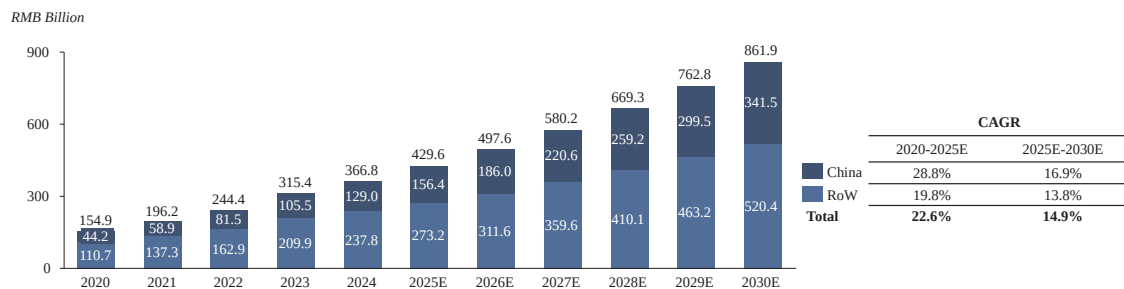
Source: CIC

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

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

The total revenue of global smart cockpit solutions is expected to reach RMB429.6 billion in 2025, and increase to RMB861.9 billion by 2030, with a CAGR of 14.9% during this period. Meanwhile, as the largest market globally, the market size of China's smart cockpit solutions in terms of revenue is expected to reach RMB156.4 billion in 2025, accounting for 36.4% of the global smart cockpit solutions market.

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



Source: China Passenger Car Association, CIC

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

Market Trends of Smart Cockpit Solutions Industry

- Convergence toward multi-domain integration and centralized architecture.** The smart cockpit is evolving toward integration with intelligent driving and Assistance Driving System under centralized computing platforms. Multi-domain operating systems and cross-domain data interoperability enable resource sharing, real-time collaboration, and functional synergy, accelerating the transformation of vehicles into intelligent and adaptive mobility entities.
- Adoption of end-to-end large model technologies.** Replacing fragmented, function-based designs, end-to-end large models process multimodal data to deliver natural, context-aware experiences. As OEMs intensify AI investments, this model-driven approach is advancing smart cockpits into proactive AI Agents, enhancing personalization and establishing the cockpit as a central hub for scenario-based intelligent mobility.
- Continuous development of user-centric service subscription model.** The business model of smart cockpits is shifting to a sustainable model that integrates

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hardware, software and service. This model brings recurring revenue to service providers and also allows users gain access to various functions.

- **Localization of critical technology capabilities.** In light of global supply chain uncertainties and intensifying technological competition, domestic players are accelerating breakthroughs in automotive operating systems and cockpit solutions. Domestic R&D and innovations are carried out to reduce reliance on foreign suppliers and boost China’s smart cockpit competitiveness.

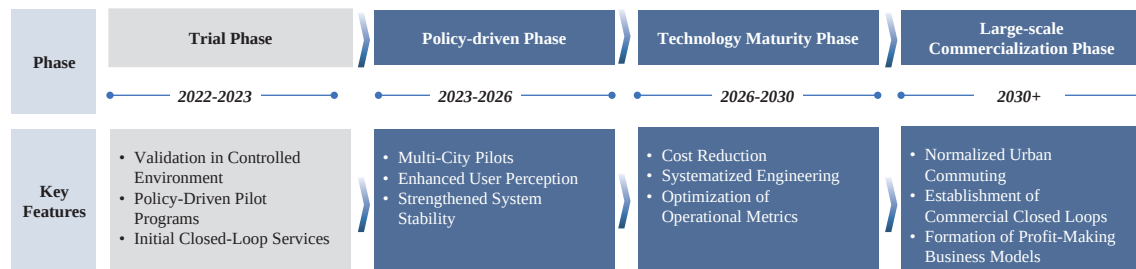
OVERVIEW OF ROBOTAXI MARKET IN CHINA

Definition of Robotaxi Solutions

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

Development Roadmap of Robotaxi Industry in China

The Development Roadmap of Robotaxi Industry in China, 2025



Source: CIC

Market Size of Robotaxi Solution Industry in China

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

Market Trends of China’s Robotaxi Industry

- **AI technologies are reshaping Robotaxi’s technology foundation.** Multi-modal fusion enhances environmental perception, while world models and end-to-end training replace rule-based systems for superior behavior forecasting. This “model-as-system” approach streamlines development, enables self-evolution, and transforms Robotaxis into unified intelligent agents.
- **Full-stack capability will become a key enabler of scalable Robotaxi deployment.** Market players leveraging integrated hardware-software systems and cross-domain ecosystem collaboration are better positioned to drive down operational costs, improve system robustness, and accelerate deployment. These full-stack capabilities streamline supply chains and enhance lifecycle efficiency, accelerating the transition from pilot testing to citywide commercialization.
- **Pilot operations on high-demand routes.** Leading suppliers focus on dense, well-defined use cases, including CBD areas, airport transfers, and campus shuttles, where high utilization allows rapid system iteration. Robotaxi deployment is anticipated to achieve citywide scalability, followed by expansion into intercity transportation corridors.
- **Business model shifts to building service ecosystems.** The business model of Robotaxi is shifting to full-stack service providers. Companies now offer integrated solutions covering vehicle deployment, operations, monitoring, and mobility services, gradually forming the foundation of MaaS ecosystems.

COMPETITIVE ANALYSIS OF AI MOBILITY SOLUTIONS INDUSTRY

Competitive Landscape of AI Mobility Solutions Industry in China

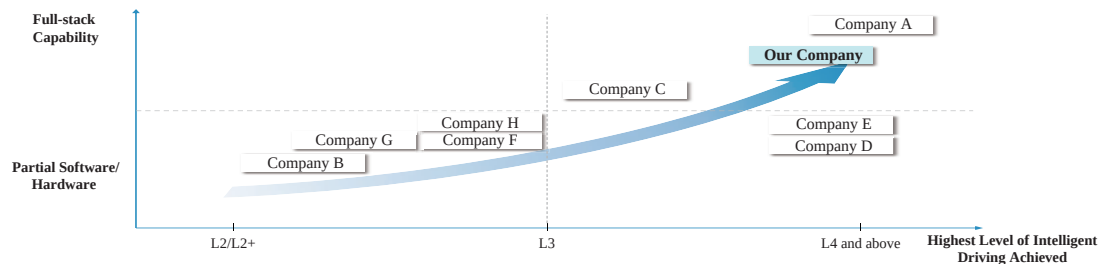
The AI mobility solutions market players can be categorized into four groups, i) OEMs, ii) traditional third-party solution providers, iii) AI-native solution providers, and iv)

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Robotaxi solution providers. AI-native solution providers are leading the transition toward model-defined vehicles. Leveraging full-stack capabilities across large models and computing platforms, they deliver highly scalable, end-to-end multimodal perception and rapid iteration. Conversely, while pure-play Robotaxi providers advance L4 fleet deployment, they face severe profitability and scalability risks constrained by prohibitively high R&D expenditures, limited operational zones, and stringent regulatory demands.

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

Comparative Analysis of Key AI Mobility Solutions Market Players, 2025



Source: Annual Reports, Expert Interviews, CIC

Notes: Company A, established in 2024, headquartered in Guangdong, China, is an unlisted company providing smart cockpit and intelligent driving solutions for passenger vehicles with over 7,000 employees.

Company B, established in 2016, headquartered in Beijing, China, is an unlisted company providing Assistance Driving System solutions, cooperating with over 160 NEV models.

Company C, established in 2015, headquartered in Beijing, China, listed on Hong Kong Stock Exchange providing chips for intelligent driving and related software solutions, with shipments of chips over 5 million.

Company D, established in 2017, headquartered in Guangdong, China, listed on NASDAQ, providing intelligent driving solutions used for passenger vehicles and Robotaxi, with services covering 11 nations and over 40 cities.

Company E, established in 2016, headquartered in Guangdong, China, listed on NASDAQ, providing intelligent driving solutions used for Robotaxi, accumulating over 35 million kilometers of auto-driving distance.

Company F, established in 2014, headquartered in Shanghai, China, listed on New York Stock Exchange and Hong Kong Stock Exchange, mainly providing R&D and manufacturing of BEVs, including sedans and SUVs, accumulatively building over 8,500 charging infrastructures.

Company G, established in 2014, headquartered in Guangdong, China, listed on New York Stock Exchange and Hong Kong Stock Exchange, mainly providing R&D and manufacturing of NEVs, including sedans, SUVs, and MPVs, accumulatively delivering over 1 million NEVs.

Company H, established in 2015, headquartered in Beijing, China, listed on NASDAQ and Hong Kong Stock Exchange, mainly providing R&D and manufacture of REEVs, with over 5,500 R&D personnels.

Key Success Factors of AI Mobility Solutions Industry

- **Continuously evolving AI capabilities.** End-to-end large models enable human-like perception, planning, and control, demanding robust software-hardware integration for scalable deployment. Concurrently, multi-modal AI Agents are transforming smart cockpits from basic interfaces into proactive service hubs, delivering highly personalized, context-aware experiences.
- **Software-hardware integration and ecosystem resource coordination.** The successful deployment of intelligent driving and Assistance Driving System solutions demands close collaboration between software and hardware. Companies that integrated software and hardware capabilities and effectively coordinate ecosystem resources can enhance system stability and scalability.
- **Large-scale data accumulation and sufficient computing power.** Continuous algorithmic optimization relies on massive real-world data feedback. Companies leveraging large-scale fleet deployments alongside robust computing power can rapidly iterate models and process vast datasets efficiently, sustaining technological leadership.
- **Capability to build deep collaborations with strategic partners.** As intelligent driving and Assistance Driving System solutions embody the core of vehicle intelligence, OEMs require long-term and complex validation processes based on

INDUSTRY OVERVIEW

rigorous standards. Solution providers must cultivate deep partnerships with leading OEMs, engaging in joint development and continuous iteration, and leverage these collaborations to gain broader industry recognition and scale advantages.

- **Accumulation of industry know-how and expertise.** Success in the intelligent driving and Assistance Driving System solutions industry requires deep cross-domain expertise in automotive engineering, AI algorithms, and large-scale operations. Companies with deep talent pools and accumulated expertise can more rapidly translate research into scalable applications, accelerate continuous innovation, and strengthen collaboration with OEM partners.

SOURCE OF INFORMATION

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

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

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

REGULATORY OVERVIEW

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

REGULATIONS RELATING TO PRODUCTION ACCESS FOR ROAD MOTOR VEHICLES

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

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

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

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

According to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on October 31, 1993, latest amended on October 25, 2013, and effective from March 15, 2014, business operators bear the obligation to ensure that the commodities or services they provide meet the requirements on personal and property safety. For commodities and services which may endanger personal or property safety, business operators shall provide consumers with truthful disclosure and clear warnings, as well as instructions and indications on the correct use of the commodities or services and methods to prevent the occurrence of hazards. Upon discovering any defect which may endanger personal or property safety in their provided commodities or services, business operators shall immediately report to the relevant administrative departments and inform

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consumers as well as take measures such as cessation of sale, issuance of warnings, recall, harmless disposal, destruction of products, and cessation of production or service. Business operators who fail to comply with consumer protection regulations shall bear civil or criminal liability in accordance with law.

REGULATIONS RELATING TO PRODUCT QUALITY AND RECALL OF DEFECTIVE AUTOMOBILE PRODUCTS

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, latest amended on December 29, 2018, and effective from the same date, production or sale of industrial products that do not meet the standards and requirements for the protection of human health and the safety of persons and property is prohibited. Producers shall be responsible for the quality of the products they produce, and the products shall not pose unreasonable danger to personal or property safety. The products shall have functional performance and the adopted product standards shall be indicated on the products or their packaging. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

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

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

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

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REGULATIONS RELATING TO COMPULSORY PRODUCT CERTIFICATION

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

FAVORABLE POLICIES ON AUTOMOBILES INDUSTRY IN CHINA

Government Subsidies for Automobile Purchasers

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

According to the Notice on Launching Pilot Reforms for Automobile Circulation and Consumption (《關於開展汽車流通消費改革試點工作的通知》) jointly issued by the MOFCOM and other seven ministries and commissions on January 20, 2025, and effective from the same date, pilot reforms for automobile circulation and consumption will be conducted during the period from 2025 to 2027. The initiative aims to stimulate vitality in the automotive consumer market and promote high-quality development of the automobile industry. The reforms primarily focus on five key areas: (i) stabilizing and expanding automobile consumption; (ii) facilitating efficient circulation of used vehicles; (iii) cultivating automotive cultural environment; (iv) enhancing the recycling system for end-of-life vehicles; (v) advancing the digitalization of automobile circulation and consumption.

Reduction and Exemption of Vehicle Purchase Tax

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

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Exemption of Vehicle and Vessel Tax

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

REGULATIONS RELATING TO INTELLIGENT CONNECTED VEHICLES AND AUTONOMOUS DRIVING

On July 27, 2021, the MIIT, the MPS and the Ministry of Transport issued the Norms on Administration of Road Testing and Demonstration Application of Intelligent Connected Vehicles (Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》), which came into effect on September 1, 2021, with the aim to regulate the road testing and demonstration application activities of intelligent connected vehicles. The norms stipulate that, among others, (i) the testing entity shall be an independent legal entity in China, with the capability of technology research and development, test evaluation and civil compensation, and has established protocol to test the performance of the autonomous driving system and is capable of conducting remote monitor; (ii) the demonstration application entity may be an independent legal entity or a consortium (requiring at least one member with operational capabilities), and shall execute a liability agreement; (iii) the driver must be a licensed driver for the relevant model with more than three years of driving experience and a track record of safe driving and is familiar with the testing protocol for autonomous driving system and proficient in operating the system; (iv) the tested vehicles include passenger vehicles, commercial vehicles and special function vehicles (excluding low-speed automobiles and motorcycles), which must be unregistered, pass some mandatory safety inspections, and equipped with a control system that can switch between autonomous driving mode and manual operation mode in a safe, quick, and simple manner and must ensure that the vehicle can be switched to manual operation mode in real-time under any circumstances; (v) the testing and demonstration application shall comply with the management requirements of the temporary driving vehicle license plate, operate in strict accordance with the scope of the declaration, and prohibit brake testing on public roads; and (vi) the entity shall report within 24 hours in the event of serious injury/death or vehicle damage and shall submit the accident analysis report within 5 working days after the accident determination. The policy promotes the development and application of intelligent connected vehicle technology by unifying test standards, expanding test scenarios (including highways) and strengthening safety supervision.

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

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

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

On May 28, 2020, the NPC promulgated the Civil Code, which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public personal information of others.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on November 1, 2021. Pursuant to the PRC Personal Information Protection Law, personal information shall be processed (including the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information) following the principles of lawfulness, legitimacy, necessity and good faith, and shall not be processed through misleading, fraudulent, coercive and other means.

On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which was amended on October 28, 2025, and became effective on January 1, 2026. The PRC Cybersecurity Law provides that network operators shall meet their cyber security obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators shall not collect personal information irrelevant to the services they provide or collect or use personal information in violation of the provisions of laws or agreements concluded with users. Network operators shall strengthen management of information published by users, and when they discover information prohibited by laws and regulations from publication or dissemination, they shall immediately stop dissemination of that information, including taking measures such as deleting the information, preventing the information from spreading, saving relevant records, and reporting to the relevant governmental agencies.

On December 28, 2021, the CAC, together with certain other PRC governmental authorities, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市).

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On September 24, 2024, the State Council published the Cyber Data Security Regulations (《網絡數據安全管理條例》), which came into effect on January 1, 2025, the Cyber Data Security Regulations requires that if the network data processing activities have or may have an impact on national security, such activities should be subject to national security review in accordance with relevant laws and regulations. Any failure to comply with such requirements may subject the data processors to, among others, suspension of services, fines, revocation of relevant business permits or business licenses and penalties.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which became effective on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data activities and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. Appropriate level of protection measures is required to be taken for each respective category of data.

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

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

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REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection

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

Pollutant Discharge Permit

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

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

REGULATIONS RELATING TO ENERGY CONSERVATION REVIEW

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

According to the Measures for the Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects (《固定資產投資項目節能審查和碳排放評價辦法》) promulgated by the NDRC on July 17, 2025 and came into effect on September 1, 2025 and replaced the Measures for the Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》) promulgated by the NDRC on November 27, 2016, amended on March 28, 2023 and came into effect on June 1, 2023, for an enterprise-invested project, the construction entity shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to the commencement

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of construction. For a project which has not undergone the energy conservation review or fails to pass the energy conservation review in accordance with these measures, the construction entity shall not commence construction, or the project shall not be put into production or use if it is already completed.

REGULATIONS RELATING TO WORK SAFETY

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

REGULATIONS RELATING TO FIRE SAFETY INSPECTION AND ACCEPTANCE

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, latest amended and effective from April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, latest amended on August 21, 2023 and became effective from October 30, 2023, the construction entity of a large-scale crowded venue (including a production and processing plant with a total floor area of over 2,500 square meters) and other special construction projects must apply for fire control design review with competent fire control authorities, and complete the inspection and acceptance procedures for fire control design review after the construction project is completed. The construction entity of other construction projects must complete the filing with the competent authorities responsible for the inspection and acceptance for fire control design review within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such construction project is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to orders to suspend the construction of projects, use of such projects, or operation of relevant business, and imposition of fines.

REGULATIONS RELATING TO REAL ESTATE

Self-owned Real Properties

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

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

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

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Leasing

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

Transfer of Real Properties

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

REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

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

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or SAFE Circular 59, which was promulgated by SAFE on November 19, 2012 and amended on May 4, 2015, substantially amends and simplifies the current foreign exchange procedure. Pursuant to SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or

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verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In 2013, SAFE specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration, and that banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. On February 13, 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

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

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

Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of the enterprises. The foreign exchange incomes of capital accounts and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations; (iii) used for granting loans to non-affiliated enterprises, unless otherwise permitted by its business scope; and (iv) used for the construction or purchase of real estate that is not for self-use (except for real estate enterprises).

REGULATORY OVERVIEW

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

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

REGULATIONS RELATING TO OVERSEAS DIRECT INVESTMENT

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

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

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

REGULATORY OVERVIEW

REGULATIONS RELATING TO IMPORTS AND EXPORTS

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002, and was recently amended on March 10, 2024 with effect on May 1, 2024, the import and export of goods are generally allowed by the Chinese Mainland government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law (《中華人民共和國對外貿易法》) of the PRC promulgated by the SCNPC, on May 12, 1994 which came into effect on July 1, 1994, amended with immediate effect on December 30, 2022 and most recently amended on December 27, 2025 and became effective on March 1, 2026, unless otherwise provided by laws and regulations, the Chinese Mainland government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

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

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax (EIT)

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

Value-added Tax (VAT)

On December 25, 2024, the SCNPC issued the Value-added Tax Law of the People's Republic of China, or the VAT Law, and became effective on January 1, 2026. According to the VAT Law, any entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are value-added tax payers and shall pay value-added tax in accordance with the VAT Law. The value-added tax rate for general taxpayers engaging in sale of goods, services, lease of tangible and movable goods or importation of goods was adjusted to 13%, the value-added tax rate for general taxpayers engaging in, among others, the sale of transportation services, postal services, basic telecommunications services, construction services, the lease and sale of real properties, and the transfer of land use rights was adjusted to 9%.

REGULATORY OVERVIEW

REGULATIONS RELATING TO LABOR AND EMPLOYMENT

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

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

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

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

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

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REGULATIONS RELATING TO FILING OF OVERSEAS LISTING BY DOMESTIC ENTERPRISES

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

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

Regulations Relating to Generative Artificial Intelligence Services

On July 10, 2023, the CAC, along with several other departments, issued the Interim Measures for the Management of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》, the “**Generative AI Measures**”), which became effective on August 15, 2023. The Generative AI Measures impose compliance requirements for providers of generative artificial intelligence services to the general public within the territory of PRC, including without limitation, (i) carry out pre-training, optimization training, and other training data processing activities in accordance with the law and provisions, (ii) assume responsibility as a producer of online information content in accordance with the law and fulfill online information security obligations; and (iii) any service providers with attribute of public opinions or capable of social mobilization shall conduct security assessment, and complete the formalities for algorithm filing, change or deregistration in accordance with the relevant regulations.

REGULATORY OVERVIEW

On March 7, 2025, the CAC, the MIIT, the Ministry of Public Security and the National Radio and Television Administration jointly promulgated the Measures for the Labeling of AI-Generated Synthetic Content (《人工智能生成合成内容标识办法》, the “**AIGC Labeling Measures**”), which became effective on September 1, 2025. The AIGC Labeling Measures target Internet information service providers that utilize generative AI technologies to provide services or produce information for public dissemination, and require that all AI-generated text, images, audio, video and virtual scenes and other information be clearly identified with both explicit and implicit markings.

Up to the Latest Practicable Date, the Company neither provides Internet information services nor utilizes generative AI technologies to offer generative AI services to the public. Consequently, neither the Generative AI Measures nor AIGC Labeling Measures apply to the Company’s operations or products. Should the Company offer generative AI services to the public during the course of its business operation in the future, it will comply with the relevant laws and regulations and fulfil obligations such as completing the formalities for algorithm filing under the Generative AI Measures.

REGULATIONS RELATED TO INTERNATIONAL TRADE RESTRICTIONS

The following is a summary of the sanctions regimes imposed by the jurisdictions below. This summary does not intend to set out the laws and regulations relating to the U.S., the EU, the UK, the UN, Australian and Canadian sanctions in their entirety.

United States

The United States deploys a wide range of restrictive measures including sanctions and export controls against various targeted countries, groups and individuals. U.S. sanctions include both “primary” and “secondary” sanctions, as well as non-blocking “list-based” sanctions. OFAC administers and enforces the majority of U.S. sanctions programs.

U.S. primary sanctions generally apply to U.S. persons, including any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. The U.S. has also enacted secondary sanctions targeting non-U.S. persons engaged in prohibited transactions (e.g., significant transactions with parties blocked under U.S. sanctions). The detailed rules of such secondary sanctions differ by sanctions programs. Non-U.S. persons found to be engaging in the prohibited transactions may be denied access to the U.S. economic system, including being designated as SDNs themselves.

On the other hand, the U.S. have also implemented stringent export control regulations, which are primarily administered by BIS. The EAR applies to exports of commodities, software and technical data from the U.S. to foreign countries, and to re-exports from one foreign country to another. In addition, the EAR applies to shipments from one foreign country to another of foreign-made products that incorporate more than a de minimis amount of U.S.-controlled parts, components, or materials, as well as foreign-made products that are direct products of certain controlled U.S. software or technology.

United Nations

The UN can take action to maintain or restore international peace and security under Chapter VII of the UN Charter. It does this by way of resolutions passed by the UN Security Council. UN Security Council sanctions have taken a number of different forms and have measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions.

European Union

The EU has over 40 different sanctions regimes in place. EU sanctions apply to individuals and entities nationalized or incorporated within the EU; located on board an aircraft or vessel subject to EU jurisdiction; while in the territory or airspace of the EU, and with respect to business done in the EU. Regulation (EU) No 2021/821 controls the export of EU dual-use goods. In particular, Regulation 2021/821 controls the export of controlled dual-use products and technology from the EU to a non-EU country; the provision of technical assistance relating to controlled items; and the brokering of transactions involving the transfer of controlled goods, restricted products and certain non-controlled products.

REGULATORY OVERVIEW

United Kingdom

UK sanctions apply: (a) within the territory and territorial waters of the UK and to all UK Persons, wherever they are in the world; (b) to all individuals and legal entities who are within or undertake activities within the UK’s territory; and/or (c) to all UK nationals and UK legal entities established under UK law, including their non-UK branches (but not separately incorporated non-UK subsidiaries), irrespective of where their activities take place.

OFSI, which is part of HM Treasury, maintains two lists of those subject to financial sanctions: (a) the “consolidated list” includes all designated persons subject to financial sanctions under EU and UK legislation, as well as those subject to UN sanctions which are implemented through EU regulations; and (b) a separate list of entities subject to specific capital market restrictions. OFSI also has the power to impose financial penalties on a party which breaches financial sanctions.

Australia

Australia has a dual sanctions regime consisting of sanctions measures imposed by the UN, together with Australian autonomous sanctions imposed by the Australian Government as a matter of its foreign policy. The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to: (i) any person in Australia; (ii) any Australian anywhere in the world; (iii) activities in Australia; (iv) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or (v) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.

Canada

Canada maintains a dual sanctions regime consisting of UN sanctions which are enacted into domestic regulations via Canada’s United Nations Act, and autonomous sanctions. Canadian autonomous sanctions prohibit persons located in Canada and Canadians outside of the country from various activities involving a designated foreign state, including the acquisition of goods from the designated foreign state; the provision of data to the foreign state; and the exportation, sale, supply or shipment of goods to the foreign state. Other Canadian autonomous sanctions target persons who may have been involved in a particular event or circumstance related to human rights abuses and corruption. Persons in Canada and Canadians outside of Canada are prohibited from dealing in the property of the entities and individuals designated under Canadian autonomous sanctions.

U.S. Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury (“**Treasury**”) released a final rule (the “**Outbound Investment Rule**”), implementing Executive Order 14105, prohibiting or requiring the notification of certain outbound foreign investments by U.S. persons into certain “countries of concern,” currently defined to include only China (including Hong Kong and Macao). Effective January 2, 2025 and subject to certain exceptions, the Outbound Investment Rule prohibits U.S. persons from, or requires notification to the U.S. government of, any (i) “covered transaction” involving (ii) a Covered Foreign Person (iii) who is engaged in any “covered activity” involving the semiconductors and microelectronics, quantum information technologies and artificial intelligence sectors. A “covered transaction” includes equity investment and a “covered foreign person” is defined as any entity with meaningful ties to China that engages in “covered activities.”

On December 18, 2025, the U.S. Congress enacted the Comprehensive Outbound Investment National Security Act of 2025 (the “**COINS Act**”), which codifies and expands the Outbound Investment Rule and provides independent statutory authority for the program for at least seven years. Treasury was given 450 days to amend the Outbound Investment Rule to conform with the provisions set forth therein, and the existing Outbound Investment Rule remains in effect until then.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a well-known automaker in China with strong expertise in vehicle development, design, and manufacturing. Our strategy is centered on charging and battery-swapping technologies, with a primary focus on serving B-end clients. In addition to automobiles, we offer both traditional fuel and new energy motorcycles, including mid-to-displacement models and provide a diverse range of general-purpose machinery solutions, such as generator sets, water pumps, and pressure washers, enabling us to meet a wide range of market demands.

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

In September and November 2024, respectively, Mr. Yin Qi (印奇), a leading figure in the AI field, with over a decade of deep experience in AI vision and a proven track record as a serial entrepreneur in AI, invested in and joined our Company as the chairman of our Board. In February 2025, our Company rebranded and was renamed strategically to its current name, Chongqing Afari Technology Co., Ltd. (重慶千里科技股份有限公司).

BUSINESS DEVELOPMENT MILESTONES

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

Year	Event
1997	Our Company was officially established in the PRC.
2003	We launched our automobile business.
2007	Our Company was converted into a joint stock company with limited liability under the laws of the PRC.
2010	Our Company’s A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 601777).
2021	We completed the Judicial Restructuring, and Azolla Fund became the controlling shareholder under relevant PRC laws and regulations and a single largest shareholder of the Company since then.
2022	“LIVAN” brand was launched and LIVAN Auto, a subsidiary of our Company, was jointly established by our Company and Geely Automobile.
	LIVAN X3 Pro, a compact SUV model, was launched.
2023	LIVAN 7, an executive rear wheel drive coupe SUV model, was launched.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2024	Mr. Yin, a leading figure in the AI field, invested in and joined the Group as the chairman of our Board.
	LIVAN 8, an all-electric, seven-seat MPV model, was launched.
2025	We rebranded and were renamed to our current English name of “Chongqing Afari Technology Co., Ltd.” and Chinese name of “重慶千里科技股份有限公司”. Our smart cockpit solution business was launched.
	The preview version of the Smart Cockpit Agent OS system was released by Afari Intelligent Drive in the World Artificial Intelligence Conference (WAIC).
	We invested in Afari Intelligent Drive, which was consolidated by us and became our subsidiary.
	We initiated robotaxi solutions.
	Benz Digital Tech entered into share transfer agreements with our existing Shareholder, Lifan Holding, and became our Shareholder.

OUR MAJOR SUBSIDIARIES

As of the date of this Document, we conducted our business operations through 58 subsidiaries. Details of each of our Major Subsidiaries which made a material contribution to our results of operations during the Track Record Period are set out below.

Name of subsidiary	Place of incorporation	Date of incorporation and commencement of business	Equity interests held by the Company	Principal business activities
Afari Intelligent Drive	PRC	June 27, 2025	30% ⁽¹⁾	Intelligent driving and Assistance Driving System
LIVAN Auto	PRC	January 24, 2022	55% ⁽²⁾	Sales and manufacturing of automobiles
Chongqing LIVAN Automobile Sales Co., Ltd.* (重慶睿藍汽車銷售有限公司)	PRC	December 22, 2021	100%	Sales of automobiles and auto parts
Chongqing LIVAN Automobile Manufacturing Co., Ltd.* (重慶睿藍汽車製造有限公司)	PRC	December 31, 2005	100%	Manufacturing of automobiles and auto parts
Chongqing LIVAN Automobile Research Institute Co., Ltd.* (重慶睿藍汽車研究院有限公司)	PRC	June 8, 2022	100%	Research and development of auto parts
Chongqing LIVAN Automobile Import and Export Co., Ltd.* (重慶睿藍汽車進出口有限公司)	PRC	July 25, 2016	100%	Sales of automobiles, automobiles import and export

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of subsidiary	Place of incorporation	Date of incorporation and commencement of business	Equity interests held by the Company	Principal business activities
Lifan Motorcycle Production and Sales	PRC	May 27, 1996	100%	Sales and manufacturing of auto parts and motorcycle parts
Chongqing Lifan Ruichi Motorcycle Co., Ltd.* (重慶力帆瑞馳摩托車有限公司)	PRC	December 16, 2019	100%	Manufacturing of motorcycles
Chongqing Lifan Industry (Group) IMP. & EXP. Co., Ltd.* (重慶力帆實業(集團)進出口有限公司)	PRC	March 8, 2000	100%	Sales of motorcycle engines and motorcycles
Chongqing Lifan Industry (Group) Sales Co., Ltd.* (重慶力帆實業集團銷售有限公司)	PRC	August 9, 2002	100%	Sales of auto parts, motorcycle parts and motorcycles
Chongqing Lifan Power Co., Ltd.* (重慶力帆內燃機有限公司)	PRC	July 17, 2001	100%	Manufacturing of General equipment
Chongqing Runtian Real Estate Development Co., Ltd.* (重慶潤田房地產開發有限公司)	PRC	August 30, 2012	50% ⁽³⁾	Real Estate
Lifan Group Chongqing Wanguang New Energy Technology Co., Ltd.* (力帆集團重慶萬光新能源科技有限公司)	PRC	April 1, 2004	100%	Manufacturing of battery products, battery machinery and battery materials

Notes:

- (1) As of the Latest Practicable Date, the Company was entitled to control 60% voting rights in Afari Intelligent Drive. For more details, see “— Major Acquisitions, Disposals and Mergers” in this section.
- (2) As of the Latest Practicable Date, LIVAN Auto was owned as to 45% by Zhejiang Geely Qizheng Automotive Technology Co., Ltd.* (浙江吉利啟征汽車科技有限公司), an indirect wholly-owned subsidiary of Geely Holding, a company ultimately and beneficially wholly owned by Mr. Li Shu Fu and his associates. Each of Chongqing LIVAN Automobile Import and Export Co., Ltd.* (重慶睿藍汽車進出口有限公司), Chongqing LIVAN Automobile Sales Co., Ltd.* (重慶睿藍汽車銷售有限公司) and Chongqing LIVAN Automobile Research Institute Co., Ltd.* (重慶睿藍汽車研究院有限公司) is wholly owned by LIVAN Auto.
- (3) The remaining interests were held by two Independent Third Parties. See “— Shareholding and Corporate Structure Immediately Prior to the [REDACTED]” below for more details.

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT AND MAJOR CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS

Early development of our Company

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

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

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

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

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

Private Placement of A Shares in January 2015

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

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

Judicial Restructuring in 2020

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

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

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

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

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

Notes:

- (1) Azolla Fund is a limited partnership incorporated in the PRC on December 14, 2020. The general partner of Azolla Fund is Azolla EM, which is held as to 51% and 49% by Liangjiang Fund Management and Geely Technology, respectively. Liangjiang Fund Management is wholly owned by Liangjiang Industrial Development, which is in turn wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會), a PRC government body. Geely Technology is held as to 55% and 45% by Ningbo Ruima Enterprise Management Partnership (L.P.)* (寧波銳馬企業管理合夥企業(有限合夥)) and Zhejiang Jidi Technology Co., Ltd.* (浙江濟底科技有限公), respectively, which in turn are each held as to 78.17% and 91.00% by Mr. Li Shu Fu (李書福).
- (2) Chongqing Jianghehui is a limited liability company incorporated in the PRC on October 29, 2020. At the time of the Judicial Restructuring, Chongqing Jianghehui was wholly owned by Geely Technology. See “— Transfers of equity or partnership interests in substantial Shareholders in 2024” below for details of changes in the shareholding of Chongqing Jianghehui after the Judicial Restructuring.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (3) Lifan Holdings is a limited liability company incorporated in the PRC on November 19, 2003. As part of the Plan, all equity interests held by Lifan Holdings were transferred by the Initial Shareholders to Chongqing Huiyang Holding Co., Ltd.* (重慶匯洋控股有限公司) (“**Chongqing Huiyang**”), and all equity interests in Chongqing Huiyang were contributed as trust assets to establish a trust plan (the “**Trust Plan**”) with CCB Trust Co., Ltd.* (建信信託有限責任公司) acting as the trustee to manage the Trust Plan. Pursuant to the Trust Plan, except for the debts repaid by cash directly, relevant trust products were issued and the corresponding beneficial interests would be distributed to certain creditors of the Company to repay the due debts owed by Lifan Holdings to its creditors.

Transfers of equity or partnership interests in substantial Shareholders in 2024

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

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

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

Investment of Benz Digital Tech in 2025

On September 25, 2025, Lifan Holdings entered into a series of share transfer agreements with, among others, Mercedes-Benz Digital Tech Ltd. (“**Benz Digital Tech**”), pursuant to which, Lifan Holdings transferred 135,633,002 A Shares in aggregate, representing approximately 3.00% of the then total issued share capital, to Benz Digital Tech, at a consideration of RMB9.87 per A Share, with the price determined at 75% of the closing price of the Company’s A Shares on the trading date immediately preceding the date of the share transfer agreements. Such share transfer was completed on December 24, 2025.

Shareholding structure as of the Latest Practicable Date

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

Name of Shareholder	Number of A Shares held	Approximate percentage of ownership
Azolla Fund ⁽¹⁾	1,349,550,000	29.85%
Chongqing Jianghehui ⁽²⁾	809,578,000	17.91% ⁽²⁾
Lifan Holdings ⁽³⁾	482,926,782	10.68%
Benz Digital Tech ⁽⁴⁾	135,633,002	3.00%
Other A Shareholders	1,743,412,287	38.56%
Total	4,521,100,071	100.00%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) As of the Latest Practicable Date, Azolla Fund had five partners, including (i) Azolla EM as the sole general partner, holding 0.03% partnership interest; (ii) Geely Industrial, as a limited partner, holding 50.94% partnership interest, which was ultimately controlled by Mr. Li Shu Fu; (iii) Liangjiang Industrial Development, which was in turn wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會), a PRC government body, and (iv) two other limited partners, holding 12.85% partnership interests, who were Independent Third Parties.
- Azolla EM, the sole general partner of Azolla Fund, was held as to 51% and 49% by Liangjiang Fund Management and Geely Technology, respectively.
- (2) As of the Latest Practicable Date, Chongqing Jianghehui was indirectly wholly owned by Jianghe Anlan. As of the Latest Practicable Date, the partners of Jianghe Anlan, included (a) the general partner, Hainan Qianli Zhiqi Investment Co., Ltd.* (海南千里智騏投資有限公司) holding approximately 0.41% partnership interest, which was held as to 67.03% and 32.97% by Mr. Yin Qi (印奇), the chairman of our Board and an executive Director, and Mr. Bao Yi (鮑毅), a non-executive Director, respectively, (b) Mr. Yin Qi (印奇) as a limited partner holding 53.00% partnership interests, (c) Mr. Bao Yi (鮑毅), as a limited partner, holding 26.10% partnership interest, and (d) an Independent Third Party, as a limited partner, holding approximately 20.49% partnership interests.
- On November 17, 2025, Chongqing Jianghehui announced a proposed disposal of up to 90,422,002 Shares, representing approximately 2% of the Company’s total issued share capital as of the date of the announcement, by way of block trades to selected institutional investors. The proposed disposal was scheduled to take place during the period from December 8, 2025 to March 7, 2026. During the relevant period, Jianghehui undertook not to conduct any on-market disposals.
- (3) As of the Latest Practicable Date, Lifan Holdings was wholly owned by Chongqing Huiyang. The entire equity interests in Chongqing Huiyang were held by CCB Trust Co., Ltd. (建信信託有限責任公司) as trustee of the CCB Trust Caidie No. 5 Property Rights Trust Plan, for the sole purpose of holding such equity interests and without making capital contributions to Chongqing Huiyang as its actual shareholder or exercising any proactive shareholder rights in respect of Chongqing Huiyang or its subsidiaries.
- (4) As of the Latest Practicable Date, Benz Digital Tech was a subsidiary of Mercedes-Benz Group AG, a company listed on the Frankfurt and Stuttgart Stock Exchanges (stock code: MBG.DE), which was an Independent Third Party except for the interests in the Company. For more details, see “— Investment of Benz Digital Tech in 2025” above.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

Consolidation of Afari Intelligent Drive

In June 2025, the Company established Afari Intelligent Drive in the PRC with its initial shareholders being Maichi Zhixing, Zhejiang Jirun, Zhijiang Zhongwang and Lotus Robotics. After subscription of the increased share capital of Afari Intelligent Drive by Jianghe Qixing in July 2025, the shareholding structure of Afari Intelligent Drive was as follows:

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Chongqing Jianghe Qixing Corporate Management Partnership Enterprise (Limited Partnership)* (重慶江河啟興企業管理合夥企業(有限合夥)) (“**Jianghe Qixing**”), is a limited partnership established in the PRC in June 2025. The general partner of Jianghe Qixing is Chongqing Zhiqi Xinwang Enterprise Management Co., Ltd.* (重慶智騏鑫旺企業管理有限公司) (“**Zhiqi Xinwang**”), a wholly-owned subsidiary of the Company, holding 13.33% partnership interests and made a capital contribution of RMB200 million in cash. Jianghe Qixing has three limited partners (together with Zhiqi Xinwang, “**Jianghe Qixing Partners**”), including (a) Chongqing Liangjiang District High Quality Development Industrial Private Equity Investment Fund Partnership (Limited Partnership) (重慶兩江新區高質量發展產業私募股權投資基金合夥企業(有限合夥)), which is ultimately controlled by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會), holding 33.33% limited partnership interests and made a capital contribution of RMB500 million in cash; (b) Chongqing Industrial Investment Master Fund Partnership (Limited Partnership) (重慶產業投資母基金合夥企業(有限合夥)), “**Chongqing Industrial Master Fund**”, which is ultimately controlled by Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會), holding 33.33% limited partnership interests and made a capital contribution of RMB500 million in cash and (c) Hainan Jianghe Qianda Investment Partnership (Limited Partnership) (海南江河乾達投資合夥企業(有限合夥)), an Independent Third Party, holding 20% partnership interest and made a capital contribution of RMB300 million in cash. The capital contribution of each partner was proportionate to their respective partnership interests in Jianghe Qixing.
- (2) Maichi Zhixing (Chongqing) Technology Co., Ltd.* (邁馳智行(重慶)科技有限公司) (“**Maichi Zhixing**”), was incorporated in the PRC in September 2024. As of the Latest Practicable Date, it was held by five shareholders, including Atomix (Chongqing) Information Technology Co., Ltd.* (原力聚合(重慶)信息技術有限公司 “**Atomix Chongqing**”), an Independent Third Party, as to 56.57%. Atomix Chongqing has a total of 28 shareholders, each holding less than 20% equity interests therein, including (a) Mr. Yin, our chairman and executive Director, holding approximately 9% equity interests therein; (b) Chongqing Industrial Master Fund holding approximately 12% equity interests therein; and (c) 26 Independent Third Parties. To the best knowledge of the Company, save as disclosed above, none of the shareholders of Atomix Chongqing has any relationships with the Group other than through Jianghe Qixing and Afari Intelligent Drive. Apart from Atomix Chongqing, as of the Latest Practicable Date, Maichi Zhixing was also owned by (i) Chongqing Zhichi Yixing Enterprise Management Consultancy Partnership (Limited Partnership) (重慶智馳逸行企業管理諮詢合夥企業(有限合夥)), with Fengzhi Yongdong (Chongqing) Enterprise Management Consultancy Co., Ltd. (風之湧動(重慶)企業管理諮詢有限責任公司) as its general partner (which was held by Mr. Yin Qi as to 70%) and Mr. Yang Mu, the CTO of Afari Intelligent Drive, as the sole limited partner holding 95% partnership interest therein, (ii) Wuhu Kuangyun AI Industrial Investment Fund (Limited Partnership) (蕪湖曠云人工智能產業投資基金(有限合夥)), which was ultimately managed by Shanghai Rongyun Enterprise Management Co., Ltd. (上海榕云企業管理有限公司) (which was held by Wang Chen and Yang Jingyu as to 60% and 40% respectively), and (iv) two limited partnerships being investment arms of Qiming China.
- (3) Zhejiang Jirun Automobile Co., Ltd.* (浙江吉潤汽車有限公司) (“**Zhejiang Jirun**”) is a company established in the PRC, controlled by Geely Holding.
- (4) Chongqing Zhijiang Zhongwang Corporate Management Consulting Partnership (Limited Partnership)* (重慶智江眾旺企業管理諮詢合夥企業(有限合夥)) (“**Zhijiang Zhongwang**”) is a limited partnership, established as the employee incentive platform of Afari Intelligent Drive, whose general partner is a company held as to 75% by Mr. Yin.
- (5) Ningbo Lotus Robotics Co., Ltd.* (寧波路特斯機器人有限公司) (“**Lotus Robotics**”) is a company indirectly controlled by Geely Holding.

The registered share capital subscribed by each shareholder of Afari Intelligent Drive was proportionate to their respective equity interests therein, and the consideration paid by Jianghe Qixing for its subscription of the increased share capital of Afari Intelligent Drive was determined based on the then valuation of Afari Intelligent Drive appraised by an Independent Third Party valuer.

Pursuant to the shareholders’ agreement of Afari Intelligent Drive, each shareholder of Afari Intelligent Drive has agreed not to transfer or otherwise dispose of its equity interests in Afari Intelligent Drive without prior consent of all other shareholders of Afari Intelligent Drive. This arrangement envisages the long-term strategic cooperation between the shareholders of Afari Intelligent Drive, ensuring the long-term and stable development of Afari Intelligent Drive while balancing the interests of all its shareholders.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

1. *Background*

Intelligent driving and Assistance Driving System solutions represent a core component of the Group’s “AI + Mobility” capability and future competitiveness. Afari Intelligent Drive (through Jianghe Qixing) was established to serve as the Group’s principal platform for the development, integration and commercialisation of its intelligent driving and Assistance Driving System solutions. At the time of establishment, the Group adopted a joint-venture structure so that partners could contribute complementary technologies and resources, while the Group could remain responsible for the business’s overall direction, the nomination of the key management and day-to-day execution. Since establishment, the Group has been responsible for Afari Intelligent Drive’s day-to-day management and operations and nominated the chairman of the board, the CEO, the CFO and the CTO of Afari Intelligence Drive. The alignment between Afari Intelligent Drive and the Group’s technology business model was fully recognized by the joint venture partners. As the intelligent driving and Assistance Driving System sector developed rapidly and competition intensified, a more unified decision-making structure became necessary to enhance operational efficiency, avoid fragmented strategic directions and support faster product iteration. As such, the parties decided to amend the partnership agreement of Jianghe Qixing and enter into the Proxy Agreement, pursuant to which the Group will be able to consolidate strategic and operational control over Afari Intelligent Drive (through Jianghe Qixing) and to implement its intelligent driving and Assistance Driving System initiatives in a coordinated and timely manner, which is in line with the common interests of all shareholders of Afari Intelligent Drive.

2. *Amendment of partnership agreement of Jianghe Qixing*

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

3. *Voting proxy arrangement in relation to Afari Intelligent Drive*

With a view to enhancing the Company’s “AI + Mobility” solutions, and to securing the control over Afari Intelligent Drive, Jianghe Qixing entered into a shareholder voting proxy agreement (the “**Proxy Agreement**”) on September 28, 2025, with Maichi Zhixing. Pursuant to the Proxy Agreement and the Shareholders’ approval dated October 15, 2025, (i) Maichi Zhixing, holding 30% equity interests in Afari Intelligent Drive, irrevocably authorized Jianghe Qixing to exercise the relevant shareholders’ rights attached to the shares it held in Afari Intelligent Drive, including, among others, voting rights in the shareholders’ meeting of Afari Intelligent Drive on major corporate matters in relation to daily operations (the “**Shareholders Entrusted Matters**”), and (ii) with no prejudice to the directors’ fiduciary duties, the directors nominated by Maichi Zhixing shall act in concert with the directors nominated by Jianghe Qixing when exercising their directors’ rights over certain corporate matters on the board meetings of Afari Intelligent Drive (the “**Board Entrusted Matters**”). The Proxy Agreement shall be effective for so long as Maichi Zhixing holds shares in Afari Intelligent Drive. According to the articles of association of Afari Intelligent Drive, the board of directors of Afari Intelligent Drive shall comprise seven directors, of which each of Jianghe Qixing and Maichi Zhixing has the right to nominate three and two directors, respectively. As of the Latest Practicable Date, Afari Intelligent Drive had seven directors, including (a) Mr. Wang Jun, our President, as the chairman and general manager, who was nominated by Jianghe Qixing and (b) six other non-executive directors, among which two were nominated by Jianghe Qixing, two were nominated by Maichi Zhixing and two were nominated by Zhejiang Jirun. The shareholders’ right in Afari Intelligent Drive to nominate directors are stipulated as follows: (a) Zhejiang Jirun is entitled to nominate two directors; (b) Maichi Zhixing is entitled to nominate two directors; and (c) Jianghe Qixing is entitled to nominate three directors. As a limited partnership, Jianghe Qixing does not have a corporate board of directors and its right to appoint directors to Afari Intelligent Drive is stipulated in its partnership agreement. Specifically, the general partner of Jianghe Qixing (i.e. Qizhi

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Xingwang) is entitled to appoint two directors, while Chongqing Industrial Investment Master Fund is entitled to appoint one director.

By exercising control over Jianghe Qixing through Zhiqi Xingwang and by virtue of the Proxy Agreement, the Company has become the de facto controller of Afari Intelligent Drive, and is primarily responsible for its business’s overall direction, the nomination of the key management and day-to-day execution. Maichi Zhixing, as a founder of Afari Intelligent Drive, is a core player in the intelligent driving and Assistance Driving System sector and has injected tangible assets valued at RMB1.5 billion into Afari Intelligent Drive. Relying on its technological reserves, operational experience and resources, Maichi Zhixing provides collaborative services to Afari Intelligent Drive including technical support and industrial connection, and cooperates with Jianghe Qixing to implement business plans and vote on relevant resolutions, so as to ensure the efficient decision-making in Afari Intelligent Drive.

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

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

4. *Consolidation of Jianghe Qixing and Afari Intelligent Drive*

As a result of the above, the Company controls 60% of the voting rights in Afari Intelligent Drive on Shareholders Entrusted Matters and Board Entrusted Matters and exercises effective control over its board of directors, through Jianghe Qixing. Accordingly, each of Jianghe Qixing and Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since October 15, 2025 (the “**Consolidation of Afari Intelligent Drive**”). As of the date of this Document, the above consolidation of results has been properly and legally completed and all necessary regulatory approvals have been obtained.

Given that Jianghe Qixing serves as a special investment platform dedicated to Afari Intelligent Drive with no actual business operations, the amendment to the partnership agreement of Jianghe Qixing did not require Shareholders’ approval of the Company and could be effected upon unanimous consent of the partners. Therefore, the relevant amendment agreement was entered into and became effective on September 27, 2025. By contrast, the Proxy Agreement constituted a related party transaction and a material transaction under PRC laws and regulations and required approval of the relevant Shareholder(s) of the Company, which was subject to notice and procedural requirements under relevant PRC laws and regulations. Therefore, although the Proxy Agreement was entered into on September 28, 2025, it only became effective on October 15, 2025 upon the Company’s Shareholders’ approval. The relevant agreements aforementioned were entered into for the purpose of gaining control over Afari Intelligence Drive through Jianghe Qixing. They formed multiple arrangements as a single transaction. On the basis of the foregoing, Jianghe Qixing and Afari Intelligent Drive were accounted for as joint ventures in September 2025 and accounted for as subsidiaries of the Company from October 15, 2025.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

PUBLIC FLOAT AND FREE FLOAT

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

[REDACTED]

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

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

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

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

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



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Azolla Fund is a limited partnership incorporated in the PRC on December 14, 2020. As of the Latest Practicable Date, Azolla Fund had five partners, including (i) Azolla EM as the sole general partner, holding 0.03% partnership interest; (ii) Geely Industrial, as a limited partner, holding 50.94% partnership interest, which was ultimately controlled by Mr. Li Shu Fu; (iii) Liangjiang Industrial Development, which was in turn wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會), a PRC government body, and (iv) two other limited partners, holding 12.85% partnership interests, who were Independent Third Parties.
- Azolla EM, the sole general partner of Azolla Fund, was held as to 51% and 49% by Liangjiang Fund Management and Geely Technology, respectively. Liangjiang Fund Management is in turn indirectly wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會). Geely Technology is held as to 55% and 45% by Ningbo Ruima Enterprise Management Partnership (L.P.)* (寧波銳馬企業管理合夥企業(有限合夥)) and Zhejiang Jidi Technology Co., Ltd.* (浙江濟底科技有限公司), respectively, which in turn are each held as to 79.28% and 91.00% by Mr. Li Shu Fu (李書福). For more information, see “— Corporate Development and Major Changes in Share Capital and Shareholdings” in this section.
- (2) As of the Latest Practicable Date, Chongqing Jianghehui is indirectly wholly owned by Jianghe Anlan. As of the Latest Practicable Date, the partners of Jianghe Anlan, included (a) the general partner, Hainan Qianli Zhiqi Investment Co., Ltd.* (海南千里智祺投資有限公司) holding approximately 0.41% partnership interest, which is held as to approximately 67.03% and 32.97% by Mr. Yin Qi (印奇), the chairman of our Board and an executive Director, and Mr. Bao Yi (鮑毅), a non-executive Director, respectively, (b) Mr. Yin Qi (印奇) as a limited partner holding approximately 53.00% partnership interests, (c) Mr. Bao Yi (鮑毅), as a limited partner, holding approximately 26.10% partnership interest, and (d) an Independent Third Party, as a limited partner, holding approximately 20.49% partnership interests. For more information, see “— Corporate Development and Major Changes in Share Capital and Shareholdings” in this section.
- (3) Lifan Holdings is a limited liability company incorporated in the PRC on November 19, 2003. As part of the Plan, all equity interests held by Lifan Holdings were transferred by the Initial Shareholders to Chongqing Huiyang, and all equity interests in Chongqing Huiyang were contributed as trust assets to establish the Trust Plan with CCB Trust Co., Ltd.* (建信信託有限公司) acting as the trustee to manage the Trust Plan. Pursuant to the Trust Plan, except for the debts repaid by cash directly, relevant trust products were issued and the corresponding beneficial interests would be distributed to certain creditors of the Company to repay the due debts owed by Lifan Holdings to its creditors. As of the Latest Practicable Date, Lifan Holdings remains wholly owned by Chongqing Huiyang, the entire equity interests of which were held as trust assets of the Trust managed by CCB Trust Co., Ltd.* (建信信託有限公司). For more information, see “— Corporate Development and Major Changes in Share Capital and Shareholdings” in this section.
- (4) As of the Latest Practicable Date, Benz Digital Tech was an indirect wholly-owned subsidiary of Mercedes-Benz Group AG, a company listed on the Frankfurt Stock Exchange (stock code: MBG.DE), which was an Independent Third Party except for the interests in the Company. For more details, see “— Corporate Development and Major Changes in Share Capital and Shareholdings” in this section.
- (5) As of the Latest Practicable Date, LIVAN Auto was owned as to 45% by Zhejiang Geely Qizheng Automotive Technology Co., Ltd.* (浙江吉利啟征汽車科技有限公司), an indirect wholly-owned subsidiary of Geely Holding, a company ultimately and beneficially wholly owned by Mr. Li Shu Fu and his associates.
- (6) As of the Latest Practicable Date, Afari Intelligent Drive was beneficially owned as to 30% by each of Jianghe Qixing, Maichi Zhixing, and Zhejiang Jirun, respectively, and 5% by each of Zhijiang Zhongwang and Lotus Robotics, respectively. Pursuant to the Proxy Agreement entered into by Jianghe Qixing and Maichi Zhixing, Maichi Zhixing irrevocably authorized Jianghe Qixing to exercise certain shareholders' rights attached to the shares that it holds in Afari Intelligent Drive, representing 30% of its equity interests. As a result, the Company controls 60% of the voting rights in Afari Intelligent Drive on Shareholders Entrusted Matters and Board Entrusted Matters and exercises effective control over its board of directors, through Jianghe Qixing. For more details of Afari Intelligent Drive, see “— Major Acquisitions, Disposals and Mergers” in this section. Pursuant to the relevant capital increase agreement and shareholder agreement of Afari Intelligent Drive entered into among Jianghe Qixing, Zhejiang Jirun, Maichi Zhixing, Lotus Robotics and Zhijiang Zhongwang, and the articles of associations of Afari Intelligent Drive, shareholders of Afari Intelligent Drive, have certain customary special rights in Afari Intelligent Drive. Such special rights are limited to Afari Intelligent Drive and none of them entitles its shareholders to obtain any Shares or any share in other subsidiaries of the Company.
- (7) Chongqing Runtian Real Estate Development Co., Ltd.* (重慶潤田房地產開發有限公司) is held by the Company as to 50%, Chongqing Yuqinke Commercial Management Partnership (Limited Partnership)* (重慶渝擎科商業管理合夥企業(有限合夥)) as to 35%, and an Independent Third Party as to 15%. Chongqing Yuqinke Commercial Management Partnership (Limited Partnership)* (重慶渝擎科商業管理合夥企業(有限合夥)) is controlled by its general partner which is ultimately controlled by Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會).

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



BUSINESS

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.

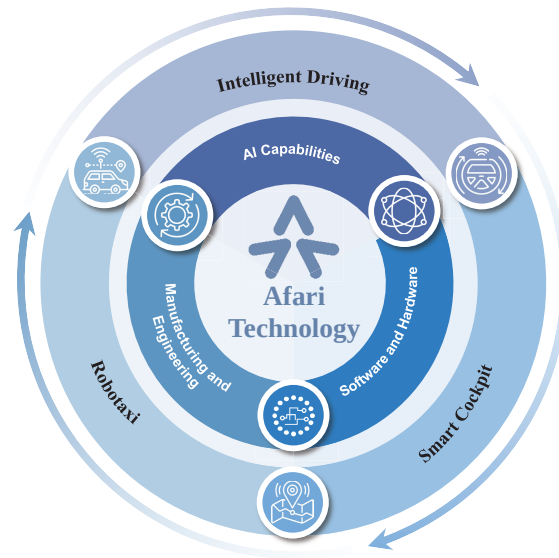
During the Track Record Period, we are still at the beginning stage of commercialization for these solutions and we only generated an insignificant portion of revenue from these solutions in the fourth quarter of 2025, but we expect such solutions to be significant drivers of our future growth. See also “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.

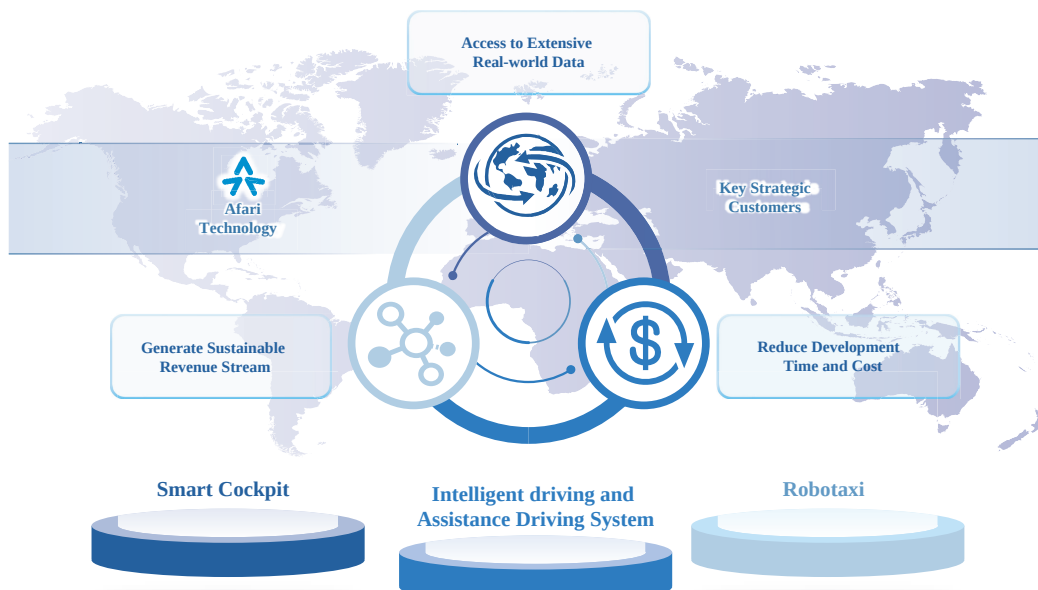
BUSINESS

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.



BUSINESS

- **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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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

BUSINESS

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.

BUSINESS

OUR PRODUCTS AND SOLUTIONS

Overview

During the Track Record Period, we generated revenue primarily from sale of automobiles, motorcycles, and others, such as general-purpose machinery. As of the date of this Document, we have launched our technology solutions, primarily include intelligent driving 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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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		Number of customers	ASP ²	Gross Profit Margin	Gross Profit		Number of customers	ASP	Gross Profit Margin	Gross Profit		Number of customers	ASP	Gross Profit Margin						
	Revenue	%				Revenue	%				Revenue	%									
	RMB in thousands	%				RMB in thousands	%				RMB in thousands	%									
Traditional	727,049	35.8	45,643	6.3	65,535	11	893	644,235	30.2	44,190	6.9	59,553	11	746	557,305	22.5	22,485	4.0	35,083	16	643
Fuel	513,080	25.3	83,394	16.3	76,303	7	145	469,367	22.0	74,444	15.9	80,904	6	102	607,763	24.5	101,156	16.6	108,582	6	65
Africa	391,345	19.3	60,192	15.4	106,225	4	47	421,250	19.7	51,979	12.3	116,104	4	38	518,674	20.9	64,437	12.4	139,738	4	48
North America	134,854	6.6	22,243	16.5	26,056	5	102	187,438	8.8	28,650	15.3	39,949	5	94	272,471	11.0	33,743	12.4	61,783	4	100
South America	209,817	10.3	24,491	11.7	55,603	4	21	360,714	16.9	39,693	11.0	84,204	4	21	473,344	19.1	61,425	13.0	94,815	5	21
Others ¹	52,624	2.6	9,895	18.8	6,872	8	23	52,727	2.5	7,437	14.1	7,860	7	23	48,123	1.9	6,018	12.5	7,280	7	16
Total	2,028,767	100.0	245,860	12.1	336,594	6	1,231	2,135,725	100.0	246,393	11.5	388,574	6	1,024	2,477,678	100.0	289,263	11.7	447,281	6	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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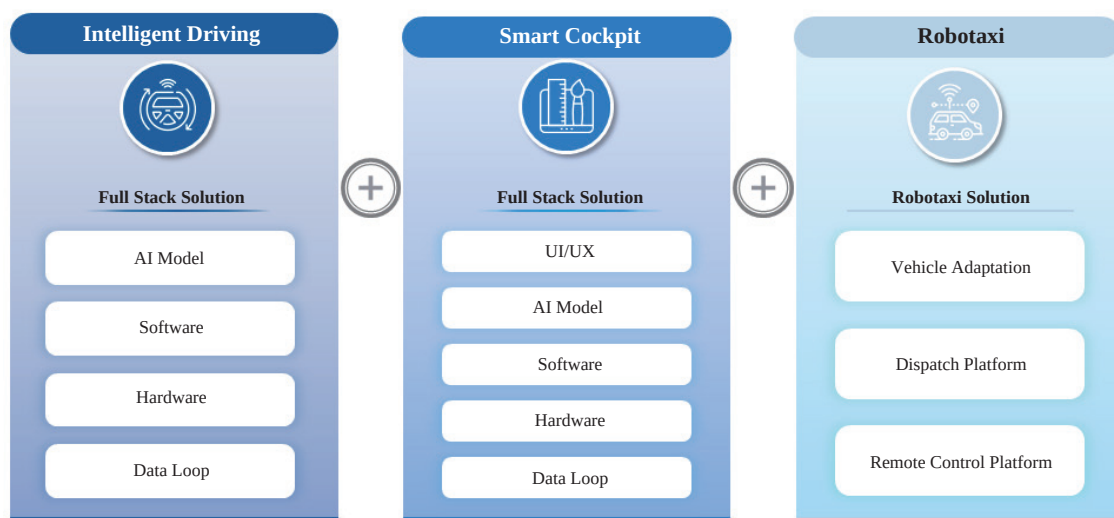
Others

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:



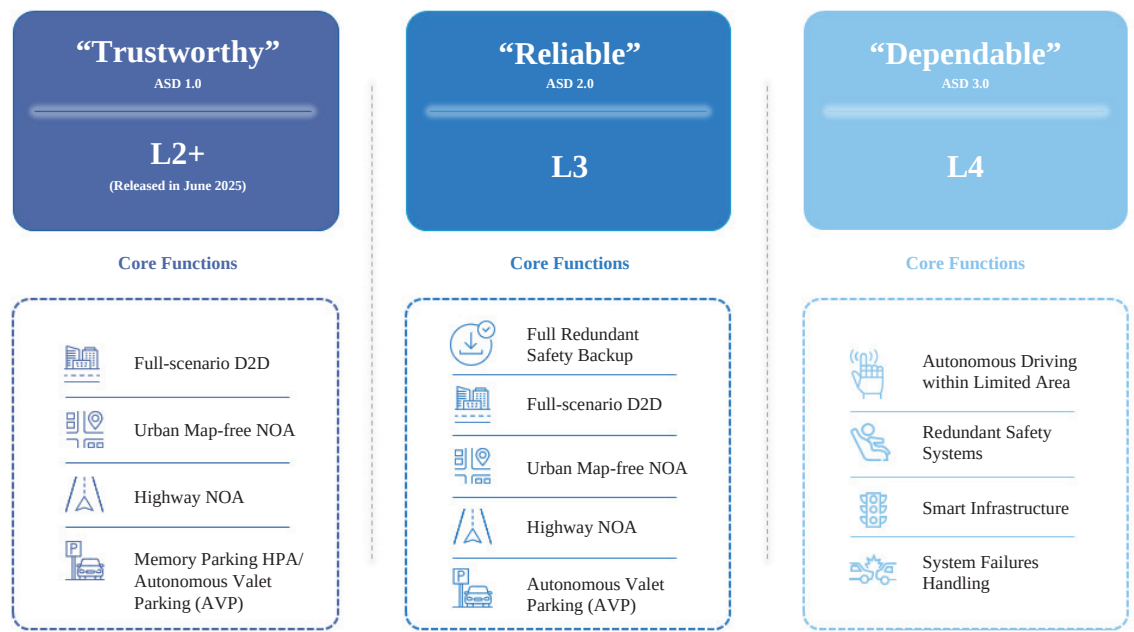
- *Intelligent Driving:* We have developed full-stack intelligent driving solutions powered by a distinctive RLM (Reinforcement Learning — Multimodal) model. Our offerings encompass vertical AI models, software, hardware, and closed-loop data systems to enable L2-level ADAS (Advanced Driver Assistance 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.

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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 (RMB'000)	% of Total Revenue %
<i>For the year ended December 31, 2023</i>					
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
<i>For the year ended December 31, 2024</i>					
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
<i>For the year ended December 31, 2025</i>					
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.

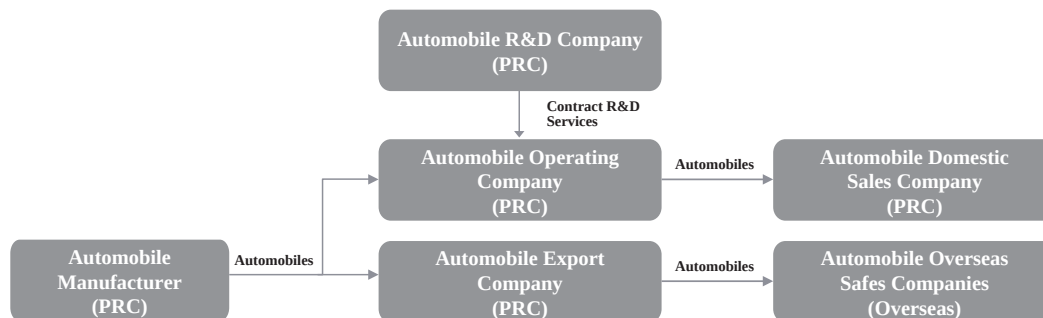
Specifically, we conducted automobile business primarily through our PRC and overseas subsidiaries with the following Intra-Group Transactions:

- 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.

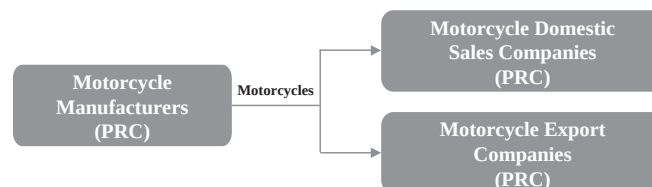
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The diagram below sets forth the primary business and transaction flows of the Intra-Group Transactions within the Group’s automobile business during the Track Record Period:



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.

BUSINESS

AWARDS AND RECOGNITIONS

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

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors comprises 11 Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

The following table sets out information about our Directors.

Name	Age	Position	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Executive Directors and Non-executive Directors					
Mr. Yin Qi (印奇)	[38]	Chairman of the Board and executive Director	November 1, 2024	November 11, 2024	Responsible for overall strategic planning and business management of our Group
Zhao Ming (趙明)	[53]	Co-Chairman of the Board and non-executive Director	March 2, 2026	March 2, 2026	Providing strategic advice and making recommendations on the operation and management of our Group
Mr. Bao Yi (鮑毅)	[50]	Non-executive Director and deputy chairman of the Board	September 23, 2024	September 23, 2024	Providing strategic advice and making recommendations on the operation and management of our Group
Mr. Xu Honghu (徐鴻鵠) . . .	[51]	Non-executive Director and deputy chairman of the Board	June 16, 2025	June 16, 2025	Providing strategic advice and making recommendations on the operation and management of our Group
Mr. Li Chuanhai (李傳海) . . .	[49]	Non-executive Director and deputy chairman of the Board	September 23, 2024	September 23, 2024	Providing strategic advice and making recommendations on the operation and management of our Group
Ms. Chen Ting (陳婷)	[43]	Non-executive Director	April 7, 2026	April 7, 2026	Providing strategic advice and making recommendations on the operation and management of our Group
Mr. Liu Jinliang (劉金良) . . .	[59]	Non-executive Director	September 23, 2022	September 23, 2022	Providing strategic advice and making recommendations on the operation and management of our Group
Ms. Long Zhenzhu (龍珍珠) . . .	[39]	Non-executive Director	January 22, 2021	September 23, 2024	Providing strategic advice and making recommendations on the operation and management of our Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Xu Huanchun (徐煥春) . . .	[46]	Executive Director (employee representative Director)	May 8, 2003	September 29, 2025	Responsible for supervising the operation of the Board, and overseeing the general-purpose machinery business of the Group
Independent Non-executive Directors					
Dr. Liu Yunhao (劉雲浩). . . .	[54]	Independent non-executive Director	April 7, 2026	April 7, 2026	Providing independent opinions and judgment to the Board
Ms. Huang Qun (黃群)	[58]	Independent non-executive Director	September 29, 2025	September 29, 2025	Providing independent opinions and judgment to the Board
Dr. Xiao Xiang (肖翔)	[56]	Independent non-executive Director	January 22, 2021	January 22, 2021	Providing independent opinions and judgment to the Board
Dr. Dou Junsheng (竇軍生) . . .	[45]	Independent non-executive Director	January 22, 2021	January 22, 2021	Providing independent opinions and judgment to the Board
Mr. Ren Xiaochang (任曉常) . . .	[69]	Independent non-executive Director	January 22, 2021	January 22, 2021	Providing independent opinions and judgment to the Board

Executive Directors and Non-executive Directors

Mr. Yin Qi (印奇), aged [38], is the chairman of our Board and an executive Director. Mr. Yin was appointed as a Director and elected as the chairman of the Board in November 2024, and was re-designated as an executive Director in September 2025.

Mr. Yin founded Beijing Megvii Technology Co., Ltd.* (北京曠視科技有限公司) in October 2011, and served as its executive director, chairman of the board, and chief executive officer from October 2011 to October 2024. Mr. Yin also held the position as the chairman of the board and manager of Beijing Megvii Jinshu Technology Co., Ltd.* (北京曠視金數科技有限公司), which ended in October 2024. Currently, he also serves as the chairman of the board of Shanghai Stepfun Intelligent Technology Co., Ltd. (上海階躍星辰智能科技有限公司). He served as a member of the National New Generation Artificial Intelligence Governance Specialist Committee (國家新一代人工智能治理專業委員會) and has been a member of the Executive Committee of the All-China Federation of Industry and Commerce (中華全國工商業聯合會) since December 2022, part-time vice chairman of the Beijing Federation of Industry and Commerce (北京市工商聯合會) since September 2022, and a member of the Beijing Municipal Committee of the Chinese People’s Political Consultative Conference (北京政治協商委員會) since January 2023. Mr. Yin received the 28th China Youth May Fourth Medal (中國青年五四獎章) in April 2024 and was selected as one of Fortune China’s 40 Under 40 for three consecutive years from 2015 to 2017. In 2016, Mr. Yin was ranked first in the enterprise technology category of Forbes’ 30 Under 30 Asia list.

Mr. Yin received his bachelor’s degree in computer science from the Experimental Class of Computer Science (Yao Class) of Tsinghua University (清華大學) in the PRC in July 2010 and master’s degree in computer science (intelligent sensing) from Columbia University in the United States in May 2013.

Mr. Zhao Ming (趙明), aged [53], is the co-chairman of our Board and a non-executive Director. Mr. Zhao was appointed as the co-chairman of our Board and a non-executive Director in March 2026.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao joined Huawei Technologies Co., Ltd. (華為技術有限公司) in March 1998 as R&D project manager, and held many positions including the president of CMDMA&Wimax&TD-SCDMA product line, the head of global wireless marketing, the country general manager of Italy, and west Europe regional vice-president until March 2015. Mr. Zhao served as president of Department of Honor Business at Huawei Technologies Co., Ltd. from March 2015 to August 2020, and served as the chief executive officer at Honor Terminal Co., Ltd. (榮耀終端股份有限公司) from August 2020 to January 2025.

Mr. Zhao received his bachelor’s degree in wireless technology from Beijing Institute of Technology (北京理工大學) in the PRC in July 1995, and master’s degree in communication and electrical systems from Shanghai Jiao Tong University (上海交通大學) in the PRC in January 1998.

Mr. Bao Yi (鮑毅), aged [50], is a non-executive Director. Mr. Bao was appointed as a non-independent Director in September 2024 and was re-designated as a non-executive Director in September 2025. Mr. Bao was appointed as the deputy chairman of our Board in February 2025.

Mr. Bao had served as the chairman of Cedarlake Capital, a private equity fund primarily investing in the digital technology and green economy sectors, as well as cross-border industrial mergers and acquisitions, beginning from June 2016. Prior to founding Cedarlake Capital, Mr. Bao had worked at Morgan Stanley group since March 2006. He served as the general manager of Morgan Stanley Securities (China) Co., Ltd. (摩根士丹利證券(中國)有限責任公司) from September 2013 to May 2016, and as managing director prior to his departure. In addition, Mr. Bao has served as an independent non-executive director at Sino ICT Holdings Limited (芯成科技控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 365.HK) since September 2016, and an independent director at Chongqing Sanfeng Environment Group Corp., Ltd. (重慶三峰環境集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601827.SH) since March 2025.

Mr. Bao received his bachelor’s degree in science from The State University of New York in the United States in May 1999 and an MBA degree from The Wharton School of the University of Pennsylvania in the United States in May 2004.

Mr. Xu Honghu (徐鴻鵠), formerly known as Mr. Xu Fu (徐福), aged [50], is a non-executive Director. Mr. Xu was appointed as a non-independent Director in June 2025 and was re-designated as a non-executive Director in September 2025. Mr. Xu was appointed as the deputy chairman of our Board in June 2025.

Mr. Xu has served as the member of the party committee and deputy general manager of Chongqing Liangjiang New Area Industrial Development Group Co., Ltd.* (重慶兩江新區產業發展集團有限公司) since January 2024. From June 2016 to January 2024, he served as party secretary, chairman, and general manager of Chongqing Liangjiang Financial Development Co., Ltd.* (重慶兩江金融發展有限公司). From October 2011 to June 2016, Mr. Xu served in different roles in Chongqing Liangjiang New Area Party Working Committee (重慶兩江新區黨工委), including the leader in the publicity department, the leader in city development department, manager in the government affairs center and director of the financial development department.

Mr. Xu received his bachelor’s degree in economic management in the Correspondence College of Party School of the Chinese Communist Party Chongqing Municipal Committee (中共重慶市委黨校函授學院) in the PRC in December 2000 and master of business administration degree from Chongqing Graduate School of Business Administration (重慶工商管理碩士學院) in the PRC in December 2012.

Mr. Li Chuanhai (李傳海), aged [49], is a non-executive Director. Mr. Li was appointed as a non-independent Director in September 2024 and was re-designated as a non-executive Director in September 2025. Mr. Li was appointed as the deputy chairman of our Board in June 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li joined Geely Automobile, a company listed on the Hong Kong Stock Exchange (stock code: 175.HK) in July 2004 as an assistant of general manager at Zhejiang Jirun Automobile Co., Ltd.* (浙江吉潤汽車有限公司). He was responsible for the overall management of Geely Holding's forward-looking technology research and the vehicle research and development system of Geely-branded vehicles from June 2010 to June 2019. He was the vice president of the Hangzhou branch of Zhejiang Jirun Automobile Co., Ltd.* (浙江吉潤汽車有限公司杭州分公司) from February 2020 to December 2023. Mr. Li has served as the vice president of Geely Automobile Holdings (Hangzhou) Co., Ltd.* (吉利汽車控股(杭州)有限公司) since January 2024.

Mr. Li received his online diploma from Zhejiang Automotive Engineering Institute (浙江汽車工程學院) in automobile engineering in March 2011.

Ms. Chen Ting (陳婷), aged [43], is a non-executive Director. Ms. Chen was appointed non-executive Director in [April 2026].

Ms. Chen has served as the director of the Investment and M&A department at Mercedes-Benz Group China Ltd. (梅賽德斯—奔馳(中國)投資有限公司) since October 2016. Prior to that, she served as legal counsel at SK Innovation Co., Ltd. and at SK China Investment Co., Ltd. (愛思客(中國)投資有限公司) (currently known as SK China Holdings Co., Ltd. (愛思開實業(中國)投資有限公司)) from 2007 to 2012. From March 2012 to September 2016, Ms. Chen served as a manager of compliance department at Beijing Mercedes-Benz Sales Services Co., Ltd. (北京梅賽德斯—奔馳銷售服務有限公司).

Ms. Chen received her bachelor's degree in economics from Xiamen University (廈門大學) in the PRC in July 2004, and master's degree in law from Peking University (北京大學) in the PRC in July 2007.

Mr. Liu Jinliang (劉金良), aged [59], is a non-executive Director. Mr. Liu was appointed as a non-independent Director in September 2022 and was re-designated as a non-executive Director in September 2025.

Mr. Liu joined Geely Holding in September 1993 and successively served at Zhejiang Geely Holding Group Automobile Sales Co., Ltd.* (浙江吉利控股集團汽車銷售有限公司), Ningbo Meiri Automobile Sales Co., Ltd.* (寧波美日汽車銷售有限公司), Ningbo MinTimes Automobile Sales & Leasing Chain Co., Ltd.* (寧波銘泰汽車銷售租賃連鎖有限公司), E-ENERGEE Internet Technology Co., Ltd.* (易易互聯科技有限公司), Hangzhou Langge Technology Co., Ltd.* (杭州朗歌科技有限公司), StarRides Technology Co., Ltd.* (蔚星科技有限公司) and Chongqing All Happy Families Technology Co., Ltd.* (重慶幸福千萬家科技有限公司) as chairman of the board or general manager. He has been serving as non-executive director of CaoCao Inc. (曹操出行有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2643.HK) since April 2024.

Mr. Liu received his bachelor's degree in industrial economy and business management from Beijing Economics College (北京經濟學院) (currently known as Capital University of Economics and Business (首都經濟貿易大學)) in the PRC in July 1989.

Ms. Long Zhenzhu (龍珍珠), aged [39], is a non-executive Director. Ms. Long joined our Group as a supervisor in January 2021, since when she had served as the chairperson of the supervisory committee until July 2023. Ms. Long was appointed as a non-independent Director in September 2024 and was re-designated as a non-executive Director in September 2025.

From October 2010 to September 2014, Ms. Long served as a lawyer at Beijing Grandway Law Offices* (北京國楓凱文律師事務所). From November 2014 to January 2015, she served as a lawyer at Beijing Zhong Lun Law Firm* (北京市中倫律師事務所). She joined Liangjiang Fund Management in January 2015 and served successively as a manager in the legal department and deputy general manager, where she is currently responsible for the financial and legal matters and specialized investment management.

Ms. Long received her bachelor's degree in law from Fudan University (復旦大學) in the PRC in June 2008.

Mr. Xu Huanchun (徐煥春), aged [46], is an executive Director and the general manager of our general-purpose machinery business. Mr. Xu was elected as an executive Director and employee representative Director in September 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu joined the Group in May 2003, and has worked as a staff member in the regulatory department of the Company from May 2003 to December 2005. From January 2006 to January 2007, he served as the deputy director of the Group office at the Company. From January 2007 to July 2010, he held the position of deputy director of the motorcycle procurement center of the Company. From August 2010 to November 2013, he became the general manager of the Vietnam subsidiary of the Company. From December 2013 to January 2017, he took on the role of executive deputy director of the Passenger Car Procurement Center of the Company. From January 2017 to November 2017, he worked as the deputy general manager of the strategic planning center in the Company. From July 2019 to December 2020, he worked at Zhejiang Jirun Meishan Automobile Components Co., Ltd.* (寧波梅山吉潤汽車零件有限公司). From December 2020 to July 2022, he served as the director of operations management department in the Company. Since September 2021, he has been the general manager of the general-purpose machinery business unit of the Company.

Mr. Xu received his bachelor’s degree in economic law from Southwest University of Political Science and Law (西南政法大學) in the PRC in July 2001.

Independent non-executive Directors

Dr. Liu Yunhao (劉雲浩), aged [54], is an independent non-executive Director. Dr. Liu was appointed non-executive Director in [April 2026].

Dr. Liu is currently an academician of the Chinese Academy of Sciences (中國科學院), a professor in the automation department (自動化系) of Tsinghua University (清華大學) and the dean of the Global Innovation Exchange, Tsinghua University (清華大學全球創新學院). Prior to that, Dr. Liu served on the faculty of the Department of Computer Science at the Hong Kong University of Science and Technology as a lecturer, director of graduate studies and associate professor from 2004 to 2011. He joined Tsinghua University in 2011, and served as a professor and dean of the School of Software at Tsinghua University from 2013 to 2017. From 2018 to 2020, Dr. Liu served as a professor and the chairperson of the Department of Computer Science and Engineering (CSE) at the Michigan State University. He is the recipient of the IOT Young Achievement Award from the China Computer Federation in 2016, the ACM Presidential Award in 2013, and the NSF China Distinguished Young Scholar Award in 2011.

Dr. Liu received his bachelor’s degree in electronics from Tsinghua University (清華大學) in the PRC in July 1995, and master’s degree in English translation and practice from Beijing Foreign Studies University (北京外國語大學) in the PRC in July 1997. Dr. Liu received his master and doctoral degree in computer networks and systems from the Michigan State University in the United States in August 2003 and August 2004, respectively.

Ms. Huang Qun (黃群), aged [58], is an independent non-executive Director. Ms. Huang was appointed as an independent non-executive Director in September 2025.

Ms. Huang served at Ministry of Foreign Affairs of the People’s Republic of China (中國外交部) from July 1989. After that, she later took the position of vice president at JPMorgan Chase New York and worked as an executive director at Lazard Asia. From December 2009 to November 2014, she served as managing director at Morgan Stanley Asia Limited. From April 2016 to March 2024, she served as a managing director at Lazard China.

Ms. Huang received her bachelor’s degree in diplomatic English from China Foreign Affairs University (北京外交學院) in the PRC in July 1989 and her master’s degree in international finance from the School of International and Public Affairs at Columbia University (哥倫比亞大學國際關係學院) in the United States in May 1997.

Dr. Xiao Xiang (肖翔), aged [56], is an independent non-executive Director. Dr. Xiao was appointed as an independent Director in January 2021 and was re-designated as an independent non-executive Director in September 2025.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Xiao began her academic career at Beijing Jiaotong University (北京交通大學) in the PRC in November 2001 as an associate professor in the Department of Accounting of the School of Economics and Management (經管學院). From February 2004 to May 2004, she was a visiting scholar at the College of Business of Victoria University in Australia, and from November 2007 to May 2008, she was a visiting scholar at the Binghamton University, State University of New York in the United States. From June 2008 to August 2010, she served as deputy director of the EMBA Center of Beijing Jiaotong University. Since November 2009, she has been a professor in the Department of Accounting and began supervised doctoral students since 2012.

Concurrently, from August 2013 to December 2016, she also served as secretary and vice dean of the Business School (工商分院) of the School of Economics and Management. From November 2017 to June 2023, she served as secretary and deputy director of the Department of Accounting. Since December 2017, she has also acted as a High-End Think Tank Researcher (首都高端智庫研究員) at the Beijing Jiaotong University Beijing Comprehensive Research Institute (北京交通綜合研究院). Since November 2019, she has been the director of the Center for Central and Eastern European Studies of Beijing Jiaotong University (中東歐研究中心).

Dr. Xiao has also served as an independent director of Tangshan Port Group Co., Ltd.* (唐山港集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601000.SH), since May 2020.

Dr. Xiao received her bachelor's degree in technical economics from Northern Jiaotong University (北方交通大學) in the PRC in July 1991, her master's degree in technical economics from Northern Jiaotong University (北方交通大學) in the PRC in 1994, doctoral degree in industrial economics from Northern Jiaotong University (北方交通大學) in the PRC in November 2001. she obtained the certificate as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in April 2011 and is currently a member of the institute.

Dr. Dou Junsheng (竇軍生), aged [45], is an independent non-executive Director. Dr. Dou was appointed as an independent Director in January 2021 and was re-designated as an independent non-executive Director in September 2025.

Dr. Dou commenced his tenure in Zhejiang University (浙江大學) in October 2008 as a post-doctoral researcher in the Department of Management Science and Engineering (管理科學與工程系) of the School of Management (管理學院), a position he held until October 2010. From December 2010 to December 2018, he successively served as an associate professor in the Department of Business Administration (企業管理系) and the Department of Innovation, Entrepreneurship and Strategy (創新創業與戰略學系) of the same university. Since December 2018, he has held the position of professor in the Department of Innovation, Entrepreneurship and Strategy at Zhejiang University School of Management, where he has continued his academic career to date.

He has also served as an independent director of Zhejiang Double Arrow Rubber Co., Ltd.* (浙江雙箭橡膠股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002381.SZ) since November 2024. He has also served as an independent director of Joyoung Co., Ltd.* (九陽股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002242.SZ) since September 2025.

Dr. Dou received his bachelor's degree in business administration from Shandong University (山東大學) in the PRC in June 2003. From September 2003, he studied in Zhejiang University (浙江大學) in the PRC and received his doctoral degree in corporate management in September 2008.

Mr. Ren Xiaochang (任曉常), aged [69], is an independent non-executive Director. Mr. Ren was appointed as an independent Director in January 2021 and was re-designated as an independent non-executive Director in September 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ren served as a director, general manager and vice chairman of Chongqing Automotive Research Institute* (重慶汽車研究所) (currently known as China Automotive Engineering Research Institute Co., Ltd.* (中國汽車工程研究院股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 601965.SH), from November 2007 to December 2013 and as its chairman from December 2013 to December 2016.

Mr. Ren served as an independent director of Chongqing Zongshen Power Machinery Co., Ltd.* (重慶宗申動力機械股份有限公司) (stock code: 001696.SZ) from June 2019 to September 2025, an independent director of Chongqing Changan Automobile Company Limited* (重慶長安汽車股份有限公司) (stock code: 000625.SZ) from September 2017 to July 2023, and an independent non-executive director of Chongqing Machinery & Electric Co., Ltd.* (重慶機電股份有限公司) (stock code: 2722.HK) from July 2007 to June 2025. He has also served as an independent director of Beijing HyperStrong Technology Co., Ltd.* (北京海博思創科技股份有限公司) (stock code: 688411.SH) since December 2020.

Mr. Ren obtained a bachelor’s degree in automobile from the mechanical engineering department of Hunan University (湖南大學) in the PRC in December 1981. He attended and completed the further study program in business administration at Wuhan University of Technology (武漢理工大學) in the PRC in May 2004.

SENIOR MANAGEMENT

The following table sets out information about the members of senior management of our Company.

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Zhou Zongcheng (周宗成) . . .	[50]	President ^(Note)	February 1, 2021	January 30, 2023	Responsible for overseeing the overall operation and management of the Group, focusing on automobile business of the Group
Mr. Wang Jun (王軍)	[52]	Co-President ^(Note)	May 6, 2025	June 20, 2025	Responsible for overseeing the operation and development of the Group, focusing on “AI + Mobility” solutions of the Group
Mr. Yang Bo (楊波)	[53]	Vice president	August 12, 1997	May 27, 2022	Responsible for overseeing the day-to-day operation and development of motorcycle business of the Group
Mr. Huang Qiang (黃強)	[43]	Vice president and the responsible person of finance-related matters	November 27, 2024	November 27, 2024	Responsible for overseeing finance-related matters of the Group
Ms. Hao Guangli (郝廣麗) . . .	[50]	Vice president	November 1, 2024	February 21, 2025	Responsible for human resource management of the Group
Ms. Xia Yuyang (夏雨揚) . . .	[47]	Vice president and Board secretary	February 13, 2025	February 21, 2025	Responsible for Board related matters, investment and corporate governance of the Group

Note: Mr. Zhou Zongcheng (周宗成) serves as the President (總裁) of the Company while Mr. Wang Jun (王軍) serves as the Co-President (聯席總裁) of the Company. The Company does not have the role of general manager in its corporate governance structure.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou Zongcheng (周宗成), aged [50], is the president of the Company. Mr. Zhou joined the Group in February 2021 as the general manager of Chongqing LIVAN Automobile Manufacturing Co., Ltd.* (重慶睿藍汽車製造有限公司). From March 2022 to February 2023, he took the position as a vice president of LIVAN Auto. Since February 2023, he has been the chairman of the board and the chief executive officer of LIVAN Auto. Mr. Zhou served as the chairman of the Board from September 2022 to November 2024, and has served as the president and party committee secretary of our Company since January 2023 and September 2023, respectively.

Prior to joining our Group, from June 2019 to August 2021, Mr. Zhou served as the president and the chairman of the board of Zhejiang Mingdao Aluminium Co., Ltd.* (浙江銘島鋁業有限公司), a company in the aluminum sheet and strip processing industry. From December 2003 to June 2019, he served successively as branch manager of assembly plant, head of production, assistant to the general manager, vice-president, executive vice president and party committee secretary of Zhejiang Kingkong Automobile Co., Ltd.* (浙江金剛汽車有限公司) (currently known as Taizhou Geely Automobile Manufacturing Co., Ltd.* (台州吉利汽車製造有限公司)). From March 2000 to August 2002, Mr. Zhou served as the section chief of production management department of assembly plant and plant assistant at Zhejiang Haoqing Automobile Manufacturing Co., Ltd.* (浙江豪情汽車製造有限公司). Mr. Zhou has also served as a non-executive director of Bank of Chongqing Co., Ltd.* (重慶銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601963.SH) and the Hong Kong Stock Exchange (1963.HK) since July 2025.

Mr. Zhou obtained an associate degree in management engineering (Higher Vocational Education) from Hefei Institute of General Professional Technology (合肥通用職業技術學院) in the PRC in July 2003 and a master's degree in automotive engineering from Zhejiang Automotive Engineering Institute (浙江汽車工程學院) in the PRC in September 2016.

Mr. Wang Jun (王軍), aged [52], joined our Group in June 2025 as the co-president of our Company.

Prior to joining our Group, Mr. Wang served as the head of department from August 2000, and later took the position of the president of intelligent automotive solution BU (IAS BU) in 2019, of Huawei Technologies Co., Ltd.* (華為技術有限公司), a leading global provider of information and communications technology (ICT) infrastructure and smart devices. Mr. Wang formerly served as an engineer at The 41st Institute of the Ministry of Electronics Industry (電子工業部41所) (now known as The 41st Institute of China Electronics Technology Co., Ltd.* (中國電子科技集團公司第四十一研究所)).

Mr. Wang obtained a bachelor's degree in detection technology and instruments from Xidian University (西安電子科技大學) in the PRC in July 1996.

Mr. Yang Bo (楊波), aged [53], joined our Group in August 1997, and has served as a vice president of our Company since May 2022. He is the general manager of our motorcycle business.

From 1998 to 2000, Mr. Yang served successively as a business director, assistant general manager, deputy general manager and the executive director of Chongqing Lifan Industry (Group) IMP. & EXP. Co., Ltd.* (重慶力帆實業(集團)進出口有限公司). Mr. Yang has been a vice president of our Company since December 2007, including a term as president between August 2019 to July 2022.

Mr. Yang also holds certain positions in our Group. He has served as the executive director/a director of, among others, (i) Chongqing Lifan Industry (Group) Sales Co., Ltd.* (重慶力帆實業集團銷售有限公司) since June 2021, (ii) Chongqing Paifang Motorcycle Co., Ltd.* (重慶派方摩托車有限公司) since April 2022, and (iii) Lifan Motorcycle Production and Sales since April 2025.

Mr. Yang obtained a bachelor's degree in automatic control from Northeastern University (東北大學) in the PRC in July 1993.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang Qiang (黃強), aged [43], joined our Group in November 2024, as a vice president and the responsible person of finance-related matters of our Company.

Prior to joining our Group, Mr. Huang was the manager of the capital operations unit in the investment and capital operations department of Geely Holding from June 2010 to November 2012. During his tenure in Geely Holding from November 2012 to January 2021, Mr. Huang served successively as the finance manager of the Uruguay and Russia subsidiaries, the head of the finance department of the Jinzhong production base, and the director of the financial management center and head of the financial sharing center. From February 2021 to April 2025, he served as the vice president and chief financial officer of Geely Baikuang Group Co., Ltd.* (吉利百礦集團有限公司).

Mr. Huang received his bachelor's degree in economics from Zhejiang College of Finance and Economics (浙江財經學院) (currently known as Zhejiang University of Finance and Economics (浙江財經大學)) in the PRC in June 2005.

Ms. Hao Guangli (郝廣麗), aged [50], joined our Group in November 2024, and has been the vice president of our Company since February 2025.

Ms. Hao has more than 20 years of experience in establishing human resources systems, as well as formulating and implementing human resource strategies. From November 2008 to August 2017, she was the human resources director of Schneider Electric (China) Co., Ltd. (施耐德電氣(中國)有限公司). She also served as a director and CHO of Beijing Sunshine Haitian Parking Management Co., Ltd.* (北京陽光海天停車管理有限公司) (currently known as Beijing Sunshine Haitian Parking Management Group Co., Ltd.* (北京陽光海天停車管理集團股份有限公司)) from May 2018 to July 2021 and a senior vice president and CHO of Beijing Megvii Technology Co., Ltd.* (北京曠視科技有限公司) from August 2021 prior to joining our Group.

Ms. Hao obtained a bachelor's degree in metal materials and heat treatment major from Yanshan University (燕山大學) in the PRC in July 1997 and her MBA degree from Beihang University (北京航空航天大學) in the PRC in November 2002.

Ms. Xia Yuyang (夏雨揚), aged [47], is the vice president and Board secretary of our Company. Ms. Xia joined the Group and was appointed as the vice president and Board secretary of our Company in February 2025.

Ms. Xia possesses a wealth of sophisticated experience in capital market operations. From March 2008 to February 2025, Ms. Xia served as a managing director of investment banking department in China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3908.HK) and the Shanghai Stock Exchange (stock code: 601995.SH). She worked at the investment bank department at Nanjing Securities Co., Ltd.* (南京證券股份有限公司) (formerly known as (南京證券有限責任公司)), a company listed on the Shanghai Stock Exchange (stock code: 601990.SH) from August 2000 to February 2008.

Ms. Xia received her bachelor's degree in economics from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC in June 2000.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interests in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of, or hold minority interests in, companies within the automobile industry and/or technology industry. However, as they are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

DIRECTORS AND SENIOR MANAGEMENT

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on October 15, 2025 or April 16, 2026, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she had no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

GENERAL

In August 2025, in accordance with the relevant provisions of the Company Law of the People’s Republic of China, which took effect on 1 July 2024, the Guidelines on the Articles of Association of Listed Companies (Revised in 2025) (《上市公司章程指引(2025年修訂)》) pursuant to the Shareholders resolutions, the supervisory committee of the Company was cancelled with effect from August 15, 2025.

Save as disclosed above, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are [REDACTED] on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

None of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

To the best knowledge, information and belief of our Directors and, having made all reasonable inquiries, there is no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there is no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Xia Yuyang (夏雨揚) was appointed as our joint company secretary in September 2025. For details of her biography, see “— Senior Management.”

Mr. Chu Lok Him Matthew (朱樂謙) was appointed as our joint company secretary in April 2026. Mr. Chu is a assistant manager of Company Secretarial Services of Tricor Services Limited, having over 7 years of experience in compliance and corporate secretarial fields for Hong Kong [REDACTED] companies and is a Chartered Secretary, a Chartered Governance Professional and an associate member of both of The Hong Kong Chartered Governance Institute (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”) in the United Kingdom. Mr. Chu obtained a Master’s degree of Corporate Governance and Compliance from Hong Kong Metropolitan University in 2025.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code set out in Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee.

DIRECTORS AND SENIOR MANAGEMENT

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of the Corporate Governance Code. The Audit Committee consists of five Directors, namely Dr. Xiao Xiang (肖翔), Mr. Bao Yi (鮑毅), Ms. Long Zhenzhu (龍珍珠), Dr. Dou Junsheng (竇軍生) and Mr. Ren Xiaochang (任曉常). Dr. Xiao Xiang (肖翔), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, reviewing the Company’s financial information and its disclosure, and monitoring and evaluating internal and external audit work and internal controls.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of five Directors, namely Mr. Ren Xiaochang (任曉常), Mr. Yin Qi (印奇), Mr. Xu Honghu (徐鴻鵠), Dr. Xiao Xiang (肖翔) and Dr. Dou Junsheng (竇軍生). Mr. Ren Xiaochang (任曉常) serves as the chairperson of the Remuneration and Assessment Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, formulating evaluation standards for our Directors and senior management of the Company, implementation of measures in response to such evaluation, and formulating and reviewing the remuneration policies and plans for Directors and senior management of the Company.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the Corporate Governance Code. The Nomination Committee consists of five Directors, namely Dr. Dou Junsheng (竇軍生), Mr. Bao Yi (鮑毅), Mr. Liu Jinliang (劉金良), Dr. Xiao Xiang (肖翔) and Mr. Ren Xiaochang (任曉常). Dr. Dou Junsheng (竇軍生) serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, developing standards and procedures for the election of our Directors and senior management of the Company, examining the qualifications of the candidates for our Directors and senior management, and evaluating and making recommendations regarding the strategic development of the Company.

Strategy and ESG Committee

We have established a Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee consists of three Directors, namely Mr. Yin Qi (印奇), Mr. Xu Honghu (徐鴻鵠) and Mr. Li Chuanhai (李傳海). Mr. Yin Qi (印奇) serves as the chairperson of the Strategy and ESG Committee. The primary duties of the Strategy and ESG Committee include, but are not limited to, reviewing and making recommendations regarding the business objectives, development strategies, financing of the Company.

REMUNERATION

Our Directors receive their remuneration in the form of fees, salaries, allowances, performance-related bonuses, share-based compensation, pension scheme contributions and other benefits in kind. For information on remuneration of Directors during the Track Record Period, as well as information on remuneration of the five highest paid individuals, see notes 9 and 10 to the Accountant’s Report.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026, to be approximately RMB14.9 million. The actual remuneration to Directors for the year ending December 31, 2026, may be different from the expected remuneration.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

The remuneration of our Directors and senior management is determined with reference to factors including the operating results of our Company, self performance valuation results, comparable market figures and the achievement of major operating indicators of our Company.

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [REDACTED].

BOARD AND WORKPLACE DIVERSITY

We are committed to promoting a culture of diversity in the Company. In order to maintain a robust corporate governance structure and to achieve sustainable and balanced corporate development, we [have adopted] a board and workplace diversity policy (the “**Diversity Policy**”) which sets out the objectives for and approaches to achieving and maintaining diversity at the Company.

Pursuant to the Diversity Policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, age, cultural and educational background, and professional experience. The ultimate decision of each appointment will be based on merit and the contributions which the selected candidates are expected to bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to depth of experience in the areas of business administration, financial investment, automotive business management, legal and compliance and accounting. We have four independent non-executive Directors with different industry backgrounds, with solid professional experiences in the fields of accounting, finance, enterprise management and automotive research, and representing more than one-third of the members of our Board.

Our Company has evaluated the structure, size and composition of our Board, taking into account the skills matrix of the Board, and is of the opinion that the structure of our Board is reasonable, and that the experience and skills of the Directors will enable our Company to maintain a high standard of operations. This is evidenced by the fact that our Directors range in age from [37] to [69] years old, and our Board comprises three female Directors and eight male Directors. Taking into account our existing business model and specific needs, as well as the different backgrounds of our Directors, the composition of our Board satisfies our Diversity Policy. Our Nomination Committee is responsible for ensuring the diversity of our Board, and will continue to be responsible for the same after the [REDACTED].

Apart from diversity within our Board, we recognize the importance of gender diversity, which we have taken, and will continue to take, steps to promote at all levels of our Company, including at the Board, senior management and workforce (excluding senior management) levels. We will strive to enhance female representation within the Company and achieve an appropriately balanced gender ratio with reference to stakeholders’ expectations and international standards and best practices.

DIRECTORS AND SENIOR MANAGEMENT

After the [REDACTED], our Nomination Committee will, among its other duties, review the Diversity Policy and its implementation from time to time to ensure its continued effectiveness, and we will disclose the Diversity Policy or a summary thereof in the corporate governance report of the Company on an annual basis.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our compliance adviser (the “**Compliance Adviser**”) pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including: (a) before the publication of any regulatory announcement, circular or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases; (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [REDACTED] volume of its [REDACTED] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the Compliance Adviser’s appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

CONNECTED TRANSACTIONS

We have, in our ordinary and usual course of business, entered into certain transactions with entities that will become our connected persons as defined under Chapter 14A of the Hong Kong Listing Rules. Upon [REDACTED], such transactions between us and our connected persons will continue and will therefore constitute our continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

I. RELEVANT CONNECTED PERSONS

Following the [REDACTED], we expect to continue our transactions with the following parties which will be connected persons of our Company under the Hong Kong Listing Rules:

No.	Name	Connected relationship	Background of connected persons
1. . .	Geely Holding Group	As of the Latest Practicable Date, LIVAN Auto, our Major Subsidiary, was held by Zhejiang Geely Qizheng Automotive Technology Co., Ltd.* (浙江吉利啟征汽車科技有限公司, “Geely Qizheng”) as to 45%, which was in turn indirectly wholly owned by Geely Holding (together with its subsidiaries and 30%-controlled companies (as defined in the Hong Kong Listing Rules), “Geely Holding Group”). Geely Holding was ultimately beneficially wholly owned by Mr. Li Shu Fu (李書福, “Mr. Li”) and his associate as of the Latest Practicable Date. As such, Mr. Li and his associates will constitute our connected persons at the subsidiary level upon the [REDACTED].	Geely Holding (together with its subsidiaries and affiliates, “ Geely Group ”) is principally engaged in the wholesale and retail sales of automobiles and related parts and components.
2. . .	CaoCao Group	As of the Latest Practicable Date, CaoCao Inc. (“ CaoCao ”, and/or its subsidiaries, “ CaoCao Group ”) was indirectly owned more than 70% by Mr. Li and his associates. As such, CaoCao Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	CaoCao is a limited liability company incorporated in the Cayman Islands. As of the Latest Practicable Date, CaoCao Group operated a ride-hailing platform in the PRC, engaging in the ride-hailing business.
3. . .	Jiyao Group	Zhejiang Jiyao Pass Energy Technology Co., Lt.* (浙江吉曜通行能源科技有限公司) (“ Jiyao ”, and its subsidiaries, “ Jiyao Group ”) was ultimately wholly owned by Mr. Li and his associates as of the Latest Practicable Date. As such, Jiyao Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Jiyao is a limited liability company established in the PRC, and is a cell technology company focusing on innovation in the electrochemical industry and new energy solutions. It is dedicated to providing high-performance and highly safe lithium iron phosphate (LFP) battery technologies and products to the global market.
4. . .	Aurobay Group	Aurobay Holding (SG) PTE. LTD (“ Aurobay ”, and/or its subsidiaries, “ Aurobay Group ”) was owned as to more than 30% by Mr. Li and his associate as of the Latest Practicable Date. As such, Aurobay Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Aurobay is a private company limited by shares incorporated in the Republic of Singapore. Aurobay Group is principally engaged in the research and development, manufacturing, processing, sales, technical services and supply of relevant after-sales parts for engines and transmissions.

CONNECTED TRANSACTIONS

No.	Name	Connected relationship	Background of connected persons
5. . .	Geely Technology Group	Geely Technology Group Company Limited* (吉利科技集團有限公司) (“ Geely Technology ” and/or its subsidiaries and 30%-controlled companies, “ Geely Technology Group ”) was owned as to more than 85% by Mr. Li and his associates as of the Latest Practicable Date. As such, Geely Technology Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Geely Technology’s core businesses include new materials, new energy, and motorcycle travel culture. It also makes strategic investments in low-altitude travel, commercial aerospace, and innovation incubation businesses.
6. . .	Dreamsmart Group	Dreamsmart Infinity Hong Kong Limited (“ Dreamsmart ”, and/or its subsidiaries, “ Dreamsmart Group ”) was owned as to more than 50% by Mr. Li as of the Latest Practicable Date. As such, Dreamsmart Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	DreamSmart Group is a cross-sector platform for full-stack smart terminal technologies. Dreamsmart Infinity Hong Kong Limited is primarily engaged in import and export of goods and sale of electronic products.
7. . .	Lotus Technology Group	Wuhan Lotus Automobile Sales Company Limited* (武漢路特斯科技有限公司) (“ Lotus Technology ”, and/or its subsidiaries, “ Lotus Technology Group ”) was indirectly owned as to more than 30% by Mr. Li and his associates as of the Latest Practicable Date. As such, Lotus Technology Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Lotus Technology is a limited liability company established in the PRC. Lotus Technology Group is principally engaged in the R&D, procurement, and sales of Lotus-branded sports and life-style vehicles, and offers related services.
8. . .	Shandong Geely New Energy Group	Shandong Geely New Energy Commercial Vehicle Co., Ltd.* (山東吉利新能源商用車有限公司) (“ Shandong Geely New Energy ”, and/or its subsidiaries, “ Shandong Geely New Energy Group ”) was indirectly owned approximately 90% by Mr. Li and his associates as of the Latest Practicable Date. As such, Shandong Geely New Energy Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	Shandong Geely New Energy is a limited liability company established in the PRC. Shandong Geely New Energy Group is primarily engaged in the research and development, manufacturing, and sales of complete vehicle kits, automobile parts, and related components.
9. . .	ECARX Group	ECARX Holdings Inc. (“ ECARX ”, and/or its subsidiaries, “ ECARX Group ”) was owned as to more than 30% by Mr. Li and his associate as of the Latest Practicable Date. As such, ECARX Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	ECARX is a limited liability company incorporated in the Cayman Islands and listed on NASDAQ (ticker symbol: ECX). ECARX Group is principally engaged in promoting the transformation of automotive intelligence and providing one-stop advanced intelligent vehicle solutions for global automotive manufacturers.
10. . .	YoeNing Technology Group	Zhejiang YoeNing Technology Group Co., Ltd.* (浙江耀寧科技集團有限公司) (“ YoeNing Technology ”, and/or its subsidiaries, “ YoeNing Technology Group ”) was indirectly owned as to more than 90% by Mr. Li and his associate as of the Latest Practicable Date. As such, YoeNing Technology Group will constitute our connected persons at the subsidiary level upon the [REDACTED].	YoeNing Technology is a limited liability company established in the PRC. As of the Latest Practicable Date, YoeNing Technology Group was principally engaged in the automotive and NEV industries in the PRC, with a business scope covering auto parts, new energy, and phosphate-related sectors.

CONNECTED TRANSACTIONS

No.	Name	Connected relationship	Background of connected persons
11. . .	Genius AFC	Genius Auto Finance Co., Ltd.* (吉致汽車金融有限公司, “ Genius AFC ”) was owned as to 75% by Geely Automobile as of the Latest Practicable Date. As certain key corporate matters of Genius AFC require a positive vote from its other shareholder or unanimous resolution of all directors (present in person or represented by proxy for the board meeting) of Genius AFC, Genius AFC is treated as a jointly controlled entity of Geely Automobile. As such, Genius AFC will constitute our connected person at the subsidiary level upon the [REDACTED].	Genius AFC is a limited liability company established in the PRC. Genius AFC is principally engaged in the provision of vehicle financing services in the PRC.
12. . .	Puhua Financing	Zhejiang Wisdom Puhua Financial Leasing Company Limited* (浙江智慧普華融資租賃有限公司, “ Puhua Financing ”) was ultimately owned as to more than 70% by Geely Holding as of the Latest Practicable Date. As such, Puhua Financing will constitute our connected person at the subsidiary level upon the [REDACTED].	Puhua Financing is a limited liability company established in the PRC. Puhua Financing is principally engaged in the vehicle financial leasing business in the PRC.
13. . .	StepFun	StepFun Technology Limited (“ StepFun ”, and/or its subsidiaries and/or consolidated affiliated entities, “ StepFun Group ”) is a limited liability company established in the Cayman Islands. Mr. Yin Qi (印奇), the chairman of our Board and an executive Director, ultimately controlled more than 30% voting rights in StepFun as of the Latest Practicable Date. As such, StepFun Group will constitute our connected persons upon the [REDACTED].	StepFun Group is principally engaged in provision of MaaS (Model-as-a-Service) products and services.

II. FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

A. Trademark licensing

On June 22, 2025, we entered into a trademark licensing agreement (the “**Geely Holding Trademark Licensing Agreement**”) with Geely Holding, pursuant to which, Geely Holding has agreed to grant our Group license to use certain trademarks which have been registered by Geely Holding in the PRC for our use in connection with our operations on a royalty-free basis for a term of three years commencing on June 22, 2025 subject to renewal upon mutual consent by the parties.

As Geely Holding is a connected person of our Company at subsidiary level, the transaction between Geely Holding and us will constitute continuing connected transactions upon [REDACTED]. As the license of the trademarks granted by Geely Holding to us is on a royalty-free basis, the transactions under the Geely Holding Trademark Licensing Agreement fall within the de minimis threshold under Rule 14A.76(1)(b) of the Hong Kong Listing Rules and are exempt from reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

On December 1, 2023, we entered into a trademark license agreement with Lotus Technology (the “**Lotus Trademark Licensing Agreement**”), pursuant to which, we have agreed to license Lotus Technology to use certain trademarks which have been registered by us in the PRC for its use in connection with its operations for an initial term of one year. In November 2024, the Lotus Trademark Licensing Agreement was renewed to end on December 1, 2027.

As Lotus Technology is a connected person of our Company at subsidiary level, the grant of trademarks to Lotus Technology will constitute a continuing connected transaction upon [REDACTED]. As the highest of the applicable percentage ratio (other than the profits ratio) under the Hong Kong Listing Rules in respect of the annual caps for the transaction

CONNECTED TRANSACTIONS

contemplated under Lotus Trademark License Agreement between the Group and the Lotus Technology for the year ending December 31, 2027 is, on an annual basis, expected to be less than 1%, such transactions constitute continuing connected transactions, that are fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Rule 14A.76(1)(b) of the Hong Kong Listing Rules.

B. Provision of battery services to CaoCao Group

On April 30, 2025, we entered into a battery services framework agreement (the “**CaoCao Battery Services Framework Agreement**”) with CaoCao, pursuant to which, we will provide battery and ancillary services, whereby batteries are leased to CaoCao Group in limited number of cities, and in return, CaoCao Group shall pay service fees in accordance with the CaoCao Battery Services Framework Agreement.

The initial term of the CaoCao Battery Services Framework Agreement commenced on June 25, 2025 and will end on December 31, 2027, subject to renewal upon mutual consent by the parties. Separate agreements will be entered into which will set out the precise scope of services, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the CaoCao Battery Services Framework Agreement.

As CaoCao is a connected person of our Company at subsidiary level, the transactions between CaoCao and us will constitute continuing connected transactions upon [REDACTED]. As the highest of the applicable percentage ratio (other than the profits ratio) under the Hong Kong Listing Rules in respect of the annual caps for the transactions contemplated under CaoCao Battery Services Framework Agreement between the Group and the CaoCao Group for the year ending December 31, 2027 is, on an annual basis, expected to be less than 1%, such transactions constitute continuing connected transactions that are fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Rule 14A.76(1)(b) of the Hong Kong Listing Rules.

C. Financing cooperation with Genius AFC and Puhua Financing

On August 1, 2025 and August 19, 2025, our subsidiary, Chongqing LIVAN Automobile Sales Co., Ltd.* (重慶睿藍汽車銷售有限公司) entered into finance cooperation agreements (“**Finance Cooperation Agreements**”) with Genius AFC and Puhua Financing respectively, pursuant to which, (i) each of Genius AFC and Puhua Financing has agreed to provide vehicle financing services to vehicle retail customers to assist them to buy LIVAN brand vehicles auto accessories and services (the “**Financing Services**”), and (ii) we have agreed to provide subsidies to vehicle retail customers who purchase the vehicles and enter into retail individual financing agreement with Genius AFC or Puhua Financing (the “**Customer Subsidies**”).

The term of the Financing Cooperation Agreements with Genius AFC and Puhua Financing commenced on the respective effective date and will end on July 31, 2028 and August 18, 2028, respectively, subject to renewal upon mutual consent by the parties. Separate agreements will be entered into which will set out the precise scope of services, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the Financing Cooperation Agreements, where necessary.

Under the Finance Cooperation Agreements, retail customers may accept the Financing Services to be provided by Genius AFC and/or Puhua Financing to purchase the LIVAN brand vehicles, and the Company will provide subsidies to such customers using the Financing Services provided by Genius AFC and/or Puhua Financing.

With respect to the Customer Subsidies provided by the Group, such transactions constitute connected transactions of the Company under Rule 14A.23 of the Hong Kong Listing Rules on the grounds that the Company will provide subsidies to the retail customers who purchase the vehicles using the Financing Services provided by Genius AFC and/or Puhua Financing from time to time. As each of Genius AFC and Puhua Financing is a connected person of our Company at subsidiary level, the transactions between Genius AFC and Puhua Financing and us will constitute continuing connected transactions upon [REDACTED].

CONNECTED TRANSACTIONS

As the highest of the applicable percentage ratio (other than the profits ratio) under the Hong Kong Listing Rules in respect of the annual caps for the Customer Subsidies to be provided by the Group under Finance Cooperation Agreements for the year ending December 31, 2028 in aggregate, on an annual basis, is expected to be less than 1%, such transactions will constitute continuing connected transactions that are fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Rule 14A.76(1)(b) of the Hong Kong Listing Rules.

With respect to the Financing Services provided by Genius AFC and/or Puhua Financing, such transactions constitute financial assistance received by our Group from our connected persons under Rule 14A.90 of the Hong Kong Listing Rules as the retail customers will use Financing Services provided by Genius AFC and/or Puhua Financing to purchase our products from time to time. As such Financing Services are on normal commercial terms or better to our Group, and no security over our assets has been granted to Genius AFC and/or Puhua Financing in respect of the provision of the Financing Services, the Financing Services will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements according to Rule 14A.90 of the Hong Kong Listing Rules.

III. SUMMARY OF OUR PARTIALLY EXEMPT AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In our ordinary and usual course of business, we have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Hong Kong Listing Rules will be subject to (a) the reporting, annual review, announcement requirements pursuant to Rule 14A.76(1)(b) and Rule 14A.101 of the Hong Kong Listing Rules in relation to the transactions with the Geely Group; and (b) the reporting, annual review, announcement and independent shareholders’ approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules in relation to the transactions with the StepFun Group.

No	Type of Transaction	Counterparties	Agreements	Applicable Hong Kong Listing Rules	Waiver sought	Proposed aggregate annual cap for the year ending December 31,		
						2026	2027	2028
(RMB in millions)								
Transactions with Geely Group								
1.	Procurement of CBU's and knock down kits	Geely Holding Group	Geely Holding Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	2,244.0	2,321.4	2,398.8
2.	Procurement of automobile components	Geely Group: (i) Geely Holding Group (ii) Jiyao Group (iii) Aurobay Group (iv) Geely Technology Group (v) Lotus Technology Group (vi) ECARX Group (vii) YoeNing Technology Group	(i) Geely Holding Framework Agreement (ii) Jiyao Framework Agreement (iii) Aurobay Framework Agreement (iv) Geely Technology Framework Agreement (v) Lotus Framework Agreement (vi) ECARX Framework Agreement (vii) YoeNing Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	2,583.4 323.4 1,279.7 869.8 39.9 34.2 26.4 10.0	2,849.0 425.6 1,348.2 929.6 69.7 38.0 27.9 10.0	2,986.6 437.1 1,403.7 975.4 89.2 41.8 29.4 10.0
3.	Procurement of R&D services	Geely Group: (i) Geely Holding Group (ii) Aurobay Group	(i) Geely Holding Framework Agreement (ii) Aurobay Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	96.5 94.5 2.0	152.0 147.0 5.0	183.0 178.0 5.0

CONNECTED TRANSACTIONS

No	Type of Transaction	Counterparties	Agreements	Applicable Hong Kong Listing Rules	Waiver sought	Proposed aggregate annual cap for the year ending December 31,		
						2026	2027	2028
						(RMB in millions)		
4.	Procurement of operation services	Geely Group: (i) Geely Holding Group (ii) Geely Technology Group	(i) Geely Holding Framework Agreement (ii) Geely Technology Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	239.7 224.6 15.1	270.7 250.6 20.1	281.1 256.0 25.1
5.	Sale of CBUs and knock down kits	Geely Group: (i) Geely Holding Group (ii) CaoCao Group (iii) Dreamsmart Group	(i) Geely Holding Framework Agreement (ii) CaoCao Framework Agreement (iii) Dreamsmart Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	4,350.7 1,567.2 2,730.0 53.5	4,677.1 1,764.0 2,853.8 59.4	1,975.3 1,910.0 Nil ^{Note} 65.3
6.	Sale of automobile components	Geely Group: (i) Geely Holding Group (ii) Geely Technology Group (iii) Shandong Geely New Energy Group	(i) Geely Holding Framework Agreement (ii) Geely Technology Framework Agreement (iii) Shandong Geely New Energy Group Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	66.5 31.5 3.0 32.0	79.8 39.3 3.5 37.0	87.8 44.3 3.5 40.0
7.	Provision of R&D services	Geely Group: (i) Geely Holding Group (ii) CaoCao Group	(i) Geely Holding Framework Agreement (ii) CaoCao Technical Support Services Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	133.0 100.0 33.0	133.0 110.0 23.0	120.0 120.0 Nil ^{Note}
8.	Provision of operation services	Geely Group: (i) Geely Holding Group (ii) Aurobay Group (iii) Geely Technology Group	(i) Geely Holding Framework Agreement (ii) Aurobay Framework Agreement (ii) Geely Technology Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	11.1 7.6 2.2 1.3	12.2 7.7 3.2 1.3	13.3 7.8 4.2 1.3
9.	Provision of ASD	Geely Holding Group	Geely Holding Framework Agreement	14A.35, 14A.53, 14A.76(1)(b), 14A.105, 14A.101	Yes	8,800	10,120	11,640
Transactions with StepFun Group								
10.	Purchase of MaaS Solutions	StepFun Group	StepFun Framework Agreement	14A.35, 14A.36, 14A.49, 14A.52, 14A.53, 14A.76(2)(a), 14A.105	Yes	393.2	485.2	600.2

Note: the proposed annual cap for the year ending December 31, 2028 did not take into account the transactions in relation to the CaoCao Vehicle Sales Framework Agreement and CaoCao Technical Support Services Framework Agreement which both expire on December 31, 2027.

CONNECTED TRANSACTIONS

IV. CONTINUING CONNECTED TRANSACTIONS WITH GEELY GROUP

A. Transaction with Geely Holding Group

1. Introduction

On [●], in order to regulate the ongoing transactions between the Group and Geely Holding Group, the Company entered into a business framework agreement with Geely Holding (the “**Geely Holding Framework Agreement**”), pursuant to which, we agree to procure from Geely Holding Group, including among others, (i) CBUs and knock down kits, (ii) automobile components, (iii) R&D services; (iv) operation services, and (v) financing cooperation; and Geely Holding Group agree to procure from the Group, including among others, (i) CBUs and knock down kits, (ii) automobile components, (iii) R&D services, (iv) operation services, and (v) our Afari Self-Driving System (“**ASD**”).

Products and services provided to and procured from Geely Holding Group are distinct and not inter-related to each other. In particular, 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. See “Business — Our Relationship with Geely Group — Commercial Background and Rationale of the Collaboration” for details.

The initial term of the Geely Holding Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Geely Holding Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Geely Holding Framework Agreement, the Group will enter into specific agreements with Geely Holding Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Geely Holding Framework Agreement.

2. Details of transactions

Transactions in relation to CBUs, knock down kits and automobile components

Pursuant to the Geely Holding Framework Agreement, the Group has agreed to procure from Geely Holding Group (a) CBUs and knock down kits for purpose-built vehicles to the specifications of our Group and related services (“**procurement of CBUs and knock down kits**”); and (b) vehicle aftersales parts and components such as transmissions, transmission oils, bumpers, wiper sensors, battery products, and other spare parts.

In the meantime, Geely Holding Group has agreed to procure from the Group (a) CBUs and knock down kits and related services (“**sale of CBUs and knock down kits**”); and (b) automobile components in relation to manufacturing of CBUs, knock down kits and aftersales spare parts.

Pricing policies

The transactions in relation to the procurement and/or sales of CBUs, knock down kits, and automobile components will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as applicable) other Independent Third Parties.

With respect to CBUs and knock down kits

- Pursuant to the Geely Holding Framework Agreement, the CBUs and knock down kits will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group, plus an agreed margin rate or a marginal assembly cost. During the course of negotiation with respect to the sales of CBUs and knock down kits to Geely Holding Group, we benchmarked and compared the selling prices and margin rates of similar products offered to Independent Third Parties. Such margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rates of comparable companies may change over time. During

CONNECTED TRANSACTIONS

the course of negotiation with respect to the procurement of CBUs and knock down kits from Geely Holding Group, we compared Geely Holding Group’s assembly charge against our own assembly cost for the same products.

- The sales department of the Group will review and benchmark the selling price on a regular basis, while the finance department of the Group will monitor compliance to ensure fair and reasonable pricing in line with market practices. Our Group will negotiate the terms of such transactions to ensure that prices are fair and reasonable on an annual basis (or more frequently if necessary).

With respect to automobile components

- Where the automobile components are procured by Geely Holding Group or the Group, as applicable, from other suppliers for onward selling to the other party, the selling price will be based on the actual costs incurred in procuring such automobile components; and
- Where the automobile components are manufactured by the Geely Holding Group or the Group, as applicable, the selling price will be calculated on a cost-plus basis according to the actual manufacturing costs (including related taxes) plus an agreed margin rate which shall be determined with reference to manufacturing overhead costs. The margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rates of comparable companies may change over time.

Historical transaction amounts and proposed annual caps

The historical transaction amounts of the transactions for the years ended December 31, 2023, 2024, and 2025 and the proposed annual caps for the amount of the transactions described above for the three years ending December 31, 2028 are as follows:

	Historical transaction amount			Proposed annual cap for the year ending December 31,		
	For the year ended December 31,					
	2023	2024	2025	2026	2027	2028
	<i>(RMB in millions)</i>					
Procurement of CBUs and knock down kits from Geely Holding Group	3,440.6	1,790.9 ⁽¹⁾	1,854.8	2,244.0	2,321.4	2,398.8
Procurement of automobile components from Geely Holding Group	192.2	47.2 ⁽¹⁾	170.7	323.4	425.6	437.1
Sale of CBUs and knock down kits to Geely Holding Group	627.8	1,115.1	981.9	1,567.2	1,764.0	1,910.0
Sale of automobile components to Geely Holding Group	78.9	3.0	82.4	31.5	39.3	44.3

Note:

- (1) The transaction amounts of both of procurement of CBUs and knock down kits and procurement of automobile components from Geely Holding Group decreased significantly from the year ended December 31, 2023 to December 31, 2024, which was primarily attributable to the fact that after the Judicial Restructuring, the Group commenced its production line upgrade, which had not been completed during the year ended December 31, 2023. Starting from 2024, the Group began in-house production as the upgraded production lines became operational, reflecting the progress of our production transformation. As a result, the transaction amounts of procurement of CBUs and knock down kits, and automobile components have decreased significantly from 2023 to 2024.

CONNECTED TRANSACTIONS

- (a) **Procurement of CBUs and knock down kits and related services by the Group from Geely Holding Group:** The proposed annual caps mainly relate to the procurement of (i) an existing model, CaoCao 60 and (ii) a new model, Blue Balloon.

- (i) ***In relation to the existing model, CaoCao 60:*** CaoCao 60 is a battery-swappable SUV for the mobility service market, designed to support large-scale fleet operations and ride-hailing use cases. We added value to CaoCao 60 upfront at the design phase with our market leading battery swap technology. Historically, the procurement of CaoCao 60 vehicles constituted the majority of the Group’s purchases from Geely Holding Group. In 2024, the Group procured approximately 14,000 units, with a corresponding transaction amount of approximately RMB1.19 billion, and in 2025, the procurement volume was approximately 14,900 units, with a transaction amount of approximately RMB1.14 billion.

Based on the Group’s sales plan and anticipated market demand, procurement of the CaoCao 60 model is expected to remain at a relatively stable level over the period from 2026 to 2028. In particular, the estimated procurement volumes for the CaoCao 60 model for 2026, 2027 and 2028 are up to approximately 25,000 units, 26,000 units and 27,000 units, respectively. The corresponding transaction amounts are approximately RMB1.87 billion, RMB1.91 billion and RMB1.99 billion, respectively. Separately, certain models previously procured from Geely Holding Group, such as the 80V and RL8 models, are no longer procured in significant quantities as the Group’s production capacity has improved and its product mix and sales strategy have been adjusted accordingly.

- (ii) ***In relation to the new model, Blue Balloon:*** Blue Balloon is an electric vehicle launched in September 2025 and positioned as a cost-effective urban mobility solution, which is expected to contribute to the procurement volume substantially for the three years ending December 31, 2028. As the Group requires time to upgrade and optimise its existing production lines to accommodate the production of new models, including Blue Balloon, the available in-house production capacity remains limited during the transition period. Accordingly, it is expected that the Group will continue to procure from Geely Holding Group to accommodate its ramp-up of production for newly launched models.

Based on the Group’s sales plan, the estimated procurement volumes for the Blue Balloon model for 2026 to 2028 are up to approximately 5,000 units, 6,000 units and 7,000 units, respectively. As such, the inclusion of the Blue Balloon model represents an incremental contribution to the proposed annual caps, reflecting the gradual ramp-up of a newly launched model rather than a change in the underlying pricing or procurement arrangements.

- (iii) Accordingly, the proposed annual caps for procurement of CBUs and knock down kits from Geely Holding Group reflect (i) the continued procurement of the CaoCao 60 model at levels broadly consistent with historical sales volumes, taking into account the gradual reduction from earlier peak levels as in-house production capacity improves; (ii) the introduction of the Blue Balloon model; and (iii) the Group’s evolving production strategy and product mix.

- (b) **Procurement of automobile components by the Group from Geely Holding Group:**

The procurement of automobile components from Geely Holding Group relates to components required for certain vehicle models produced by the Group. Historically, the transaction amounts for the year ended December 31, 2024 and 2025, being approximately RMB47.2 million and RMB170.7 million, respectively, were mainly attributable to the procurement of components used in existing vehicle models during the relevant periods.

In response to expected increase in procurement associated with the production of new vehicle models, looking forward, the proposed annual caps for the three years ending December 31, 2028 primarily reflect the manufacturing of the car models including

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Haoyue and Haoyue R7. The Haoyue model commenced contract manufacturing in the second half of 2025, while the Haoyue R7, also known as P658, is a new model expected to be launched in 2026. In order to support the production of these models, and having regard to the relevant design requirements and supplier arrangements, certain components are expected to continue to be sourced from Geely Holding Group.

Accordingly, the proposed annual caps of approximately RMB323 million, RMB426 million and RMB437 million for the three years ending December 31, 2028, respectively, mainly reflect the expected increase in component procurement associated with the ramp-up of new models, rather than any fundamental change in procurement structure or pricing arrangements.

- (c) **Sale of CBUs and knock down kits by the Group to Geely Holding Group:** For sales of vehicles to Geely Holding Group, the proposed annual caps mainly comprise sales of the existing X3 Pro model and the newly introduced Haoyue model. The X3 Pro model is a compact SUV developed by LIVAN Auto.

- (i) ***In relation to the existing X3 Pro model:*** Historically, sales to Geely Holding Group were primarily attributable to the X3 Pro model, with transaction amounts remaining at a relatively stable level over the Track Record Period. For the year ended December 31, 2024 and 2025, the transaction amount of the sales of X3 Pro to Geely Holding Group was approximately RMB1.1 billion and RMB0.87 billion, respectively.

Accordingly, it is expected that the transaction amounts relating to the X3 Pro model will remain relatively stable over the three years ending December 31, 2028.

- (ii) ***In relation to new model, Haoyue:*** The Haoyue model is a mid-size SUV with a traditional internal combustion engine manufactured by LIVAN Auto, which allows the Group to utilise its existing production facilities and manufacturing capabilities to improve the Group’s capacity utilisation and generate incremental revenue without significant additional capital expenditure. Haoyue was launched in the second half of 2025. The model is positioned as a family-oriented vehicle with larger interior space and is distributed through Geely’s overseas sales channels.

As the model was introduced in July 2025, sales during the period from July to December 31, 2025 were limited, with approximately 1,251 units sold, representing a transaction amount of approximately RMB51 million. As the sales channels and market penetration continue to develop, the Haoyue model is expected to contribute a larger portion of sales in 2026. Based on the current sales plan and channel expansion, sales volume for 2026 is estimated at approximately 6,000 units, corresponding to a transaction amount of approximately RMB490 million.

- (iii) Accordingly, the proposed annual caps for sales to Geely Holding Group reflect (a) the continued and relatively stable sales of the X3 Pro model, and (b) the first full-year contribution of the Haoyue model following its commercial launch, rather than any material change in pricing terms or transaction structure.

- (d) **Sale of automobile components by the Group:** The proposed annual caps for the sale of automobile components by the Group to the Geely Holding Group were determined with reference to:

- (i) the projected units and historical selling price of each type of automobile components for use in our vehicle products for the three years ending December 31, 2028;
- (ii) the projected unit sales of the LIVAN brand vehicles, etc. which are manufactured with the aforesaid automobile components for the three years ending December 31, 2028;
- (iii) the estimated unit selling price for each type of automobile components which are determined with reference to the prevailing market price of similar products for the three years ending December 31, 2028; and

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- (iv) the margin rate with reference to the cost-plus margin of the independent comparable companies.

Transactions in relation to R&D services

Pursuant to the Geely Holding Framework Agreement,

- (a) the Group has agreed to procure from Geely Holding Group R&D services based on objectives of our project specifications, which includes among others R&D for automobiles and key auto parts, technical verification and testing, technical consultancy, technical support services, technology licensing, etc.; and
- (b) the Group has agreed to provide Geely Holding Group the technological support services, including R&D of the NEV technologies and technical verification and testing, technical consultancy services, technical support services, technology licensing, etc.

Pricing policies

The services fees shall be determined based on market rates for comparable R&D services. If there are no comparable market rates, then the service fees shall be determined on a cost-plus margin basis, where the cost is calculated based on actual direct labor hours utilized given different hourly rate for each R&D staff grade. The margin rate shall be determined with reference to overhead costs expected to be incurred.

The finance department of our Group will review the relevant cost items incurred by our Group for the relevant R&D services to ensure the existence and accuracy of such costs. On an annual basis or more frequently, our Group will review and negotiate with Geely Holding Group regarding the hourly labor rate for each grade of R&D staff and the margin rate to ensure their fairness and reasonableness.

Historical transaction amounts and proposed annual caps

The historical transaction amounts of the transactions for the years ended December 31, 2023, 2024, and 2025 and the and proposed annual caps for the amount of the transactions described above for the three years ending December 31, 2028 are as follows:

	Historical transaction amount			Proposed annual cap for the year ending December 31,		
	For the year ended December 31,					
	2023	2024	2025	2026	2027	2028
	<i>(RMB in millions)</i>					
Procurement of R&D services from Geely Holding Group	602.0 ⁽¹⁾	28.0	105.8	94.5	147.0	178.0
Provision of R&D services to Geely Holding Group	15.1	6.4	102.0	100.0	110.0	120.0

Note:

- (1) Geely Holding Group was engaged in a R&D project by the Group which was non-recurring in nature, thereby leading to a significant decrease in the transaction amount from the year ended December 31, 2023 to the year ended December 31, 2024.

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The proposed annual caps for (a) purchases of R&D services from Geely Holding Group and (b) provision of R&D services to Geely Holding Group are determined based on, among others,

- (i) the amount and types of R&D projects in terms of the R&D cooperations;
- (ii) the projected total staff hours required for each R&D and technology support project, and the projected hourly cost for the R&D staff based on historical cost or current market hourly wages;
- (iii) other relevant costs incurred for the R&D and technology support projects such as material costs;
- (iv) the estimated stage of completion of the R&D and technology support projects for the year ending December 31, 2028; and
- (v) the historical transaction amount for the R&D services provided by Geely Holding Group to the Group.

Transactions in relation to operation services

Pursuant to the Geely Holding Framework Agreement, Geely Holding Group has agreed to provide general operation services to the Group in relation to, among others, logistics and warehousing services, back-office support services, and other ancillary services in connection with manufacturing and delivery of CBUs, knock down kits and other products to be sold by the Group to Geely Holding Group.

Pricing policies

The transaction amounts of the service fee to be charged by Geely Holding Group and by the Group will be on an arm’s-length basis between our Group and Geely Holding Group.

The parties will refer to the market price of similar services. If such market price is not available, the selling price will be determined with reference to the actual costs expected to be incurred. The finance department of the Group will compare the operation service fees with similar existing operation services received from Independent Third Parties to determine the market rates for the operation services. If there are no such market rates, the finance department will monitor relevant cost items, as well as other necessary and reasonable expenses on an annual basis (or more frequently if necessary) for each type of operation services contemplated under the Geely Holding Framework Agreement and ensure that service fees charged are determined properly.

Historical transaction amounts and proposed annual caps

The historical transaction amounts of the transactions for the years ended December 31, 2023, 2024, and 2025 and the proposed annual caps for the amount of the transactions described above for the three years ending December 31, 2028 are as follows:

	Historical transaction amount			Proposed annual cap for		
	For the year ended December 31,			the year ending December 31,		
	2023	2024	2025	2026	2027	2028
<i>(RMB in millions)</i>						
Procurement of operation services from Geely Holding Group	119.8	155.2	148.9	224.6	250.6	256.0
Provision of operation services to Geely Holding Group	12.6	25.5	18.9	7.6	7.7	7.8

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The proposed annual caps for purchases of operation services from Geely Holding Group and provision of operation services to Geely Holding Group are determined based on, among others,

- (i) the historical transaction amounts and the staff costs of the Group to perform the operation services for each of the three years ending December 31, 2028;
- (ii) the estimated number of vehicles for which the Geely Holding Group will provide logistic and warehousing services for each of the three years ending December 31, 2028 and the estimated costs (including but not limited to transportation, packaging, and labour costs) for the transportation of each vehicle;
- (iii) the expected increase in our procurement and sales of CBUs, knock down kits and other products to/from Geely Holding Group, which results in the increasing need for operational support to/from Geely Holding Group; and
- (iv) to the extent applicable, the market prices for such services and the margin rates for the respective operation services, relative to estimated costs.

Transactions in relation to ASD between Afari Intelligent Drive and Geely Holding Group

Powered by our RLM models, we, through our subsidiary, Afari Intelligent Drive, offer a full-stack end-to-end intelligent driving and Assistance Driving System solution, encompassing L2-level ADAS to L4-level autonomous driving. For more details of our ASD, please refer to “Business — Our Products and Solutions — Our Technology Solutions” in this Document.

Pursuant to the Geely Holding Framework Agreement, the Geely Holding Group has agreed to procure our ASD and related services for its vehicles, including hardware components, foundational software, and other technical and operational services necessary for the implementation of advanced driver assistance systems (“ADAS”) and intelligent driving functionalities.

Afari Intelligent Drive is partnering with members of the Geely Holding Group in building an artificial intelligence ecology in the automotive industry and will provide advanced driver assistance solutions for future products of the latter.

Pricing policies

The pricing of provision of ASD by Afari Intelligent Drive to Geely Holding Group will be determined on a project-by-project basis and in accordance with normal commercial terms and arm’s length principles. Given that there are no directly comparable historical transactions, the pricing is mainly determined with reference to multiple costs and market factors under two pricing categories:

- (i) ***the costs of the project-based non-recurring engineering (NRE)***, which represent one-off project development costs for customization, validation and deployment of the ASD for particular vehicle models. The pricing shall be determined with reference to: (a) the technical complexity and scope of the system (e.g. target driving level, software-hardware integration); (b) the degree of customization and adaptation required for specific models; (c) the estimated labour hours and personnel costs, taking into account potential annual cost adjustments; and (d) independent market comparables and a reasonable profit margin of similar services.
- (ii) ***the costs of the ADAS package***, which cover costs of both hardware and foundational software in connection with the ASD solutions to be delivered. The pricing will be determined with reference to: (a) the procurement costs of hardware configuration and components, such as cameras, radar, LiDAR, domain controllers and other electronic control units, which may differ across vehicle models and trim levels for each; (b) the software license and functionality level, including perception, planning, control and OTA upgrade capabilities; (c) the needs for the maintenance, upgrade and aftersales support throughout the product lifecycle; and (d) the fair market rates of similar solutions.

CONNECTED TRANSACTIONS

Historical transaction amounts and proposed annual caps

Given our ASD 1.0 was first released in late June 2025, the historical transaction amounts for provision of ASD to Geely Holding Group for each of the years ended December 31, 2023 and 2024 were nil, and December 31, 2025 were 371.0.

The proposed annual caps for the transactions described above for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in billions)</i>		
Provision of ASD	8.80	10.12	11.64

Basis for annual caps

The proposed annual caps for the transaction amounts for the provision of ASD to Geely Holding Group are determined with reference to multiple factors, including:

- (i) ***Expected adoption across Geely vehicle models.*** The Company has considered the anticipated number of Geely vehicle models to adopt our ASD and its projected production volumes in determining the proposed annual caps. Giving the capabilities of our ASD, our ASD will be able to deployed to various models of vehicles of Geely Holding Group.
- (ii) ***Unit pricing and cost for provision of ASD.*** The estimated unit pricing for each vehicle, including one-off non-recurring engineering expenses, the ADAS package, and continuous upgrade and maintenance service fees, based on the project-by-project pricing policy as illustrated above.
- (iii) ***Continuous demand for ASD from the Geely Holding Group.*** In determining the potential demand of the Geely Holding Group, the Company has considered its expected sales growth. According to Geely Automobile, its wholesale volume (including exports) reached approximately 2.17 million and 3.02 million units of vehicles in 2024 and 2025, respectively, and it has set its annual sales target at 3.45 million units for the year ending on December 31, 2026.

In particular, we have considered recent sale volumes of existing vehicle brands that may deploy our ASD. For example, according to public information:

- (a) for the “Geely Galaxy” brand: the total sales volume of “Geely Galaxy” in 2025 was approximately 1.24 million units, representing a YoY increase of more than 150%. In addition, there were more than 1,100 first-tier dealer stores for the “Geely Galaxy” brand; and
- (b) for the “Zeeker” brand: in 2025, approximately 224,000 units of BEVs were sold, representing a YoY increase of 3%. In addition, As of December 31, 2025, the ZEEKR brand operated approximately 540 stores in China and over 100 stores across more than 40 countries/regions.

The Company believes that all of these show great potential of the market for our ASD.

- (iv) ***The prevailing market conditions.*** According to CIC, benefiting from the application of large-scale AI models in the automotive industry, the global market size of intelligent driving and Assistance Driving System solutions is expected to reach over RMB300 billion in 2025 and further expand to over RMB800 billion by 2030.

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In particular, China is expected to become the largest market for intelligent driving and Assistance Driving System solutions. The market size of intelligent driving and Assistance Driving System solutions in China is projected to reach over RMB100 billion in 2025, accounting for approximately 30% of the global market. With the progressive improvement of relevant regulatory frameworks and the accelerated maturity and adoption of end-to-end AI model, China’s intelligent driving and Assistance Driving System solutions market is forecasted to reach more than RMB300 billion by 2030.

The significant expansion in the field of intelligent driving and Assistance Driving System solutions provides opportunities for Afari Intelligent Drive to further accelerate its innovation and development in product offerings and deepen the cooperation with the Geely Holding Group. As a leading provider in the AI mobility solution industry, Afari Intelligent Drive stands out in capabilities including software and hardware integration, AI capability, engineering capability, ecosystem openness and global exposure. Such pioneering advantages are benefiting from its full-stack AI capabilities enabling rapid iteration and optimization, a comprehensive product matrix and closed-loop data platform, and an open ecosystem fostering deep collaboration and customized development that driving the large-scale commercialization of AI mobility solutions.

- (v) ***A new business.*** Having considered there is no historical transaction amount in relation to the provision of ASD, we have also taken into account the possible increase in the aforesaid transaction amount as a result of any unexpected increase in market demand or the cost and expenses of ASD during the term of the Geely Holding Framework Agreement.

B. Transaction with CaoCao Group

1. CaoCao Vehicle Sales Framework Agreement

On April 30, 2025, we and CaoCao entered into a vehicle procurement framework agreement (the “**CaoCao Vehicle Sales Framework Agreement**”), pursuant to which our Group will sell to CaoCao Group customized vehicles (such as CaoCao 60), purpose-built vehicles and other new vehicles we developed from time to time and CaoCao Group will pay us purchase price for the vehicles purchased.

The initial term of the agreement commenced on June 25, 2025 and will end on December 31, 2027. The CaoCao Vehicle Sales Framework Agreement may be renewed for another three years with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules and other applicable laws and regulations. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the supply of products according to the principles provided in the CaoCao Vehicle Sales Framework Agreement.

Pricing policies

The product and service fees to be charged by our Group to CaoCao Group under the CaoCao Vehicle Selling Framework Agreement shall be determined on an arm’s-length basis between our Group and CaoCao Group on a cost plus margin basis with reference to, among others, (i) the model and specifications of the vehicles procured, in particular the complexity and level of customization required for the vehicles, (ii) the hardware to be installed in the vehicles and the costs of such hardware, and (iii) number of vehicles ordered.

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Historical amounts and proposed annual caps

The historical transaction amounts of the transactions for the years ended December 31, 2023, 2024, and 2025 and the and proposed annual caps for the amount of the transactions described above for the two years ending December 31, 2027 are as follows:

	Historical Transaction amounts			Proposed annual caps for the year ending December 31,	
	For the year ended December 31,				
	2023	2024	2025	2026	2027
	(RMB in millions)				
Transaction amount payable by CaoCao Group to our Group under the CaoCao Vehicle Sales Framework Agreement . .	1,794.3	1,153.4	1,534.4	2,730.0	2,853.8

Basis for determining the proposed annual caps

The Group’s sales of vehicles to CaoCao Group mainly relate to the CaoCao 60 model. The proposed annual caps for the sales of vehicles to CaoCao Group are determined based on, among others, the historical transaction amounts between the Group and CaoCao Group and the expected sales volume of Cao Cao 60 for the two years ending December 31, 2027.

- For the year ended December 31, 2024 and 2025, the transaction amount relating to the sales of the CaoCao 60 model amounted to approximately RMB1.15 billion and RMB1.53 billion, respectively. This reflects the continued expansion of CaoCao’s operating scale and the sustained demand for the CaoCao 60 model.
- The proposed annual caps for the years ending December 31, 2026 and December 31, 2027 are therefore determined with reference to this established transaction model, taking into account the ongoing sales momentum and expected development of the relevant vehicle models.

The increase in the proposed annual caps for the two years ending December 31, 2027 is primarily attributable to the following factors:

- *Continued expansion of the CaoCao mobility platform:* The CaoCao 60 model has been increasingly adopted by ride-hailing operators and fleet customers, with demand supported by the expansion of Geely’s mobility ecosystem and the continued penetration of battery-swapping infrastructure.
- *Replacement cycle of operating vehicles:* As a growing number of vehicles in operation reach the end of their service life, replacement demand is expected to support continued sales volumes in 2026 and 2027.
- *Ongoing product optimisation:* The Group expects that further enhancements to the CaoCao 60 model, including improvements in driving range and overall performance, will help sustain its competitiveness and market acceptance.

Accordingly, the proposed annual cap for the years ending December 31, 2026 and 2027, reflects a continuation of the established transaction trend observed during the Track Record Period, rather than a change in the nature or pricing of the transactions.

2. CaoCao Technical Support Services Framework Agreement

On April 30, 2025, our Company, for itself and on behalf of its subsidiaries, entered into the technical support services framework agreement (the “**CaoCao Technical Support Services Framework Agreement**”) with CaoCao Group, pursuant to which we will provide technical support to CaoCao Group. Pursuant to the CaoCao Technical Support Services Framework Agreement, the Group will provide technology services relating to vehicle optimization and associated technological support to CaoCao Group for the vehicles it deploys, including CaoCao 60 and other existing models (e.g. Maple 80V) as well as future

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models. We will also develop new vehicle models for CaoCao Group. In return, CaoCao Group shall pay service fees in accordance with the CaoCao Technical Support Services Framework Agreement. Separate underlying agreements will be entered into which will set out the scope of technology services, the calculation of the service fees, method of payment and other details of the technology service arrangement in the manner provided in the CaoCao Technical Support Services Framework Agreement.

The initial term of the agreement commenced on June 25, 2025 and will end on December 31, 2027. The CaoCao Technical Support Services Framework Agreement may be renewed for another three years with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules and other applicable laws and regulations.

Pricing policies

The service fees charged by us from CaoCao Group under the CaoCao Technical Support Services Framework Agreement shall be determined on an arm’s-length basis between our Group and CaoCao Group on cost plus margin basis with reference to, (i) development costs, (ii) labor costs, (iii) service project management fee, and (iv) additional charge in relation to technology services as applicable.

Historical amounts

CaoCao started to engage our Company in the second half of 2022 to assist in the development of software in adjusting certain vehicle settings, including ventilation and cabin temperature, via CaoCao mobility app, to improve user experience during ride hailing. For the years ended December 31, 2023, 2024, and 2025, the transaction amounts of the service fees paid by CaoCao Group to us were RMB10.3 million, RMB49.7 million and RMB1.3 million, respectively.

Annual caps

The Company proposes to set up the annual caps for the two years ending December 31, 2027 as follows:

	Proposed annual cap for the year ending December 31,	
	2026	2027
	<i>(RMB in millions)</i>	
Provision of technical support services	33.0	23.0

The proposed annual caps are determined based on, among others: (i) the historical amounts of the transactions between our Group and CaoCao Group during the Track Record Period in respect of the technical support services provided by us; (ii) the expected demand for technology services for the purpose-built vehicles of CaoCao Group in the coming two years; and (iii) the estimated total R&D costs and service fees for upgrading CaoCao 60 vehicles which is expected to be conducted between 2026 and 2027.

C. Transaction with Jiyao Group

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**Jiyao Framework Agreement**”) with Jiyao Group, pursuant to which our Group will procure from Jiyao Group automobile components which are mainly battery products, including battery packs, electric drives, chargers, etc. (the “**Battery Products**”).

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The initial term of the Jiyao Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Jiyao Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Jiyao Framework Agreement, the Group will enter into specific agreements with Jiyao Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Jiyao Framework Agreement.

Pricing policies

The purchase prices for the Battery Products were negotiated on an arm’s-length basis between our Group and counterparties with reference to, among others, the type of battery, the volume purchased, the timeline of delivery, and actual cost of acquisition or manufacture. The selling price will be based on the prevailing market price of similar products. We regularly obtained fee quotes from Independent Third Parties for comparable Battery Products to ensure that the terms offered by Jiyao Group are no less favourable than that offered to us by Independent Third parties.

Historical amounts and proposed annual caps

The historical transaction amounts of the transactions for the years ended December 31, 2023, 2024, and 2025 and the and proposed annual caps for the amount of the transactions described above for the three years ending December 31, 2028 are as follows:

	Historical Transaction amounts			Proposed annual caps for the year ending		
	For the year ended December 31,			December 31,		
	2023	2024	2025	2026	2027	2028
	(RMB in millions)					
Procurement of Battery Products . . .	Nil	21.1	143.6	1,279.7	1,348.2	1,403.7

In determining the proposed annual caps for the procurement of Battery Products from Jiyao Group, the Company has taken into account the vehicle models adopting such battery products, the historical transaction amounts, and the Group’s production planning and product development roadmap.

- (i) **Existing models:** Historically, the procurement of Battery Products from Jiyao Group mainly related to the Group’s existing vehicle models, including CaoCao 60, RL7 and RL8. For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts were approximately nil, RMB21.1 million and RMB143.6 million, respectively. The increase in transaction amounts in 2024 and the first half of 2025 primarily reflected the ramp-up in production of these existing models and the corresponding increase in demand for Battery Products.

In selecting battery suppliers for the existing models, the Group adopts a market-oriented and diversified procurement approach, taking into account factors such as product compatibility with specific vehicle platforms, supply stability, quality performance and overall cost efficiency. Based on such assessments, the Group considers Jiyao Group to be a suitable and competitive supplier of Battery Products for these models.

- (ii) **New model — Haoyue R7:** The proposed annual caps for the three years ending December 31, 2028 also take into account the introduction of Haoyue R7, a new vehicle model expected to be launched in 2026. As Haoyue R7 is developed based on Geely’s vehicle platform, its technical specifications are designed to be compatible with Battery Products supplied by Jiyao Group.

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Accordingly, the launch and subsequent production ramp-up of Haoyue R7 are expected to contribute to additional demand for Battery Products. The Group expects such demand to increase progressively as the model enters mass production and market penetration expands.

Taking into account (i) the increasing procurement volume for existing models, (ii) the expected introduction and ramp-up of new models such as Haoyue R7, and (iii) the Group’s ongoing efforts to optimize its supplier structure while maintaining cost competitiveness and product quality, the proposed annual caps have been determined on a forward-looking basis.

The proposed annual caps therefore reflect the expected growth in procurement volume driven by the Group’s business development and product roadmap, rather than any change in pricing policies or procurement terms.

D. Transaction with Aurobay Group

On [●], 2025, in order to regulate the ongoing transactions between the Group and Aurobay Group, our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**Aurobay Framework Agreement**”) with Aurobay Group, pursuant to which: (a) our Group would procure components and research and development services from Aurobay Group; and (b) our Group would provide service in connection with the Powertrain Products (as defined below) to Aurobay Group.

The initial term of the Aurobay Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Aurobay Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Aurobay Framework Agreement, the Group will enter into specific agreements with Aurobay Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Aurobay Framework Agreement.

Pursuant to the Aurobay Framework Agreement, the Group has agreed to (a) procure from Aurobay Group (i) components, such as engine, transmission and relevant after-sale parts and other products (the “**Powertrain Products**”) and (ii) research and development services in connection with the Powertrain Products provided by Aurobay Group (the “**Related R&D services**”); and (b) the Group has agreed to provide services in connection with the Powertrain Products to Aurobay Group in connection with the Powertrain Products provided by Aurobay Group.

Pricing terms

Procurement of Powertrain Products

The purchase of the Powertrain Products under the Aurobay Framework Agreement shall be fair and reasonable, on normal commercial terms or better, and the price of the Powertrain Products shall not be less favourable than the price offered by Aurobay Group to others. In determining the purchase price of the Powertrain Products, the Group obtained and compared quotations offered by Aurobay Group to others to ensure that the price offered to the Group is fair and reasonable.

Procurement of Related R&D services

The purchase of Related R&D services under the Aurobay Framework Agreement shall be determined based on: (i) market rates for comparable R&D or technology licensing services; or (ii) a cost-plus basis if no comparable market rates are available. For R&D services without a market price, pricing will be based on the cost of providing the relevant service plus a margin rate determined, with reference to the overhead costs expected to be incurred. The Group will assess such overhead costs to ensure that the terms offered by Aurobay Group are no less favourable than terms offered by Independent Third Parties.

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Provision of services in connection with the Powertrain Products

The procurement of services in connection with the Powertrain Products under the Aurobay Framework Agreement shall be priced based on cost plus relevant management fees, with the management fees to be calculated by reference to the profit margins of independent comparable companies providing similar services.

Historical transaction amounts and proposed annual caps

The historical transaction amounts of the transactions for the years ended December 2023, 2024, and 2025 and the proposed annual caps for transactions described above for the three years ending December 31, 2028 are as follows:

	Historical transaction amounts			Proposed annual cap for		
	For the year ended December 31,			the year ending December 31,		
	2023	2024	2025	2026	2027	2028
	(RMB in millions)					
Procurement of Powertrain Products from Aurobay Group	125.4	190.8	606.3	869.8	929.6	975.4
Procurement of research and development services from Aurobay Group	1.4	1.0	5.6	2.0	5.0	5.0
Provision of operation services to Aurobay Group	0.02	Nil	0.1	2.2	3.2	4.2

Basis of annual caps

In determining the proposed annual caps for the procurement of powertrain products from Aurobay Group, the Company has taken into consideration the specific vehicle models in which Aurobay’s Powertrain Products are used, as well as the Group’s production planning and product roadmap. The proposed annual caps for the procurement of powertrain products from Aurobay Group are higher than the historical transaction amounts, primarily due to the combined impact of continued demand from existing models and the introduction of new vehicle models, as explained below.

- (i) **Existing model — X3 Pro:** X3 Pro is an existing model developed by the Group on Geely’s vehicle platform following the Judicial Restructuring. Since its launch, X3 Pro has been equipped with powertrain products supplied by Geely Group, and such configuration has remained consistent throughout the Track Record Period.
- Given the technical compatibility between the X3 Pro platform and Aurobay’s Powertrain Products, continuing to procure powertrain products from Aurobay enables the Group to maintain production stability and quality consistency. Any change of supplier would require substantial re-engineering, re-validation and tooling adjustments, resulting in additional time and cost. Accordingly, the Group has continued to procure powertrain products for the X3 Pro from Aurobay Group.
 - As illustrated in the paragraphs headed “— A. Transaction with Geely Holding Group — (a) Procurement of CBUs and knock down kits and related services by the Group” in this section, the sales volume of the X3 Pro is expected to remain stable in the three years ending December 31, 2028, the demand for powertrain products supplied by Aurobay Group in respect of this model is expected to remain broadly consistent.
 - For the 2025, the transaction amount relating to powertrain products procurement for the X3 Pro was approximately RMB252 million, reflecting a stable level of demand rather than a structural increase.

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- (ii) **New models — Haoyue and Haoyue R7:** In addition to the continued demand arising from the existing X3 Pro model, the proposed annual caps also take into account the expected production of new models, namely Haoyue, a mid-size SUV launched in 2025 and Haoyue R7 expected to be launched in 2026, both of which are designed to be equipped with powertrain systems supplied by Aurobay Group. Based on the Group’s current production planning, these two new models are expected to be produced at a meaningful commercial scale following their respective launches.

Accordingly, taking into account (a) the continued use of Aurobay-supplied powertrain products for the existing X3 Pro model and the continual increase in the sales of X3 Pro model; (b) the launch and ramp-up of new models such as Haoyue and Haoyue R7; (c) the technical compatibility and supply reliability of Aurobay’s Powertrain Products; (d) the Group’s ongoing efforts to optimise production efficiency while maintaining product quality; and (e) the significant growth in historical transaction amount from RMB190.8 million in 2024 to RMB606.3 million in 2025, the proposed annual caps have been determined on a forward-looking basis to accommodate the expected increase in demand for powertrain products.

The proposed annual caps for procurement of Related R&D services from Aurobay Group were determined by the Company with reference to, among others, (i) the projected total staff hours required for each R&D and technology support project in connection with the Powertrain Products; (ii) projected hourly cost for the R&D staff, based on historical costs or current market hourly wages; (iii) other relevant costs incurred for the R&D and technology support projects; and (iv) estimated stage of completion of the R&D and technology support projects during the period from January 1, 2026 to December 31, 2028.

The proposed annual caps for provision of services in connection with the Powertrain Products to Aurobay Group were determined with reference to: (i) the historical transaction amounts in relation to such services; and (ii) the projected staff costs of the Group to perform services in connection with the Powertrain Products.

E. Transactions with Geely Technology Group

On [●], in order to regulate the ongoing transactions between the Group and Geely Technology Group, our Company, for itself and on behalf of its subsidiaries, entered into a business framework agreement (the “**Geely Technology Framework Agreement**”) with Geely Technology Group, pursuant to which (a) our Group would procure automobile and motorcycle components, and operation services from Geely Technology Group; and (b) our Group would provide to Geely Technology Group motorcycle components, leasing and operation services.

The initial term of the Geely Technology Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Geely Technology Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Geely Technology Framework Agreement, the Group will enter into specific agreements with Geely Technology Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Geely Technology Framework Agreement.

Details of transactions

(a) Transactions in relation to automobile and motorcycle components

Pursuant to the Geely Technology Framework Agreement, the Group has agreed to procure from Geely Technology Group automobile and motorcycle components such as engine, wheel rim and other spare parts. In the meantime, Geely Technology Group would procure motorcycle components from our Group.

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Pricing terms

The transactions in relation to the procurement and/or sales of automobile and motorcycle components will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as applicable) other Independent Third Parties of the Group.

Pursuant to the Geely Technology Framework Agreement, the motorcycle components will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group and/or the Geely Technology, plus an agreed margin rate determined by the Company and Geely Technology after arm’s length negotiations, with reference to the manufacturing overhead costs expected to be incurred. Such margin rate will be reviewed and adjusted annually or as needed by the relevant parties.

During the course of negotiation with respect to the procurement of automobile and motorcycle components from Geely Technology, we obtained fee quotes from Independent Third Parties for comparable automobile and motorcycle components to ensure that the terms offered by Geely Technology are no less favourable than that offered to us by Independent Third parties.

The sales department of the Group will review and benchmark the selling price on a regular basis, while the finance department of the Group will monitor compliance to ensure fair and reasonable pricing in line with market practices. Our Group will negotiate on an annual basis (or more frequently if necessary) the terms of such transactions to ensure that prices are fair and reasonable.

Historical transaction amounts and proposed annual caps

The historical transaction amounts of the transactions for the years ended December 31, 2023, 2024, and 2025 and the proposed annual caps for the amount of the transactions described above for the three years ending December 31, 2028 are as follows:

	For the year ended December 31,			Proposed annual cap for the year ending December 31,		
	2023	2024	2025	2026	2027	2028
	(RMB in millions)					
Procurement of products	17.1	53.2	61.1	39.9	69.7	89.2
Sale of products	1.6	0.3	1.8	3	3.5	3.5

The proposed annual caps for automobile and motorcycle components procurement from/providing to Geely Technology were determined with reference to: (i) the estimated needs of units of automobile and motorcycle components for use with an expected year-on-year fluctuation; (ii) the estimated actual cost of manufacturing automobile and motorcycle components; and (iii) the margin rates over such estimated manufacturing costs of automobile and motorcycle components.

(b) Transactions in relation to leasing and operation services

Pursuant to the Geely Technology Framework Agreement, the Group has agreed to procure from Geely Technology operation services mainly include business travel services. In the meantime, Geely Technology would procure operation services from the Group, mainly including warehousing services.

Pricing terms

Pursuant to the Geely Technology Framework Agreement, the operation services will be sold at prices calculated on a cost-plus basis, based on the actual costs incurred by the Group and/or the Geely Technology, plus an agreed margin rate determined by the Company and Geely Technology after arm’s length negotiations, with reference to overhead costs expected to be incurred. Such margin rate will be reviewed and adjusted annually or as needed by the

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relevant parties. During negotiation phase with respect to the procurement of operation services from Geely Technology, we obtained and compared fee quotes offered by Geely Technology to other parties to ensure that the terms offered by Geely Technology are comparable with that offered to us.

On the other hand, the operation services we render to Geely Technology mainly consist of warehousing services provided to Geely Technology. The margin rates were determined based after arms’ length negotiation by the parties after taking into consideration several factors, including, among others, the area of the relevant warehouses, nature of goods requiring such warehousing services and any additional logistics services required.

The sales department of the Group will review and benchmark the selling price on a regular basis, while the finance department of the Group will monitor compliance to ensure fair and reasonable pricing in line with market practices. Our Group will negotiate on an annual basis (or more frequently if necessary) the terms of such transactions to ensure that prices are fair and reasonable.

Historical transaction amounts

For the years ended December 31, 2023, 2024, and 2025, (i) the historical transaction amounts with respect to the procurement of operation services from Geely Technology were RMB24.2 million, RMB13.2 million and RMB12.2 million; and (ii) the historical transaction amounts with respect to provision of operation services to Geely Technology were RMB0.2 million, RMB0.2 million, and RMB1.0 million.

Proposed annual caps

The proposed annual caps for transactions described above for the three years ending December 31, 2028 are as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of operation services from Geely Technology	15.1	20.1	25.1
Provision of operation services to Geely Technology	1.3	1.3	1.3

Basis of annual caps

The proposed annual caps for operation services procurement from Geely Technology were determined with reference to: (i) the historical transaction amounts between the Group and Geely Technology Group during the Track Record Period in respect of operation services procured by us; and (ii) the estimated total costs required for operation services for each of the three years ending December 31, 2028, taking into account the estimated number of domestic and international business travels, exhibitions and conferences required by the Group, and the estimated average price for air tickets, accommodations and other transportation.

The proposed annual caps for operation services providing to Geely Technology were determined with reference to: (i) the historical transaction amounts between the Group and Geely Technology Group during the Track Record Period in respect of operation services provided by us; and (ii) the estimated costs (including but not limited to transportation, packaging, and labour costs) for the warehouse services.

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F. Transactions with other members of Geely Group

1. Dreamsmart Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation agreement (the “**Dreamsmart Framework Agreement**”) with Dreamsmart Group, pursuant to which our Group agrees to sell, and Dreamsmart Group agrees to purchase from our Group the vehicles and automobile components.

The initial term of the Dreamsmart Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Dreamsmart Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Dreamsmart Framework Agreement, the Group will enter into specific agreements with Dreamsmart Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Dreamsmart Framework Agreement.

Pricing policies

Pursuant to the Dreamsmart Framework Agreement, the vehicles will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group, plus an agreed margin rate determined by the Company and Dreamsmart after arm’s length negotiations, with reference to the selling price of vehicles offered to other Independent Third Parties. During the course of negotiation with respect to the sales of vehicles to Dreamsmart, we benchmarked and compared the selling prices and margin rates of similar products offered to Independent Third Parties.

Historical amounts

For the years ended December 31, 2023, 2024, and 2025, the historical transaction amounts with respect to the products and/or services provided by our Group to Dreamsmart Group were approximately nil, RMB9.3 million and RMB23.3 million, respectively.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Sale of vehicles	53.5	59.4	65.3

The proposed annual caps are determined based on, among others: (i) the historical amounts of the transactions between our Group and Dreamsmart Group during the Track Record Period in respect of the sale of vehicles; (ii) the additional surge in demand for the sale of LIVAN vehicles in relevant regions given the prospect of increased collaboration with such regions in the near future; and (iii) the expected increase in the number of customers and expansion of customer base of Dreamsmart Group.

2. Lotus Framework Agreement

On [●], 2025, in order to regulate the ongoing transactions between the Group and Lotus Technology Group, our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**Lotus Framework Agreement**”) with Lotus Technology Group, pursuant to which our Group will procure automobile components

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from Lotus Technology Group, such as brakes modules for automobiles, mainly in relation to a new vehicle to be manufactured by the Group since the second half of 2025.

The initial term of the Lotus Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Lotus Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Lotus Framework Agreement, the Group will enter into specific agreements with Lotus Technology Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Lotus Framework Agreement.

Pricing policies

The transactions in relation to the procurement of automobile components will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and on terms no less favourable to the Group. Pursuant to the Lotus Framework Agreement, the automobile components will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group and/or the Lotus Technology Group, plus an agreed margin rate determined by the Company and Lotus Technology Group after arm’s length negotiations. Such margin rate will be reviewed and adjusted annually or as needed by the relevant parties, taking into account the fact that the margin rate of comparable companies may change over time.

Historical amounts

For the years ended December 31, 2023, 2024, and 2025, the historical transaction amounts with respect to procurement of automobile components from Lotus Technology Group by our Group from Lotus Technology Group were nil, nil, and RMB42.4 million, respectively.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of automobile components	34.2	38.0	41.8

The proposed annual caps of procurement of automobile components are determined based on, among others: (i) the projected number of units for each type of automobile components, including brake modules and shock absorption pads; (ii) the projected unit sales of vehicles using such automobile components for the three years ending December 31, 2028; (iii) the projected purchase price for each type brake modules and shock absorption pads with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available; (iv) the margin rate with reference to the cost-plus margin of the comparable companies; and (v) the expected additional procurement of relevant components by the Group for the Group’s new vehicle models, such as brake modules produced by Lotus Technology Group.

3. Shandong Geely New Energy Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**Shandong Geely New Energy Framework Agreement**”) with Shandong Geely New Energy Group, pursuant to which our Group agreed to sell to Shandong Geely New Energy Group certain automobile components.

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The initial term of the Shandong Geely New Energy Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The Shandong Geely New Energy Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the Shandong Geely New Energy Framework Agreement, the Group will enter into specific agreements with Shandong Geely New Energy Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Shandong Geely New Energy Framework Agreement.

Pricing policies

Pursuant to the Shandong Geely New Energy Framework Agreement, the automobile components will be sold at prices calculated on a cost-plus basis, based on the actual manufacturing costs incurred by the Group, plus an agreed margin rate determined by the Company and Shandong Geely New Energy Group after arm’s length negotiations, with reference to the manufacturing overhead costs expected to be incurred.

Historical amounts

For the years ended December 31, 2023, 2024, and 2025, the historical transaction amounts with respect to the procurement by Shandong Geely New Energy Group from our Group were nil, nil, and RMB12.5 million.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Sale of automobile components . .	32.0	37.0	40.0

The proposed annual caps are determined based on, among others: (i) the estimated number of units for each type of automobile components and the estimated unit sales of automobile components for the three years ending December 31, 2028; (ii) the historical sales amount to Shandong Geely New Energy Group with respect to automobile components, which commenced in July 2025; (iii) the projected purchase price for such components with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available; and (iv) the margin rate with reference to the cost-plus margin of the comparable companies.

4. ECARX Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**ECARX Framework Agreement**”) with ECARX Group, pursuant to which our Group would procure primarily automobile components, such as in-vehicle infotainment system, as well as data collection services from ECARX Group.

The initial term of the ECARX Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The ECARX Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the ECARX Framework Agreement, the Group will enter into specific agreements with ECARX Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the ECARX Framework Agreement.

Pricing policies

Pursuant to the ECARX Framework Agreement, the automobile components will be procured at prices determined by the Company and ECARX Group after arm’s length

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negotiations, with reference to the selling price offered to others. We regularly obtained and compared fee quotes to ensure that the terms offered by ECARX Group to others are comparable to that offered to us.

Historical amounts

For the years ended December 31, 2023, 2024, and 2025, the historical transaction amounts with respect to the procurement by our Group from ECARX Group were nil.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	(RMB in millions)		
Procurement of automobile components	26.4	27.9	29.4

The proposed annual caps are determined based on, among others: (i) that, in connection with the manufacturing of certain new vehicle models of the Group, we commenced cooperation with ECARX Group, and expect an enhanced cooperation for the three years ending December 31, 2028; (ii) the projected number of in-vehicle infotainment system to be procured and the projected unit sales of vehicles using such automobile components for the three years ending December 31, 2028; (iii) the projected purchase price for each type of in-vehicle infotainment system with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available; (iv) the margin rate with reference to the cost-plus margin of the comparable companies; and (v) the expected additional procurement from ECARX Group of products such as in-vehicle infotainment system manufactured by it for the Group’s new vehicle models to be launched in the future.

5. YoeNing Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**YoeNing Framework Agreement**”) with YoeNing Group, pursuant to which our Group would procure from YoeNing Group and YoeNing Group has agreed to sell, certain automobile components, such as A-pillar reinforcement plate and crossbeam for our vehicles.

The initial term of the YoeNing Framework Agreement will commence from the [REDACTED] and expire on December 31, 202[8]. The YoeNing Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules. Subject to the terms of the YoeNing Framework Agreement, the Group will enter into specific agreements with YoeNing Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the YoeNing Framework Agreement.

Pricing policies

Pursuant to the YoeNing Framework Agreement, the automobile components will be procured at prices determined by the Company and YoeNing Group after arm’s length negotiations, with reference to the selling price offered to others. We regularly obtained and compared fee quotes to ensure that the terms offered by YoeNing Group to others are comparable to that offered to us.

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Historical amounts

For the years ended December 31, 2023, 2024, and 2025, the historical transaction amounts with respect to the procurement by our Group from YoeNing Group were nil, nil and RMB0.6 million, respectively.

Annual caps

The Company proposes to set up the annual caps for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of automobile components	10.0	10.0	10.0

The proposed annual caps are determined based on, among others: (i) the projected number of units for each type of automobile components; (ii) the projected unit sales of vehicles using such automobile components for the three years ending December 31, 2028; (iii) the projected purchase price for such automobile components with reference to the prevailing market price or the estimated cost of such automobile components if market prices are not available; and (iv) the margin rate with reference to independent comparable companies.

G. Reasons for the Transactions with Geely Group

In January 2022, following the completion of the Judicial Restructuring, the Group established its subsidiary, LIVAN Auto, jointly with Geely Group. At that time, the Company repositioned its overall business strategy to achieve a sustainable transformation from traditional automobile manufacturing towards NEV development and intelligent mobility solutions. In respect of our automobile business, (i) in the short term, the Group focuses on the rapid introduction of new NEV models and the revitalization of its idle production capacity through leveraging Geely Holding Group’s mature manufacturing resources, supply chain, and sales channels, which enables the Company to accelerate its entry into the NEV market, rapidly establishing the Group’s brand recognition and broadening the Group’s customer base; and (ii) in the medium to long term, the Group aims to upgrade its existing production facilities, most of which were developed before the Judicial Restructuring, develop its proprietary NEV product lines and introduce vehicle models equipped with battery-swapping technology. The Group strives to position itself as an integrated enterprise engaged in both battery-swapping NEVs and traditional fuel vehicles, achieving balanced development between innovation and legacy business segments.

Geely Group operates multiple production lines across different regions with high flexibility, scalability, and established compliance systems, which allow the Group to meet production demand without committing to substantial upfront capital expenditures on new facilities or land resources. On the other hand, LIVAN vehicles were developed based on the GBRC Crystal Architecture — an innovative vehicle platform specifically for battery swapping applications. It supports both battery swapping and traditional charging modes (including fast DC charging and home charging), meeting the market demand (including that of Geely Group) for battery-swapping compatible models and providing flexible and convenient solutions.

Based on the above strategic roadmap and the Company’s operating status at the beginning of the Track Record Period, the Company introduced new vehicle models and utilized Geely Holding Group’s procurement and distribution channels. In the early stage, prior to the completion of the Group’s own production line upgrades and independent development of new NEV models, the Group also used certain NEV production capacities of Geely Holding Group to support its rapid business ramp-up. As a result, the Group has

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entered into continuing connected transactions with Geely Holding Group in respect of both the procurement and sales of vehicles and automobile components, together with ancillary R&D and operation services.

- *With respect to transactions in relation to CBUs, knock down kits and relevant components:* In anticipation of increasing demand for our LIVAN brand vehicles, which feature proprietary battery-swapping capabilities, which may exceed the Group’s current production lines and manufacturing capacity, the long-term cooperation with Geely Group on the utilization of Geely Group’s foundational manufacturing capabilities ensures a stable and reliable supply of these vehicles. Additionally, it is more cost effective for the Group to procure CBUs and knock down kits than to establish new factories and production lines, enabling the Group to optimize capital expenditure and improve return on assets.

At the same time, the sale of CBUs and knock down kits by the Group to Geely Group allows the Group to fully utilize its existing idle production capacity and accelerate the monetization of its product development capabilities. Through Geely Group’s extensive domestic and overseas distribution networks, the Group is able to expand its market reach, enhance brand visibility of our LIVAN brand vehicles, laying the foundation for the Group to acquire additional customers. Such sales arrangements also enable the Group to benefit from Geely Group’s established aftersales and service infrastructure, thereby improving end-user satisfaction and overall product competitiveness.

The procurement and sale of automobile components between the Group and Geely Group were primarily to (i) support vehicle production and component matching for models collaborated with Geely Group, and (ii) meet the Group’s demand for components used in other vehicle models based on market-oriented supplier selection. Given Geely Group’s proven product quality, stable supply capability and competitive pricing, such transactions are commercially reasonable and represent a market-based choice. Moreover, the use of components from a reputable manufacturer such as Geely Group enhances the market recognition and acceptance of the Group’s vehicles, particularly in overseas markets where certain customers may have specific request on brand reputation and certification standards of automobile components.

- *With respect to ASD:* Through provision of ASD to Geely Group, the Group is enable to fully leverage its advanced intelligent driving and Assistance Driving System technology, and through the cooperation with Geely Group, the Group will be able to broaden its customer base and industry reputation, and create opportunities for further OEM partnership. In addition, the provision of ASD to Geely Group, will provide sources of recurring revenues to the Group as Geely Group’s business expands, and the Group will be able to maintain and achieve stable income stream from the growing demand in ASD of Geely Group, further improving the financial performance of the Group and broadening return to the Shareholders as a whole.
- *With respect to transaction in relation to R&D service:* It is typical in the automobile industry that manufacturers of CBUs, knock down kits and/or automobile components also provide related R&D services. Such arrangements also (i) enhance synergy and technology sharing among the parties, thereby improving the efficiency of the Group’s R&D efforts; and (ii) facilitate technology upgrades that further support the Group’s development, ultimately strengthening the competitiveness of LIVAN brand vehicles.
- *With respect to transactions in relation to operation services:* The Group also cooperates with Geely Group in relation to various operational and business services, including logistics, marketing, and general operation services which are natural extensions of the aforementioned manufacture, sales and procurement transactions. Through collaboration with Geely Group, the Group benefits from shared service platforms, industry-standard cost-plus-margin pricing, and reduced overall operational expenditure.

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H. Hong Kong Listing Rules Implications with respect to Transactions with Geely Group

Pursuant to Rule 14A.81 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange will aggregate a series of connected transactions and treat them as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Rule 14A.82 provides that factors that the Exchange will consider for aggregation of a series of connected transactions include whether, among other things, they are entered into by the listed issuer’s group with the same party, or parties who are connected with one another. Accordingly, transactions with Geely Group shall be aggregated and treated as one transaction for the purpose of calculating the percentage ratio of the continuing connected transactions pursuant to Rule 14A.81 of the Hong Kong Listing Rules.

As (i) Geely Group is a connected person at the subsidiary level, (ii) our Board (including all the independent non-executive Directors) [has approved] each of the following transactions with Geely Group and the transactions contemplated thereunder, (iii) all the independent non-executive Directors have confirmed that the terms of each of the transactions with Geely Group are fair and reasonable, on normal commercial terms or better and in the interests of our Company and our Shareholders as a whole, and (iv) the highest applicable percentage ratio in respect of the annual caps for each category of transactions with Geely Group on an aggregated basis is expected to be higher than 1%, by virtue of Rule 14A.101 of the Hong Kong Listing Rules, the transactions with Geely Group below under this section will be subject to the reporting, annual review and announcement requirements, but be exempt from the circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

V. CONTINUING CONNECTED TRANSACTION WITH STEPFUN GROUP

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a business cooperation framework agreement (the “**StepFun Framework Agreement**”) with StepFun, pursuant to which the Group will procure MaaS (Model-as-a-Service) solutions from StepFun Group on a non-exclusive basis, including among others, cloud-based models and on-demand resources (together, the “**MaaS Solutions**”). The initial term of the agreement will commence from the [REDACTED] and expire on December 31, 202[8].

The StepFun Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Hong Kong Listing Rules and other applicable laws and regulations. Subject to the terms of the StepFun Framework Agreement, the Group will enter into specific agreements with StepFun Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the StepFun Framework Agreement.

Pricing policies

Pursuant to the StepFun Framework Agreement, StepFun Group shall provide MaaS Solutions to our Group at prices calculated on a cost-plus basis. The pricing will be calculated with reference to: (a) the costs for provision of MaaS solutions, which mainly consist of personnel expenses for software development and platform maintenance, depreciation and amortization of infrastructure and software, data and network-related expenses, third-party service fees, and other overhead costs associated with service delivery; and (b) comparable services offered by Independent Third Parties, taking into consideration various factors such as performance and efficiency.

Historical amounts

Because the “ASD 1.0” intelligent driving solutions were released in June 2025, we did not conduct any transaction with StepFun Group for the years ended December 31, 2023 and 2024. As such, the historical transaction amounts for the relevant periods with respect to the procurement of MaaS Solutions by our Group from StepFun Group were in 2023, 2024, and 2025 were nil, nil, and RMB73.4 million, respectively.

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Annual caps

The Company proposes to set the annual caps of the transaction amounts for the three years ending December 31, 2028 as follows:

	Proposed annual cap for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Procurement of MaaS Solutions . .	393.2	485.2	600.2

The proposed annual caps are determined based on, among others: (i) the estimated demand for cloud-based MaaS Solutions in connection with our “AI + Mobility” business for each of the three years ending December 31, 2028; (ii) the historical amount of the transactions between our Group and StepFun, which commenced in the last quarter of 2025; (iii) the estimated costs of MaaS Solutions to be provided by StepFun Group including personnel, infrastructure, data management and platform maintenance expenses, during the same period; and (iv) the margin rates applied on top of the cost of MaaS Solutions and other operating expenses determined after arm’s length negotiations and with reference to the profit margin for comparable services that StepFun offers to Independent Third Parties.

The proposed annual caps for the procurement of MaaS Solutions are expected to increase significantly each year over the next three years due to: (i) the anticipated expansion of the Group’s “AI + Mobility” business, including the smart cockpit and intelligent driving and Assistance Driving System segments, which are expected to require increasing levels of model development, data processing and system integration support; (ii) the ongoing upgrade and iteration of our intelligent driving and Assistance Driving System products, from “ASD 1.0” offering L2 ADAS capabilities to the planned “2.0” and “3.0” versions featuring L3- and L4-level functionalities, which are expected to require more advanced model development, testing and system integration, and the expected increase in the sophistication and technical requirements of such MaaS Solutions to support our product upgrades; (iii) the expected growth in the market size of intelligent driving and Assistance Driving System solutions, which will further drive our increase in demand for MaaS Solutions to further expand our “AI + Mobility” business; and (iv) the significant growth in our technology solutions business, which generated revenue of RMB350.1 million in the fourth quarter of 2025.

Reasons for the transaction

StepFun Group possesses extensive industry experience and well-established infrastructure in providing MaaS solutions. With its proven track record MaaS solutions across diverse commercial applications, we believe StepFun Group is able to deliver reliable, high-quality and customizable MaaS solutions that cater to the specific needs of different scenarios of our “AI + Mobility” solutions. As such, engaging StepFun Group enables our Group to benefit from its service capabilities and operational expertise, thereby supporting the development and enhancement of our smart cockpit and intelligent driving and Assistance Driving System businesses under our “AI + Mobility” strategy.

In addition, StepFun Group offers its MaaS Solutions at competitive and cost-effective pricing, achieved through its economies of scale and efficient resource utilization. Partnering with StepFun Group allows our Group to optimize our R&D spending and enhance cost efficiency of the Group.

The cooperation also aligns with our Group’s long-term strategic plan to establish a stable, trusted and scalable partnership with a leading MaaS solution provider, ensuring consistent access to cutting-edge AI infrastructure and technical support. The long-term collaboration with StepFun Group is expected to create strong synergies, enabling both parties to jointly enhance model capabilities, accelerate innovation, and continuously improve the performance and cost-effectiveness of MaaS solutions.

Hong Kong Listing Rules implications

As the highest applicable percentage ratios in respect of the proposed annual caps for the procurement of MaaS Solutions under the StepFun Framework Agreement are expected to be more than 5%, such transaction contemplated thereunder (including the proposed annual caps) shall be subject to the reporting, announcement, annual review and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

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VI. APPLICATION FOR AND CONDITIONS FOR WAIVER

Pursuant to Rules 14A.76(1)(b) and Rule 14A.101 of the Hong Kong Listing Rules, the continuing connected transactions as disclosed in “— IV. Continuing Connected Transactions with Geely Group” in this section will be subject to the announcement requirement under Chapter 14A of the Hong Kong Listing Rules. Pursuant to Rule 14A.76(2)(a) of the Hong Kong Listing Rules, the continuing connected transaction as disclosed in “— V. Continuing Connected Transaction with StepFun Group” in this section, are subject to the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules. As those continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this Document, our Directors consider that compliance with the announcement would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for[, and the Hong Kong Stock Exchange has granted], pursuant to Rule 14A.105 of the Hong Kong Listing Rules, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Hong Kong Listing Rules in respect of the continuing connected transactions as disclosed in “— IV. Continuing Connected Transactions with Geely Group” in this section; and (ii) the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules in respect of the continuing connected transaction as disclosed in “— V. Continuing Connected Transaction with StepFun Group” in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial years ending December 31, 2026, 2027 and 2028 (as applicable) shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

The independent non-executive Directors and auditors of the Company will review whether the transactions under the above partially exemption and non-exempt continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Hong Kong Listing Rules.

In the event of any future amendments to the Hong Kong Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take steps to ensure compliance with such new requirements within reasonable time.

VII. DIRECTORS’ VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the non-exempt and partially exempt continuing connected transactions described above have been and shall be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) that the respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

VIII. SOLE SPONSOR’S VIEW

The Sole Sponsor has reviewed the relevant documents and information prepared and provided by the Company relating to the partially exempt and non-exempt continuing connected transactions as disclosed in this section, obtained necessary representations and confirmations from the Company and its Directors, and participated in due diligence with the management of the Company. Based on the above and having taken into account the view of the Directors, the Sole Sponsor is of the view that the non-exempt continuing connected transactions as disclosed in this section for which waivers have been sought, have been and will be carried out in the ordinary and usual course of business of the Company and on normal commercial terms or better, are fair and reasonable in the interests of the Company

CONNECTED TRANSACTIONS

and its Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

IX. INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders) and in compliance with all the applicable requirements under the Hong Kong Listing Rules, our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- (1) our Group has adopted a connected (related party) transactions management policy for the purpose of ensuring that connected transactions under the relevant framework agreements will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;
- (2) prior to the execution of the potential framework agreement with the connected parties, our Group will compare the terms of the proposed transactions (including pricing and other contractual terms) with those similar transactions entered with Independent Third Parties or the terms offered to or by Independent Third Parties (as the case may be) to ensure that the terms of agreements under the potential framework agreement shall be no less favourable to our Group than terms between our Group and the Independent Third Parties;
- (3) the designated staff of the finance department of the Company will closely monitor the actual amounts incurred for each type of continuing connected transactions for the purpose of ensuring the relevant annual caps are not exceeded;
- (4) our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules;
- (5) the finance team of our Group shall regularly examine the pricing of the transactions under the framework agreement signed with the connected parties to ensure that those transactions are conducted in accordance with the pricing terms therein;
- (6) our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company in accordance with Rules 14A.55 and 14A.56 of the Hong Kong Listing Rules; and
- (7) when considering any renewal or revisions to the agreements after the [REDACTED], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals, if applicable, cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under rule 14A.76 of the Hong Kong Listing Rules.

X. GENERAL

The annual caps disclosed in this section shall not be regarded as any indication, directly or indirectly, as to the revenue, profitability or trading prospects of the Group or Geely Group. Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to December 31, 2028, and they do not represent forecasts of revenue to be generated from the relevant transactions.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised, the following persons will have an interest and/or short position in our Shares or underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Description of Shares	As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)		
			Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Company ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our A Shares ⁽³⁾	Approximate percentage of shareholding in our Company ⁽³⁾
Azolla Fund ⁽⁴⁾	Beneficial owner	A Shares	1,349,550,000	29.85%	[REDACTED]	[REDACTED]%	[REDACTED]%
Azolla EM ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	[REDACTED]	[REDACTED]%	[REDACTED]%
Liangjiang Fund Management ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	[REDACTED]	[REDACTED]%	[REDACTED]%
Geely Technology ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	[REDACTED]	[REDACTED]%	[REDACTED]%
Geely Holding ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Li Shufu ⁽⁴⁾	Interest in controlled corporation	A Shares	1,349,550,000	29.85%	[REDACTED]	[REDACTED]%	[REDACTED]%
Chongqing Jianghehui ⁽⁵⁾	Beneficial owner	A Shares	809,578,000	17.91%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Yin ⁽⁵⁾	Interest in controlled corporation	A Shares	809,578,000	17.91%	[REDACTED]	[REDACTED]%	[REDACTED]%
Lifan Holdings ⁽⁶⁾	Beneficial owner	A Shares	482,926,782	10.68%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

- All interests stated are long positions in the Shares.
- The calculation is based on the total number of 4,521,100,071 A Shares in issue as of the Latest Practicable Date.
- The calculation is based on the total number of 4,521,100,071 A Shares and [REDACTED] H Shares in issue immediately after completion of the [REDACTED] since [REDACTED] H Shares will be issued pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.
- The general partner of Azolla Fund is Azolla EM, which is held as to 51% and 49% by Liangjiang Fund Management and Geely Technology, respectively.

Liangjiang Fund Management is wholly owned by Liangjiang Industrial Development, which also holds approximately 36.18% of Azolla Fund directly as a limited partner and is wholly owned by Chongqing Liangjiang New District Management Committee (重慶兩江新區管理委員會), a government agency of the Chongqing Municipal Committee of the Communist Party of China and the Chongqing Municipal People's Government.

Geely Technology is held as to 55% and 45% by Ningbo Ruima Enterprise Management Partnership (L.P.)* (寧波銳馬企業管理合夥企業(有限合夥)) and Zhejiang Jidi Technology Co., Ltd.* (浙江濟底科技有限公司), respectively, which in turn are held as to 78.17% and 91.00% by Mr. Li Shu Fu (李書福), respectively. Mr. Li Shu Fu also holds 82.23% interest in Geely Holding, which wholly owns Zhejiang Geely Industrial Investment Holding Co., Ltd.* (浙江吉利產投控股有限公司) (“**Geely Industrial**”), another limited partner of Azolla Fund with 50.94% interests.

Therefore, by virtue of the SFO, each of Azolla EM, Liangjiang Fund Management, Liangjiang Industrial Development, Geely Industrial, Zhejiang Geely Holding Group Co., Ltd., Geely Technology, Ningbo Ruima Enterprise Management Partnership (L.P.), Zhejiang Jidi Technology Co., Ltd. and Mr. Li Shu Fu is deemed to be interested in the Shares held by Azolla Fund.

SUBSTANTIAL SHAREHOLDERS

5. Chongqing Jianghehui is wholly owned by Jianghe Shunsui Enterprise Management Co., Ltd.* (重慶江河順遂企業管理有限公司) (“**Jianghe Shunsui**”), which is in turn wholly owned by Jianghe Anlan Investment Partnership (Limited Partnership)* (海南江河安瀾投資合夥企業(有限合夥)) (“**Jianghe Anlan**”). The general partner of Jianghe Anlan is Hainan Qianli Zhiqi Investment Co., Ltd.* (海南千里智騏投資有限公司) (“**Hainan Qianli Zhiqi**”), which is held as to 67.03% by Mr. Yin.

Therefore, by virtue of the SFO, each of Jianghe Shunsui, Jianghe Anlan, Hainan Qianli Zhiqi and Mr. Yin is deemed to be interested in the Shares held by Chongqing Jianghehui.

6. Lifan Holdings Co., Ltd.* (重慶力帆控股有限公司) (“**Lifan Holdings**”) was wholly owned by Chongqing Huiyang Holdings Co., Ltd.* (重慶匯洋控股有限公司), whose entire equity interests was held as trust assets of a trust managed by CCB Trust Co., Ltd.* (建信信託有限責任公司).

Therefore, by virtue of the SFO, each of Chongqing Huiyang Holdings Co., Ltd. and CCB Trust Co., Ltd. is deemed to be interested in the Shares held by Lifan Holdings.

Save as disclosed above and in the section headed “Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders” in Appendix V to this Document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), have any interest and/or short position in our Shares or underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB4,521,100,071, comprising 4,521,100,071 A Shares of nominal value RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
A Shares in issue	4,521,100,071	[REDACTED]%
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Immediately following completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
A Shares in issue	4,521,100,071	[REDACTED]%
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

OUR SHARES

Upon completion of the [REDACTED], the Shares will consist of A Shares and H Shares. A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional [REDACTED] in the PRC, the qualified PRC [REDACTED] under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or [REDACTED] between [REDACTED] of the PRC.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and [REDACTED] by [REDACTED] in the PRC, qualified foreign institutional [REDACTED] or qualified foreign strategic [REDACTED] and must be [REDACTED] in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and [REDACTED] by Hong Kong and other overseas [REDACTED] pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and [REDACTED] by [REDACTED] in the PRC in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

A Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or Renminbi (as the case may be), or in the form of H Shares.

SHARE CAPITAL

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请「全流通」业务指引》) announced by the CSRC are not applicable to companies dual [REDACTED] in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our A Shareholders to issue H Shares and seek the [REDACTED] of the H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on September 29, 2025 and is subject to the following conditions:

(i) **Size of the [REDACTED]**

The proposed number of H Shares to be [REDACTED] initially shall not exceed [REDACTED]% of the total issued number of Shares as enlarged by the H Shares to be [REDACTED] pursuant to the [REDACTED]. The number of H Shares to be [REDACTED] pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially pursuant to the [REDACTED].

(ii) **Method of [REDACTED]**

The method of [REDACTED] shall be by way of a [REDACTED] for subscription in Hong Kong and an international [REDACTED] to institutional and professional [REDACTED].

(iii) **Target [REDACTED]**

The H Shares shall be issued to Hong Kong public [REDACTED], other overseas [REDACTED] who meet the relevant requirements, qualified domestic [REDACTED] eligible to [REDACTED] in overseas securities according to the laws and regulations of the PRC and other [REDACTED] who comply with the relevant regulatory requirements.

(iv) **[REDACTED] Basis**

The issue price of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of [REDACTED] and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) **Valid Period**

The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date of the Shareholders’ meeting, namely September 29, 2025.

There is no other approved [REDACTED] plan for any other Shares except for the [REDACTED].

SHAREHOLDERS’ GENERAL MEETING

See “Appendix IV — Summary of Articles of Association” for details of circumstances under which our general Shareholders’ meeting is required.

A Share Employee Stock Ownership Scheme

Our Company has adopted the 2025 Employee Stock Ownership Scheme, pursuant to which our Company may repurchase A shares from the open market to implement the 2025 Employee Stock Ownership Scheme for granting to the participants being directors (excluding independent directors), senior executives, middle-level managers or key employees of the Group. For details, please refer to the section headed “Statutory and General Information — A Share Employee Stock Ownership Scheme” in Appendix V to this Document.

As of the date of this Document, the Scheme Account of the Company had repurchased 19,717,500 Shares in aggregate, representing approximately 0.44% of the total issued Shares, under the 2025 Employee Stock Ownership Scheme.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants’ Report set forth in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this Document.

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

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

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

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRSs, which comprise all standards and interpretations approved by IASB. All IFRSs effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention.

Further details of the material accounting policy information adopted are set out in Note 2.3 of the Accountants’ Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are influenced by general macroeconomic and industry conditions, such as overall economic growth, demand for AI solutions, growth the automotive sector, fluctuations in raw material costs, and evolving policies relating to vehicles and intelligent mobility solutions and technologies. Adverse movements in any of these areas may have a material impact on our business and results of operations.

In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Ability to Execute Our Strategies and Drive Revenue Growth

Historically, our revenue was primarily derived from sales of automobiles and motorcycles, with sales of these products making up more than 85% of over total revenue for

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each period during the Track Record Period. Going forward, as we continue to execute our “AI+Mobility” strategy, we are upgrading our growth engine from traditional vehicle manufacturing and sales to closed-loop “AI+Mobility” solutions that integrate manufacturing, engineering, and model-driven AI development. Building on our strengths in both vehicle manufacturing and AI, we offer integrated “AI + Mobility” solutions that include intelligent driving and Assistance Driving System and smart cockpit, and are expanding into robotaxi solutions. Our ability to attract and retain strategic customers is critical to our future revenue growth. Executing this strategy effectively will directly influence our top-line growth and long-term sustainability.

Ability to Expand Channels and Deepen Partnerships Key Strategic Customers

Our growth is closely linked to the expansion and diversification of our sales and distribution channels, both domestically and internationally. Our strategy focusing on key strategic customers provides a stable foundation for scaling these channels. By deepening long-term cooperation with leading OEM customers and leveraging joint development and platform-based solutions, we are able to embed our technologies across full model lineups and create a recurring, closed-loop business cycle. The combination of broad channel expansion and deep collaboration with key strategic customer supports both the diversification of our revenue base and the sustainability of our growth.

In parallel, overseas markets have become increasingly important contributor to our business. Our ability to deepen international market penetration through localized products, pricing, and partnerships will be key to diversifying revenue sources and support our future growth.

Ability to Improve Gross Margin

Our gross profit margin is affected by the mix of our product offerings. The introduction of new solutions with high gross profit margins will have a positive effect on our overall gross profit margin. During the Track Record Period, our cost of sales primarily consists of raw materials, manufacturing expenses, labor costs. We are pursuing margin uplift through centralized procurement, platform-based vehicle engineering, and intelligent manufacturing. We expect that continued application of intelligent manufacturing systems and supplier management initiatives will further enhance margins. Our ability to expand AI-enabled, higher-content models, lock in cost reductions through platformization, and mitigate input-cost swings will also be critical to our gross margin.

Ability to Manage Operating Expenses While Investing in R&D

Research and development expenses have expanded significantly in support of our strategy. R&D expenses grew from RMB214.8 million in 2023 to RMB406.6 million in 2024, and further to RMB821.8 million in 2025. To support our “AI + Mobility” solutions, we expect to continue to incur significant R&D expenses. While R&D has become our largest expense category, operating leverage has improved as both selling and marketing expenses and administrative expenses decreased in absolute amount and as a percentage of revenue from 2023 to 2024 due to efficiency gains. Balancing continued investment in innovation with prudent expense management will be essential for sustainable profitability.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. Our management continuously evaluates such estimates, assumptions, and judgments based on past experience, industry practices, and expectations of future events that are deemed reasonable under the circumstances. During the Track Record Period, there had not been any material deviation from our management’s estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

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Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 2.3 to the Accountants’ Report included in Appendix I to this Document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
REVENUE	6,698,322	100.0	6,963,852	100.0	9,876,042	100.0
Cost of sales	(6,426,071)	(95.9)	(6,481,472)	(93.1)	(9,087,972)	(92.0)
Gross profit	272,251	4.1	482,380	6.9	788,070	8.0
Other income and gains	202,890	3.0	158,833	2.3	672,520	6.8
Selling and marketing expenses . . .	(375,086)	(5.6)	(337,820)	(4.9)	(296,386)	(3.0)
Administrative expenses	(423,397)	(6.3)	(338,158)	(4.9)	(403,847)	(4.1)
Research and development expenses	(214,781)	(3.2)	(406,576)	(5.8)	(821,801)	(8.3)
Fair value gains on financial assets at fair value through profit or loss, net	—	—	—	—	46,463	0.5
Fair value gains/(losses) on investment properties	10,684	0.2	(95,587)	(1.4)	(51,753)	(0.5)
Impairment losses on financial assets, net	(18,303)	(0.3)	(3,561)	(0.1)	(80,567)	(0.8)
Other expenses	(87,100)	(1.3)	(139,219)	(2.0)	(358,718)	(3.6)
Finance costs	(123,445)	(1.8)	(93,336)	(1.3)	(72,450)	(0.7)
Share of profit of joint ventures and associates	413,770	6.2	488,247	7.0	442,704	4.5
LOSS BEFORE TAX	(342,517)	(5.1)	(284,797)	(4.1)	(135,765)	(1.4)
Income tax expense	80,345	1.2	(44,100)	(0.6)	(185,435)	(1.9)
LOSS FOR THE YEAR	(262,172)	(3.9)	(328,897)	(4.7)	(321,200)	(3.3)
Attributable to:						
Owners of the parent	24,213	0.4	40,017	0.6	84,408	0.9
Non-controlling interests	(286,385)	(4.3)	(368,914)	(5.3)	(405,608)	(4.1)
	<u>(262,172)</u>	<u>(3.9)</u>	<u>(328,897)</u>	<u>(4.7)</u>	<u>(321,200)</u>	<u>(3.3)</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	<u>0.01</u>		<u>0.01</u>		<u>0.02</u>	

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

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

	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	6,698,322	100.0	6,963,852	100.0	9,876,042	100.0

Automobiles. 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, accounting for 55.2%, 60.0% and 64.3% of our total revenue, respectively.

Motorcycles. In 2023, 2024 and 2025, revenue generated from sales of motorcycles amounted to RMB2,028.8 million, RMB2,135.7 million and RMB2,477.7 million, respectively, accounting for 30.3%, 30.7% and 25.1% of our total revenue, respectively.

Technology solutions. In the fourth quarter of 2025, revenue generated from rendering of technology solutions amounted to RMB350.1 million, accounting for 3.5% of our total revenue.

Others. In addition, to a lesser extent, we also generated other revenues primarily including sales of general-purpose machinery and miscellaneous sales such as real estate and spare parts. In 2023, 2024 and 2025, our other revenue amounted to RMB974.9 million, RMB652.2 million and RMB701.1 million, respectively, accounting for 14.5%, 9.3% and 7.1% of our total revenue, respectively.

The following table sets forth our sales volume of automobiles and motorcycles for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Automobiles ('000 units)	42.3	57.8	106.3
Motorcycles ('000 units)	336.6	388.6	447.3

The sales volume of our motorcycles increased from 336.6 thousand units in 2023 to 388.6 thousand units in 2024, and further to 447.3 thousand units in 2025, and the sales volume of our automobiles increased from 42.3 thousand units in 2023 to 57.8 thousand units in 2024, and further to 106.3 thousand units in 2025. Such increases were primarily attributable to our continued business expansion, enhanced market penetration across different regions and improved market acceptance of our products.

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The following table sets forth the breakdown of our revenue by geographical markets, in absolute amounts and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Chinese Mainland	4,455,793	66.5	4,135,506	59.4	5,973,290	60.5
Overseas	2,242,529	33.5	2,828,346	40.6	3,902,752	39.5
Total	6,698,322	100.0	6,963,852	100.0	9,876,042	100.0

Cost of Sales

Cost of sales for our products primarily includes costs of raw materials, direct labor, and manufacturing overhead. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Raw materials	5,602,060	87.2	5,908,748	91.2	7,886,830	86.8
Direct labor	133,988	2.1	144,336	2.2	242,933	2.7
Manufacturing overhead	183,100	2.8	199,342	3.1	411,396	4.5
Others	506,923	7.9	229,046	3.5	546,813	6.0
Total	6,426,071	100.0	6,481,472	100.0	9,087,972	100.0

Gross Profit and Gross Profit Margin

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

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Automobiles	(195,623)	(5.3)	48,852	1.2	180,476	2.8
Motorcycle	245,856	12.1	246,388	11.5	289,263	11.7
Technology solutions	–	–	–	–	106,445	30.4
Others						
– General-purpose machinery . .	75,291	18.8	88,838	20.7	82,996	20.9
– Miscellaneous	146,727	25.5	98,302	43.9	128,890	42.5
Total	272,251	4.1	482,380	6.9	788,070	8.0

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We recorded gross profits of RMB272.3 million, RMB482.4 million and RMB788.1 million in 2023, 2024 and 2025, respectively. The fluctuations of our gross profit during the Track Record Period were mainly attributable to (i) changes in our product mix, and (ii) improvements in our productivity and cost efficiency.

Our gross profit margins amounted to 4.1%, 6.9% and 8.0% in 2023, 2024 and 2025, respectively.

Other Income and Gains

Our other income and gains primarily consists of (i) government grants, subsidies for industrial development and R&D investment received from government authorities, (ii) interest income, (iii) additional deduction for value-added tax, (iv) exchange gains, net, mainly arising from sales in Russia, (v) gains on disposal of investments in associates, net, (vi) gains on liquidation of subsidiaries, net, (vii) gains on disposal of subsidiaries, net, and (viii) others.

The following table sets forth the breakdown of our other income and gains for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Other income						
Government grants	12,032	5.9	5,943	3.7	393,257	58.5
Interest income	67,916	33.5	63,696	40.1	83,780	12.5
Additional deduction for value-added tax	13,463	6.6	21,877	13.8	16,364	2.4
Others	7,353	3.6	3,759	2.4	7,560	1.1
Total other income	100,764	49.6	95,275	60.0	500,961	74.5
Other gains						
Exchange gains, net	26,315	13.0	–	–	85,656	12.7
Gains on disposal of investments in associates, net	10,183	5.0	1,434	0.9	–	–
Gains on liquidation of subsidiaries, net	62,439	30.8	–	–	–	–
Gains on disposal of subsidiaries, net:	–	–	–	–	32,122	4.8
Gains on disposal of items of property, plant and equipments and other intangible assets	3,189	1.6	18,294	11.5	53,781	8.0
Gains on termination of lease	–	–	860	0.5	–	–
Gains on debt restructuring	–	–	42,970	27.1	–	–
Total gains	102,126	50.4	63,558	40.0	171,559	25.5
Total other income and gains	202,890	100.0	158,833	100.0	672,520	100.0

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses, (ii) travel and office expenses, (iii) business development expenses, and (iv) others.

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The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as a percentage of our total selling and marketing expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee benefit expenses	124,432	33.2	103,672	30.7	105,560	35.6
Travel and office expense	46,222	12.3	57,808	17.1	47,265	15.9
Business development expenses . . .	170,566	45.5	148,776	44.0	116,245	39.2
Others	33,866	9.0	27,564	8.2	27,316	9.2
Total	375,086	100.0	337,820	100.0	296,386	100.0

In 2023, 2024 and 2025, our selling and marketing expenses amounted to RMB375.1 million, RMB337.8 million and RMB296.4 million, respectively.

Administrative Expenses

Our administrative expenses consist of (i) employee benefit expenses, (ii) travel expenses, (iii) professional service expenses, (iv) office and business hospitality expenses, (v) lease, depreciation and amortization, (vi) taxes, (vii) [REDACTED], and (viii) others.

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as a percentage of our total administrative expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee benefit expenses	212,392	50.2	158,028	46.7	219,368	54.3
Travel expenses	15,422	3.6	12,678	3.7	12,906	3.2
Professional service expenses	13,368	3.2	6,277	1.9	19,228	4.8
Office and business hospitality expenses	27,628	6.5	35,412	10.5	27,677	6.9
Lease, depreciation and amortization	85,926	20.3	64,299	19.0	56,467	14.0
Taxes	42,196	10.0	45,612	13.5	44,514	11.0
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	26,465	6.2	15,852	4.7	22,078	5.4
Total	423,397	100.0	338,158	100.0	403,847	100.0

In 2023, 2024 and 2025, our administrative expenses amounted to RMB423.4 million, RMB338.2 million and RMB403.8 million, respectively.

Research and Development Expenses

In 2023, 2024 and 2025, our research and development expenses amounted to RMB214.8 million, RMB406.6 million and RMB821.8 million, respectively.

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Fair Value Gains/(Losses) on Investments Properties

Our fair value gains/(losses) on investments properties represent changes in fair value of our investment properties, reflecting valuations at the reporting date. We recorded fair value gains/(losses) on investments properties of RMB10.7 million, RMB(95.6) million and RMB(51.8) million in 2023, 2024 and 2025, respectively.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net represent expected credit losses or reversals on our receivables and other financial assets. We recorded impairment losses on financial assets, net of RMB18.3 million, RMB3.6 million and RMB80.6 million in 2023, 2024 and 2025, respectively.

Other Expenses

Other expenses primarily consist of (i) impairment losses on goodwill, (ii) impairment losses on property, plant and equipment, (iii) indemnity expenses, mainly relating to indemnities for late delivery of properties, (iv) losses on disposal of property, plant and equipment, (v) losses on debt restructuring, (vi) impairment losses on other intangible assets, (vii) discount interests and fees, (viii) exchange losses, net, and (ix) others.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Discount fees	17,466	20.1	17,935	12.9	26,445	7.4
Impairment losses on goodwill. . . .	44,915	51.6	40,690	29.2	64,209	17.9
Impairment losses on property, plant and equipment	679	0.8	–	–	23,452	6.5
Impairment losses on Investments in associates	–	–	–	–	37,850	10.6
Losses on pending litigation	1,336	1.5	–	24.4	233	0.1
Indemnity expenses	14,288	16.4	33,989	–	9,217	2.6
Losses on disposal of property, plant and equipments.	290	0.3	949	0.7	475	0.1
Losses on debt restructuring	5,361	6.2	–	–	33,595	9.4
Losses on termination of lease	–	–	–	–	76	0.0
Impairment losses on other intangible assets	28	0.0	–	–	155,420	43.3
Exchange losses, net	–	–	41,268	29.6	–	–
Others	2,737	3.1	4,388	3.2	7,746	2.1
Total	87,100	100.0	139,219	100.0	358,718	100.0

We recorded other expenses of RMB87.1 million, RMB139.2 million and RMB358.7 million in 2023, 2024 and 2025, respectively. Losses on debt restructuring arose from the commencement of judicial restructuring following an adjudicated bankruptcy in August 2020. The restructuring plan was approved by the court on November 30, 2020, with a three-year execution period through February 2024. Therefore, the difference between the carrying amount of restructuring financial liability and the consideration paid was recognized in profit or loss. For the year ended December 31, 2025, the losses on debt restructuring were primarily related to Group’s subsidiary Runtian Real Estate who satisfied its debt obligation by contributing its properties held for sale.

During the Relevant Periods, We recognized impairment losses on property, plant and equipments amounting to RMB679 thousand, nil and RMB23.5 million, respectively, due to

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certain property, plant and equipments being idle, scrapped, or technologically outdated. The impairment losses recognized on goodwill was attributable to the overall decline in market of real estate in Chongqing which led to a decrease in demand and selling prices of the real estate.

Finance Costs

Our finance costs consist of (i) interest on interest-bearing bank and other borrowings and (ii) interest on lease liabilities. We recorded finance costs of RMB123.4 million, RMB93.3 million and RMB72.5 million in 2023, 2024 and 2025, respectively. The following table sets forth the breakdown of our finance costs, in absolute amounts and as a percentage of our total finance costs, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Interest on interest bearing bank and other borrowings	123,228	99.8	93,168	99.8	72,133	99.6
Interest on lease liabilities	217	0.2	168	0.2	317	0.4
Total	123,445	100.0	93,336	100.0	72,450	100.0

Share of Profits of Joint Ventures and Associates

Our share of profits of joint ventures and associates amounted to RMB413.8 million, RMB488.2 million and RMB442.7 million in 2023, 2024 and 2025, respectively.

Income Tax Credit/(Expense)

Income tax expense refer to the aggregate amount of taxes incurred in a given period, calculated in accordance with the EIT Law and its corresponding implementation regulations. It consists of current income tax, the tax payable on taxable profits for the current period, and deferred income tax, which arises from temporary differences between the accounting and tax treatment of certain items, recognized in accordance with applicable accounting standards.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax was calculated based on the statutory tax rate of 25% during the Track Record Period, except for our Company and certain subsidiaries in Chinese Mainland which were registered as High and New Technology Enterprises pursuant to the PRC tax regulations and were entitled to a preferential tax rate of 15% for the Track Record Period.

Meanwhile, certain of our subsidiaries that have applied the Income Tax Policy for Western Development pursuant to the PRC tax regulations were entitled to a preferential tax rate of 15% for the Track Record Period.

Certain of our subsidiaries have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3.0 million shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20%.

The effective tax rate in 2024 decreased primarily due to profitable entities utilizing deductible losses from prior years. In 2025, the effective tax rate increased mainly due to tax losses and deductible temporary differences not recognised.

The provision of PRC land appreciation tax is estimated per the requirements outlined in the relevant PRC tax laws and regulations. PRC land appreciation tax has been provided at progressive rates of the appreciation value, with certain allowable deductions, including land costs, borrowing costs, and the relevant property development expenditures.

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We recorded income tax credit/(expense) of RMB80.3 million, RMB(44.1) million and RMB(185.4) million in 2023, 2024 and 2025, respectively.

During the Track Record Period and as of the Latest Practicable Date, we were not subject to any tax penalties.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB262.2 million, RMB328.9 million and RMB321.2 million in 2023, 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased from RMB6,963.9 million in 2024 to RMB9,876.0 million in 2025, primarily due to increased revenue from sales of automobiles and motorcycles.

Automobiles. Revenue from sales of automobiles increased by 52.0% from RMB4,175.9 million in 2024 to RMB6,347.2 million in 2025, primarily attributable to increased sales volume as we expanded our product lineup, diversified sales channels, and increased exports. Our sales of automobiles increased from around 57.8 thousand in 2024 to around 106.3 thousand in 2025.

Motorcycles. Revenue from sales of motorcycles increased by 16.0% from RMB2,135.7 million in 2024 to RMB2,477.7 million in 2025, primarily attributable to an increase in sales volume as we expanded our customer base and increased exports. Our sales of motorcycles increased from around 388.6 thousand in 2024 to around 447.3 thousand in 2025.

Technology solutions. In the fourth quarter of 2025, we generated revenue of RMB350.1 million from our technology solutions by providing non-recurring engineering services.

Cost of Sales

Our cost of sales increased by 40.2% from RMB6,481.5 million in 2024 to RMB9,088.0 million in 2025, primarily due to increased sales volume, resulting in an increase in cost of raw materials of RMB1,978.1 million, which was mostly in line with increased sales volumes for automobiles and motorcycles.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 63.4% from RMB482.4 million in 2024 to RMB788.1 million in 2025, and our gross profit margin increased from 6.9% in 2024 to 8.0% during the same period in 2025, mainly due to changes in product mix. In particular, gross profit for our motorcycles segment increased from RMB246.4 million in 2024 to RMB289.3 million in 2025, and gross profit margin for motorcycles remained relatively stable from 2024 to 2025. Our automobiles segment recorded gross profit of RMB180.5 million in 2025, increasing from RMB48.9 million in 2024. Gross profit margin for that segment increased from 1.2% in 2024 to 2.8% in 2025, primarily attributable to economies of scale driven by increased sales volume and improved capacity utilization, which led to a reduction in per-unit manufacturing costs. In addition, the higher sales volume enhanced our bargaining power with suppliers, resulting in more favorable procurement terms and effective cost reductions. Moreover, our technology solutions recorded a gross profit of RMB106.4 million with a gross profit margin of 30.4% in 2025.

Other Income and Gains

Our other income and gains increased by 323.4% from RMB158.8 million in 2024 to RMB672.5 million in 2025, primarily attributable to an increase of RMB405.7 million in total

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other income, which mainly resulted from an increase in government grants of RMB387.3 million due to project grants from local governments. Total other gains also increased by RMB108.0 million, mainly due to an increase in exchange gains, net of RMB85.7 million due to favorable currency fluctuations that positively impacted our foreign exchange position.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 12.3% from RMB337.8 million in 2024 to RMB296.4 million in 2025, primarily attributable to a decrease of RMB32.5 million in business development expenses resulting from strategic cuts in related expenditure following the effective outcomes of prior investments.

Administrative Expenses

Our administrative expenses increased by 19.4% from RMB338.2 million in 2024 to RMB403.8 million in 2025, primarily attributable to (i) an increase in employee benefit expenses of RMB61.3 million due to an increase in compensation paid to of administrative personnel, and (ii) an increase in professional service expenses of RMB13.0 million as we engaged agencies to identify target personnel for our AI+ transition.

Research and Development Expenses

Our research and development expenses increased by 102.1% from RMB406.6 million in 2024 to RMB821.8 million in 2025, primarily attributable to increased investment in new R&D projects as we developed new solutions offerings.

Fair Value Losses on Investment Properties

Our fair value losses on investment properties decreased from RMB95.6 million in 2024 to RMB51.8 million in 2025, primarily due to revised investment property valuations in 2025.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net increased from RMB3.6 million in 2024 to RMB80.6 million in 2025, primarily due to provisions for impairment loss on expected non-recoverable new energy subsidy receivables.

Other Expenses

Our other expenses increased by 157.7% from RMB139.2 million in 2024 to RMB358.7 million in 2025, primarily due to (i) an increase in impairment losses on other intangible assets of RMB155.4 million due to impairment relating to the discontinuation of production of certain models of passenger vehicles; and (ii) an increase in impairment losses on investments in associates of RMB37.9 million due to a decline in the recoverable value of such investments.

Finance Costs

Our finance costs decreased by 22.4% from RMB93.3 million in 2024 to RMB72.5 million in 2025, primarily due to a decrease in interest on interest-bearing bank and other borrowings of RMB21.0 million due to a reduction in outstanding borrowings.

Share of Profit of Joint Ventures and Associates

Our share of profit of joint ventures and associates decreased by 9.3% from RMB488.2 million in 2024 to RMB442.7 million in 2025, primarily attributable to fluctuations in the performance of our associates.

Income Tax Expense

We recorded income tax expense of RMB44.1 million and RMB185.4 million in 2024 and 2025, respectively.

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Loss for the Year

As a result of the foregoing, our loss for the year decreased by 2.3% from RMB328.9 million in 2024 to RMB321.2 million in 2025.

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

Revenue

Our revenue increased by 4.0% from RMB6,698.3 million in 2023 to RMB6,963.9 million in 2024, mainly due to increased revenue from sales of automobiles and motorcycles.

Automobiles. Revenue from sales of automobiles increased by 13.0% from RMB3,694.6 million in 2023 to RMB4,175.9 million in 2024, primarily attributable to increased sales volume as we expanded our product lineup, diversified sales channels, and increased exports. Our sales of automobiles increased from around 42 thousand in 2023 to around 58 thousand in 2024.

Motorcycles. Revenue from sales of motorcycles remained relatively stable at RMB2,028.8 million in 2023 and RMB2,135.7 million in 2024. Our sales of motorcycles increased from around 337 thousand in 2023 to around 389 thousand in 2024.

Cost of Sales

Our cost of sales remained relatively stable at RMB6,426.1 million in 2023 and RMB6,481.5 million in 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 77.2% from RMB272.3 million in 2023 to RMB482.4 million in 2024 and our gross profit margin increased from 4.1% in 2023 to 6.9% in 2024. In particular, our automobiles segment recorded gross profit of RMB48.9 million in 2024, improving from negative RMB195.6 million in 2023. Gross profit margin for that segment improved from negative 5.3% in 2023 to 1.2% in 2024, largely due to cost reductions achieved through procurement and an increase in exports. Gross profit and gross profit margin for our motorcycles segment remained relatively stable from 2023 to 2024.

Other Income and Gains

Our other income and gains decreased by 21.7% from RMB202.9 million in 2023 to RMB158.8 million in 2024, primarily attributable to a decrease in total gains of RMB44.1 million, which mainly resulted from an RMB8.7 million decrease in gains on disposal of investments in associates, net as debt recovery from associates fell year-over-year. This was partially offset by an RMB43.0 million increase in gains on debt restructuring, with debts that did not need to be repaid under the restructuring plan being cleared.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 9.9% from RMB375.1 million in 2023 to RMB337.8 million in 2024, primarily attributable to (i) a decrease in business development expenses of RMB21.8 million as the initial marketing promotions for the LIVAN brand were reduced and (ii) a decrease in employee benefit expenses of RMB20.8 million due to a reduction in headcount of selling and marketing personnel.

Administrative Expenses

Our administrative expenses decreased by 20.1% from RMB423.4 million in 2023 to RMB338.2 million in 2024, primarily attributable to (i) a decrease in employee benefit expenses of RMB54.4 million due to a reduction in headcount of administrative personnel and (ii) a decrease in lease, depreciation and amortization of RMB21.6 million as certain administrative equipment became fully amortized, resulting in a reduction of depreciation for the year.

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Research and Development Expenses

Our research and development expenses increased by 89.3% from RMB214.8 million in 2023 to RMB406.6 million in 2024, primarily due to new vehicle model development projects.

Fair Value Gains/(Losses) on Investment Properties

Our fair value gains on investment properties decreased from RMB10.7 million in 2023 to negative RMB95.6 million in 2024, primarily due to adverse market conditions in 2024.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net decreased from RMB18.3 million in 2023 to RMB3.6 million in 2024, primarily due to strengthening of our credit screening and management policies and improved collection efforts.

Other Expenses

Our other expenses increased by 59.8% from RMB87.1 million in 2023 to RMB139.2 million in 2024, primarily due to (i) an increase in exchange losses, net of RMB41.3 million due to currency rate fluctuations and (ii) an increase in indemnity expenses of RMB19.7 million related to a contract with a commercial management company.

Finance Costs

Our finance costs decreased by 24.4% from RMB123.4 million in 2023 to RMB93.3 million in 2024, primarily due to a decrease in interest on interest-bearing bank and other borrowings of RMB30.1 million as we repaid several short and long-term loans in 2024.

Share of Profit of Joint Ventures and Associates

Our share of profit of joint ventures and associates increased by 18.0% from RMB413.8 million in 2023 to RMB488.2 million in 2024, driven by improved performance of associates in 2024.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB80.3 million in 2023 and income tax expense of RMB44.1 million in 2024.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 25.4% from RMB262.2 million in 2023 to RMB328.9 million in 2024.

PATH TO PROFITABILITY

We have incurred net loss during the Track Record Period mainly due to the loss recorded by our automobile business and the significant upfront investment of our technology solutions. For details, see “Business – Business Sustainability.” 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.

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Expanding Business Scale and Enhance Gross Margin

Automobile and Motorcycle Businesses — Steady and Healthy Growth

During the Track Record Period, we generated revenue primarily from sale of automobiles and motorcycles. We plan to sustain steady, healthy growth in these businesses while improving gross margin through economies of scale and technological advancement. For our automobile business, we experienced a stable increase in revenues during the Track Record Period. 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 periods, the sales volume of our automobiles were 42.3 thousand units, 57.8 thousand units, and 106.3 thousand units, respectively. As we expanded our product lineup and diversified sales channels, our automobile business rebounded since 2024 and accelerated in 2025, with revenue up 52.0% and sales volume up 83.9% from 2024 to 2025.

For our automobile business, we will (i) drive growth in revenue and sales volume by enhancing our sales network, improving brand recognition, and optimizing our product portfolio; and (ii) enhance gross profit margin through economies of scale, efficient cost management and focus on high-margin models. We have already achieved significant progress in implementing these measures, as evidenced by the improving gross profit margin of our automobile business from (5.3)% in 2023 to 1.2% in 2024 and further to 2.8% in 2025. Going forward, we will also improve the gross profit margin of our automobile business by integrating our technological capabilities in intelligent driving and Assistance Driving System and smart cockpit, to further enhance the competitiveness of our vehicles.

Our automobile business has gradually achieved economies of scale, delivering cost advantages on two fronts. First, higher capacity utilization has effectively reduced our fixed-cost burden per unit. Second, leveraging our growing scale, we have continued to strengthen our cost control measures through initiatives such as centralized procurement with suppliers and optimization of design processes, which are expected further improve gross profit margin. Taking engines and transmissions as an example, leveraging our improved volume and cost management, the revised pricing structure has yielded an approximate 10% reduction in per-vehicle cost. We are also actively optimizing our motorcycle product mix by increasing the sales proportion of high-value, high-margin models, including the Starship series and V16 series, thereby driving overall gross profit growth. In parallel, we also instituted disciplined cost management across the procurement, manufacturing and sales process, curtailing non-essential expenditures to enhance overall profitability.

These measures have been implemented and achieved encouraging results. In 2023, 2024 and 2025, the gross profit margin of our automobiles business was -5.3%, 1.2% and 2.8%, respectively. We recorded improving gross profit margins by enhancing cost efficiency through economies of scale. As production and sales volumes gradually ramp up, we expect greater manufacturing efficiency and more favorable terms from suppliers via centralized procurement. In addition, we are optimizing our product mix by offering vehicles with advanced features. Going forward, with continued growth in automobile sales volume, we expect to achieve further improvement in gross margin.

During the Track Record Period, we recorded stable yet growing revenue from sale of motorcycles. 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. Gross profit margin from motorcycles remained relatively stable, being 12.1%, 11.5% and 11.7% in the same periods, respectively. Similar to our automobile business, we plan to sustain the steady, healthy growth in sales of motorcycles through expanded product portfolio and customer base, and to improve gross profit margin through economies of scale.

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Technology Solutions — on Track to Accelerate Commercialization

On June 27, 2025, we established Afari Intelligent Drive in the PRC, as a joint venture with certain third parties, to provide technology solutions. As of the Latest Practicable Date, Afari Intelligent Drive remained at the beginning stage of commercialization. In 2025, we already generated revenues of RMB350.1 million from our technology solutions, illustrating strong commercialization trajectory. We expect revenues from technology solutions to grow in the future based on the following factors:

- **Vast Market Opportunities.** According to CIC, the market size of China’s intelligent driving and Assistance Driving System solutions is expected to reach RMB104.1 billion in 2025 and further expand to RMB368.9 billion by 2030, representing a CAGR of 28.8% during the period. For details, see “Industry Overview.” We believe that we are well-positioned to capture significant market shares in these sectors, leveraging our (i) full-stack capabilities spanning from manufacturing and engineering, to AI capabilities, and software and hardware R&D; (ii) full-suite AI-powered offerings to meet the evolving needs of strategic customers by enhancing user experience and improving cost control; and (iii) full-collaboration with key strategic customers, primarily global leading OEMs, which enable us to generate sustainable revenue streams and establish long-term strategic relationship, as illustrated below.
- **Unique Competitive Strengths.** With our AI capabilities and integrated solutions, and leveraging our existing customer base, we believe that we are well-positioned to establish full-collaboration with key strategic customers. Specifically, our intelligent driving and Assistance Driving System solutions have been rigorously validated for key strategic partners, 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. By combining intelligent driving and Assistance Driving System and smart cockpit technologies, we expect to launch robotaxi solutions to further diversify our commercialization methods. In addition, we have a core team with AI expertise, shaping R&D and product design from an AI-native perspective. 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 and anticipate market needs and develop competitive solutions.
- **Clear Trajectory of Commercialization.** Despite the limited operating history of our technology solutions, we have demonstrated a clear trajectory of commercialization, supported by significant milestones and strategic partnerships. We are committed to a key customer-focused strategy, leveraging proven partnership models to deepen collaboration with global OEMs. Our proven capabilities enable us to deepen collaboration with existing customers by deploying our solutions across additional models. Although our technology solutions are still at an early stage of commercialization, we have already attracted strong customer demand. For example, in 2025, we generated revenue of RMB350.1 million from our intelligent driving and Assistance Driving System solutions, marking our initial success in commercializing these offerings. In addition, we have secured multiple MOUs with key strategic partners, which outline the framework for the sales of intelligent driving and Assistance Driving System solutions and formalizes the business model for future cooperation. According to CIC, in the automotive industry, MOUs typically signify a strong commitment to collaboration, as automakers must allocate resources and reserve production capacities in advance, indicating that meaningful revenue generation is likely to follow.
- **Expand Global Footprints.** 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

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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. For example, we have entered into a MOU with a world-class German OEM, which outlines a framework for cooperation in the fields of AI, smart cockpit solutions, and intelligent driving and Assistance Driving System, further strengthening our global presence. Through our global expansion, we seek to access new customer bases, diversify our revenue streams and enhance our brand recognition in the long-run.

Enhance Operating Leverage and Efficiency

We aim to enhance operating efficiency across our business. As we grow our automobile and motorcycle businesses and scale the commercialization of our technology solutions, we also intend to leverage economies of scale to enhance long-term profitability.

During the Track Record Period, we allocated increasing resources on research and development to establish and maintain our capabilities in “AI + Mobility”. In 2023, 2024 and 2025, our research and development expenses amounted to RMB214.8 million, RMB406.6 million, and RMB821.8 million, respectively, representing 3.2%, 5.8% and 8.3% of our total revenues for the same periods, respectively. To advance our “AI + Mobility” strategy and enhance our technology solutions, we expect R&D expenses to increase in the near term, primarily driven by increased R&D expenses related to technology solutions. We believe these upfront investments will enable us to scale efficiently and sustain our technological edge at lower incremental cost. Our platform-based technology solutions can be integrated across multiple models for each OEM, materially reducing development time and customization costs. Similarly, we also take a modularized and platform-approach for the R&D of our automobile and motorcycle products. This approach enables us to develop and apply the latest proprietary technologies to all our automobile and motorcycle with a shorter R&D cycle and achieve higher R&D efficiency. We have also invested heavily in expanding our R&D team and core technologies. As commercialization scales, we do not expect R&D expenses to grow in proportion to revenue in the long run. While R&D will remain a significant operating expense, we expect it to decline as a percentage of revenue over time.

Our general and administrative expenses amounted to RMB423.4 million, RMB338.2 million and RMB403.8 million in 2023, 2024 and 2025, respectively, representing 6.3%, 4.9% and 4.1% of our total revenues for the same years, respectively. Such decrease was primarily due to the economies of scale driven by our business expansion. We will continue to actively monitor our administrative expenses and promote operational efficiency. We plan to utilize digital and automation systems to further increase our administration efficiency. We expect our administrative expenses as a percentage of revenue to keep decreasing as our business continue to scale.

Our selling and marketing expenses amounted to RMB375.1 million, RMB337.8 million and RMB296.4 million in 2023, 2024 and 2025, respectively, representing 5.6%, 4.9% and 3.0% of our total revenues for the same years, respectively. Such decrease was primarily due to economies of scale and our enhanced brand recognition. For both technology solutions and sales of automobiles and motorcycles, we expect to benefit from more efficient customer acquisition through word-of-mouth referrals and enhanced brand awareness. In particular, for our technology solutions, we remain committed to our key customer-focused strategy, leveraging successful partnership models to deepen collaboration with leading OEMs globally. Partnering with a major OEM enables us to equip our solutions on multiple models across that OEM’s lineup, securing recurring revenue streams and cross-sell opportunities as the OEM launches new models without incurring significant incremental sales and marketing expenses. As a result, we expect our selling and marketing expenses as a percentage of revenue to keep decreasing as our business continue to scale.

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Improve Working Capital Efficiency

In 2023, we recorded cash used in operating activities of RMB238.8 million, primarily due to the increase in trade and bills receivables and our net loss. In addition, we recorded net current liabilities of RMB422.6 million as of December 31, 2024 and RMB888.9 million as of December 31, 2025, mainly attributable to the increase in other payables and accruals. We also expect to improve our cash flow and net current liabilities positions by continuously enhancing working capital efficiency by (i) improving our profitability through the measures outlined above, (ii) further enhancing our cash management, including but not limited to negotiating favorable payment terms with business partners.

Based on the financial resources available to us, including our cash and cash equivalents on hand, restricted cash and time deposits, unutilized bank facilities, and the estimated net [REDACTED] from the [REDACTED], and also taking into account of our historical cash burn rate, our Directors are of the view that we will have sufficient working capital for the next 12 months from the date of this document. Based on the foregoing, our Directors are of the view, and the Sole Sponsor concurs that our Group has a sustainable business and sufficient working capital. The forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. For related risks, see “Forward-looking Statements” section in this document.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets	13,268,797	13,627,903	20,552,378
Total current assets	8,530,283	8,085,759	9,017,434
Total assets	21,799,080	21,713,662	29,569,812
Total non-current liabilities	2,135,248	1,540,051	2,249,508
Total current liabilities	7,702,662	8,508,369	9,906,357
Total liabilities	9,837,910	10,048,420	12,155,865
Net assets	11,961,170	11,665,242	17,413,947

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Current Assets and Liabilities

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	<i>(RMB in thousands, except for percentages)</i>			
Current assets				
Inventories	2,868,603	2,266,954	1,861,057	2,031,131
Trade and bills receivables	1,759,296	1,687,458	1,918,113	1,598,062
Prepayments, other receivables and other assets	477,685	451,943	555,969	554,458
Restricted cash	1,893,421	2,207,049	1,991,178	1,358,258
Time deposits	544,945	150,679	173,403	159,851
Cash and cash equivalents	986,333	1,321,676	2,517,714	1,618,829
Total current assets	8,530,283	8,085,759	9,017,434	7,320,589
Current liabilities				
Trade and bills payables	4,895,122	5,678,936	5,500,251	5,528,803
Contract liabilities	274,828	243,781	369,986	395,370
Other payables and accruals . . .	1,640,826	1,383,724	1,686,440	2,221,621
Interest-bearing bank and other borrowings	868,679	1,195,939	2,337,469	436,114
Lease liabilities	5,085	812	8,912	10,839
Tax payable	18,122	5,177	3,299	1,806
Total current liabilities	7,702,662	8,508,369	9,906,357	8,594,553
Net current assets/(liabilities) . .	827,621	(422,610)	(888,923)	(1,273,964)

Our net current liabilities increased from RMB888.9 million as of December 31, 2025 to RMB1,274.0 million as of February 28, 2026, primarily due to (i) a decrease in cash and cash equivalents of RMB898.9 million, (ii) a decrease in restricted cash of RMB632.9 million, and (iii) an increase in other payables and accruals of RMB535.2 million. This was partially offset by (i) interest-bearing bank and other borrowings of RMB1,901.4 million, and (ii) an increase in inventories of RMB170.1 million.

Our net current liabilities increased from RMB422.6 million as of December 31, 2024 to RMB888.9 million as of December 31, 2025, primarily due to (i) an increase in other payables and accruals of RMB302.7 million, (ii) a decrease in inventories of RMB405.9 million, and (iii) a decrease in restricted cash of RMB215.9 million. This was partially offset by (i) an increase in cash and cash equivalents of RMB1,196.0 million, (ii) an increase in interest-bearing bank and other borrowings of RMB1,141.5 million, and (iii) an increase in trade and bills receivables of RMB230.7 million.

Our net current assets decreased from RMB827.6 million as of December 31, 2023 to become net liabilities of RMB422.6 million as of December 31, 2024, primarily due to (i) an increase in trade and bills payables of RMB783.8 million, (ii) a decrease in inventories of RMB601.6 million, (iii) a decrease in time deposits of RMB394.3 million, and (iv) an increase in interest-bearing bank and other borrowings of RMB327.3 million. This was partially offset by (i) an increase in restricted cash of RMB313.6 million and (ii) an increase in cash and cash equivalents of RMB335.3 million.

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Assets

Property, Plant and Equipment

Our property, plant and equipment consist of (i) buildings, (ii) machinery, (iii) office equipment and electronic devices, (iv) vehicles, (v) other equipment, (vi) land, and (vii) construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Buildings	1,479,757	1,396,342	1,315,282
Machinery	441,833	497,571	466,267
Office equipment and electronic devices	18,738	14,829	24,203
Vehicles	5,501	20,988	17,360
Other equipment	1,269	4,983	13,712
Land	4,147	—	—
Construction in progress	65,969	32,940	29,597
Total	2,017,214	1,967,653	1,866,421

The carrying amount of our property, plant and equipment decreased from RMB2,017.2 million as of December 31, 2023 to RMB1,967.7 million as of December 31, 2024, mainly attributable to buildings decreasing by RMB83.4 million due to depreciation of buildings. Construction in progress also decreased by RMB33.0 million as certain construction projects were completed. This was partially offset by the increase in machinery of RMB55.7 million as we purchased machinery for capacity expansion.

The carrying amount of our property, plant and equipment decreased from RMB1,967.7 million as of December 31, 2024 to RMB1,866.4 million as of December 31, 2025, primarily attributable to buildings decreasing by RMB81.1 million due to depreciation of buildings. This was partially offset by the increase in office equipment and electronic devices of RMB9.4 million resulting from purchases of additional office equipment and electronic devices to support business expansion.

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent. We assessed whether any indication of impairment for all non-financial assets existed at the end of each reporting period in accordance with IAS 36 Impairment of Assets. Moreover, as a result of the low or negative gross margin of the passenger vehicles business, we performed an impairment test on the passenger vehicles cash-generating units (“**Passenger vehicles CGU**”) engaged in the passenger vehicles business within the passenger vehicles segment. The assets allocated to the Passenger vehicles CGU include property, plant and equipment, other intangible assets (including capitalized development expenditures), right-of-use assets and other non-current assets related to the production, manufacturing, and research and development of passenger vehicles. As of December 31, 2023, 2024 and 2025, the headroom of the Passenger vehicles CGU was RMB146,159,000, RMB643,501,000 and RMB1,957,064,000, respectively, which was determined based on a value in use calculation using cash flow projections approved by senior management. The forecast periods used in the cash flow projections were 8 years, 7 years and 6 years, respectively, based on the economic useful life of the major assets, and the applied discount rates were 11.34%, 10.80% and 12.64%, respectively. Based on the impairment test, the passenger vehicles CGU has sufficient headroom; therefore, no impairment allowance has been recognized.

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Investment Properties

Our investment properties primarily consist of commercial property and factories leased to third parties. As of December 31, 2023, 2024 and 2025, our investment properties remained relatively stable at RMB3,256.3 million, RMB3,160.7 million, and RMB3,108.9 million, respectively. The variations were primarily due to changes in fair values of these properties.

Right-of-Use Assets

Our right-of-use assets primarily consist of factory lands. As of December 31, 2023, 2024 and 2025, our right-of-use assets were RMB470.6 million, RMB451.2 million, and RMB458.8 million, respectively. The fluctuations were mostly due to normal depreciation.

Other Intangible Assets

Our other intangible assets increased from RMB1,565.4 million as of December 31, 2023 to RMB1,763.0 million as of December 31, 2024, primarily due to development expenditures for product iteration. Our other intangible assets further increased to RMB6,254.9 million as of December 31, 2025, mainly attributable to the consolidation of Afari Intelligent Drive. For further details on impairment testing for passenger vehicles CGU including capitalised development expenditures, refer to Note 14 of the Accountants’ Report in Appendix I to this Document.

Goodwill

Our goodwill primarily consists of goodwill recognized from the acquisition of our real estate subsidiary. As of December 31, 2023, 2024 and 2025, our goodwill balances were RMB242.8 million, RMB202.1 million and RMB137.9 million, respectively. These decreases were due to impairments resulting from the general downturn in the real estate industry. For further details on impairment testing for goodwill, refer to Note 17 of the Accountants’ Report in Appendix I to this Document.

Investments in Joint Ventures and Associates

Our investments in joint ventures and associates represents equity method investments in financial institutions and other business affiliates. Our investments in joint ventures and associates increased from RMB4,755.8 million as of December 31, 2023 to RMB5,187.8 million as of December 31, 2024, primarily due to the improved business performance of associates. Our investments in joint ventures and associates subsequently decreased to RMB5,095.5 million as of December 31, 2025, mainly due to fluctuations in dividend distributions received from certain associates and changes in other comprehensive income in 2025. The following table sets forth a breakdown of investments in joint ventures and associates as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Share of net assets	6,239,024	6,671,031	6,616,646
Less: Impairment	(1,483,259)	(1,483,259)	(1,521,109)
Total	4,755,765	5,187,772	5,095,537

Deferred Tax Assets

Deferred tax assets are mainly recognized for deductible temporary differences arising from asset impairments and deductible losses. As of December 31, 2023, 2024 and 2025, our deferred tax assets were RMB950.3 million, RMB883.1 million, and RMB678.1 million, respectively.

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Equity investments designated at fair value through other comprehensive income

Our equity investments designated at fair value through other comprehensive income remained relatively stable at RMB6.6 million and RMB6.7 million as of December 31, 2023 and 2024, respectively, mainly due to increases in unlisted equity investments, at fair value throughout the periods. Our equity investments designated at fair value through other comprehensive income subsequently decreased to nil as of December 31, 2025, primarily attributable to the disposal of certain equity investments in 2025.

After the [REDACTED], any future investments will be subject to the applicable requirements under Chapter 14 of the Listing Rules, where relevant, and we will comply with all applicable reporting, announcement and/or Shareholders’ approval obligations.

Time Deposits

Our time deposits included current and non-current components.

We recorded current time deposits of RMB544.9 million, RMB150.7 million and RMB173.4 million as of December 31, 2023, 2024 and 2025, respectively, mainly due to new time deposits being entered into and maturing throughout the periods.

Our non-current time deposits were nil, nil and RMB2,723.4 million as of December 31, 2023, 2024 and 2025, respectively, mainly due to securing financing arrangements requiring pledged time deposits.

Prepayments, Other Receivables and Other Assets

Prepayments, other receivables and other assets, including current and non-current components, primarily consist of (i) other tax recoverable, (ii) receivables for export tax rebate, (iii) dividends receivable, (iv) [REDACTED] expenses, and (v) others.

The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current portion:			
Other tax recoverable	320,562	277,874	255,195
Receivables for export tax rebate . .	23,225	82,951	142,497
Prepayments to suppliers	16,638	17,774	17,056
Dividends receivable	59,956	12,728	59,846
Deposits	3,086	1,673	10,956
Receivables arising from the disposal of associates	10,183	5,366	5,366
Maintenance funds	20,944	28,175	28,053
Receivables arising from the disposal of subsidiaries	6,218	3,336	3,336
Due from related parties	8,452	9,021	8,277
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	47,846	54,861	48,459
Subtotal	517,110	493,759	607,855
Impairment allowance	(39,425)	(41,816)	(51,886)
Subtotal	477,685	451,943	555,969

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	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current portion:			
Prepayments for items of property, plant and equipment	3,845	5,648	5,983
Total	481,530	457,591	561,952

Our current prepayments, other receivables and other assets decreased from RMB477.7 million as of December 31, 2023 to RMB451.9 million as of December 31, 2024, primarily attributable to a decrease in dividends receivable of RMB47.2 million due to the receipt of certain dividend payments. Other tax recoverable also decreased by RMB42.7 million due to lower reclaimable tax during the period. This was partially offset by an increase in receivables for export tax rebate of RMB59.7 million due to receivables for tax rebates and export subsidies related to our export business during the period.

Our current prepayments, other receivables and other assets increased from RMB451.9 million as of December 31, 2024 to RMB556.0 million as of December 31, 2025, primarily attributable to receivables for export tax rebate increasing by RMB59.5 million driven by the expansion of our export sales, and dividends receivable increasing by RMB47.1 million due to the increased dividend distributions declared by certain associate.

Our non-current prepayments, other receivables and other assets were RMB3.8 million, RMB5.6 million, and RMB6.0 million as of December 31, 2023, 2024 and 2025, respectively.

As of February 28, 2026, RMB167.6 million, or 30% of our current portion of prepayments, other receivables and other assets outstanding as of December 31, 2025, had been subsequently settled.

Inventories

Our inventories comprise properties held for sale, finished goods, raw materials, goods in transit, work in progress, properties under development for sale, costs to fulfill a contract, and others, net of provision for impairment losses on inventories.

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Properties held for sale	–	1,250,868	1,097,323
Finished Goods	1,308,149	932,772	553,081
Raw Materials	318,123	146,445	184,830
Goods in transit	13,635	28,713	27,343
Work in progress	118,927	118,446	15,083
Properties under development for sale	1,318,043	–	–
Costs to fulfill a contract	–	–	54,060
Others	2,404	3,717	3,420
	3,079,281	2,480,961	1,935,140
Less: Provision for impairment losses on inventories	(210,678)	(214,007)	(74,083)
Total	2,868,603	2,266,954	1,861,057

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Our inventories decreased from RMB2,868.6 million as of December 31, 2023 to RMB2,267.0 million as of December 31, 2024, primarily attributable to a decrease in properties under development for sale of RMB1,318.0 million as projects that were under development were completed and reclassified during the period. Finished goods also decreased by RMB375.4 million in line with increase sales during the period. This was partially offset by an increase in properties held for sale of RMB1,250.9 million as property development projects were completed during the period.

Our inventories decreased from RMB2,267.0 million as of December 31, 2024 to RMB1,861.1 million as of December 31, 2025, primarily attributable to (i) a decrease of finished goods of RMB379.7 million due to the sale of automobiles. Properties held for sale also decreased by RMB153.5 million, in line with our increasing sales demand. This was partially offset by an increase in costs to fulfill a contract of RMB54.1 million. The following table sets forth a breakdown of our inventories as of the dates indicated.

The following table sets forth the aging analysis of our inventories net of provision for impairment losses as of the dates indicated.

As of December 31, 2023					
	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	<i>(RMB in thousands)</i>				
Properties held for sale . . .	–	–	–	–	–
Finished goods	1,081,284	107,188	7,520	734	1,196,726
Raw materials	267,168	16,402	1,228	17,969	302,767
Goods in transit	12,717	573	–	133	13,423
Work in progress	15,198	19,760	15	539	35,512
Properties under development for sale . . .	177,349	351,333	582,227	207,134	1,318,043
Costs to fulfil a contract . .	–	–	–	–	–
Others	2,047	85	–	–	2,132
Total	<u>1,555,763</u>	<u>495,341</u>	<u>590,990</u>	<u>226,509</u>	<u>2,868,603</u>

As of December 31, 2024					
	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	<i>(RMB in thousands)</i>				
Properties held for sale . . .	1,250,868	–	–	–	1,250,868
Finished goods	690,185	120,391	5,214	1,649	817,439
Raw materials	104,706	14,015	3,899	9,057	131,677
Goods in transit	22,227	6,115	17	2	28,361
Work in progress	32,840	271	1,605	211	34,927
Properties under development for sale . . .	–	–	–	–	–
Costs to fulfil a contract . .	–	–	–	–	–
Others	3,233	436	13	–	3,682
Total	<u>2,104,059</u>	<u>141,228</u>	<u>10,748</u>	<u>10,919</u>	<u>2,266,954</u>

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As of December 31, 2025					
	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	<i>(RMB in thousands)</i>				
Properties held for sale . . .	–	1,097,323	–	–	1,097,323
Finished goods	453,455	8,289	51,288	4,168	517,200
Raw materials	134,917	5,644	4,512	1,942	147,015
Goods in transit	27,123	49	59	16	27,247
Work in progress	14,543	156	195	–	14,893
Properties under development for sale . . .	–	–	–	–	–
Costs to fulfil a contract . .	54,060	–	–	–	54,060
Others	3,226	86	8	–	3,320
Total	<u>687,324</u>	<u>1,111,547</u>	<u>56,062</u>	<u>6,126</u>	<u>1,861,058</u>

During the Track Record Period, our inventories were primarily aged within two years, accounting for approximately 71.5%, 99.0% and 96.7% of our total inventories as of December 31, 2023, 2024 and 2025, respectively. We conducted regular assessments of inventory impairment, taking into account factors such as recent sales prices, market demand, and expected future settlement, to ensure that inventories are stated at the lower of cost and net realizable value. Based on these assessments, we concluded that no material provision was required, and our inventory levels were in line with expected sales plans and market conditions.

The following table sets forth our inventory turnover days for the years indicated.

For the year ended December 31,			
	2023	2024	2025
	<i>(days)</i>		
Inventory turnover days ⁽¹⁾	149	145	83

Note:

- (1) Inventory turnover days for a period are calculated as the average of the opening and ending balances of inventories divided by the cost of sales for the relevant period, and then multiplied by the number of days in that period.

Our inventory turnover days decreased from 149 days in 2023 to 145 days in 2024, and further decreased to 83 days in 2025, primarily attributable to increased sales volume and the clearing out of existing inventory. As of December 31, 2023, 2024 and 2025, our inventory turnover days, excluding properties under development and held for sale, were 85 days, 85 days and 42 days, respectively.

As of February 28, 2026, RMB215.5 million, or 11.6% of our inventories outstanding as of December 31, 2025, had been subsequently utilized. As of the same date, none of our properties held for sale outstanding as of December 31, 2025 had been subsequently utilized.

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Trade and Bills Receivables

Our trade and bills receivables comprise mainly trade receivables, new energy vehicle subsidies receivable, and bank acceptance notes, net of impairment losses. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables	1,911,524	2,078,939	2,000,244
Bank acceptance notes, at amortise cost	260,176	180,861	412,639
Bank acceptance notes, at fair value	116,721	24,235	141,564
New energy vehicle subsidies receivables*	515,025	449,539	382,537
Less: Impairment losses	(1,044,150)	(1,046,116)	(1,018,871)
Total	1,759,296	1,687,458	1,918,113

Our trade and bills receivables decreased from RMB1,759.3 million as of December 31, 2023 to RMB1,687.5 million as of December 31, 2024, primarily attributed to (i) bank acceptance notes at fair value decreasing by RM92.5 million due to and (ii) bank acceptance notes at amortise cost decreasing by RMB79.3 million, both due to collection of bank notes. This was partially offset by trade receivables increasing by RMB167.4 million due to increased receivables resulting from improved sales volume. Our trade and bills receivables increased from RMB1,687.5 million as of December 31, 2024 to RMB1,918.1 million as of December 31, 2025, respectively, primarily attributed to an increase in bank acceptance notes at amortised cost of RMB231.8 million due to an increase in bank acceptance notes received for payment. This was partially offset by new energy vehicle subsidies receivables decreasing by RMB67.0 million due to write offs of receivables for earlier models.

As of December 31, 2023, 2024 and 2025, we recorded loss allowances for trade and bills receivables of RMB1,044.2 million, RMB1,046.1 million and RMB1,018.9 million, respectively. For further details on impairment provisions, refer to Note 24 of the Accountants’ Report in Appendix I to this Document.

The following table sets forth an aging analysis of our trade and bills receivables, based on the invoice date, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within six months	1,259,907	1,315,639	1,705,433
Six months to one year	58,344	43,632	27,811
Over one year and within two years	258,916	84,679	77,877
Over two years and within three years	75,381	203,180	63,896
Over three years and within four years	49,475	26,048	25,975
Over four years and within five years	19,042	293	3,133
Over five years	38,231	13,987	13,988
Total	1,759,296	1,687,458	1,918,113

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

	For the year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Trade and bills receivables turnover days ⁽¹⁾	146	90	67

Note:

- (1) Trade and bills receivables turnover days for a period are calculated as the average of the opening and ending balances of trade and bills receivables divided by revenue for the relevant period, and then multiplied by the number of days in that period.

Our trade and bills receivables turnover days decreased from 146 days in 2023 to 90 days in 2024, and further decreased to 67 days in 2025, resulting from our enhanced trade and bills receivables collection efforts.

As of February 28, 2026, RMB854.4 million, or 44.5% of our trade and bills receivables outstanding as of December 31, 2025, had been subsequently settled.

Restricted Cash

Our restricted cash increased from RMB1,893.4 million as of December 31, 2023 to RMB2,207.0 million as of December 31, 2024, attributed to increased use of pledged deposits for payment arrangements. Our restricted cash subsequently decreased to RMB1,991.2 million as of December 31, 2025, primarily attributed to new financing arrangements allowing the release of some previously restricted funds.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB986.3 million as of December 31, 2023 to RMB1,321.7 million as of December 31, 2024. Our cash and cash equivalents increased from RMB1,321.7 million as of December 31, 2024 to RMB2,517.7 million as of December 31, 2025. See “— Liquidity and Capital Resources — Cash Flow Analysis.”

Liabilities

Trade and Bills Payables

Our trade and bills payables comprise mainly trade payables and bills payables. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade payables	2,921,583	3,463,745	3,189,582
Bills payables	1,973,539	2,215,191	2,310,669
Total	4,895,122	5,678,936	5,500,251

Our trade and bills payables increased from RMB4,895.1 million as of December 31, 2023 to RMB5,678.9 million as of December 31, 2024, primarily attributed to an increase in trade payables of RMB542.2 million due to expanded procurement volumes in connection with our automotive business. Our trade and bills payables decreased from RMB5,678.9 million as of December 31, 2024 to RMB5,500.3 million as of December 31, 2025, respectively, primarily attributed to a decrease in trade payables of RMB274.2 million due to the settlement of trade payables with suppliers during 2025. Since the credit terms for bills

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payable is six months, we will settle the related amounts within the next six months. If all non-current time deposits with original maturities over one year was used for settling the bills payable, assuming other factors remain unchanged, there would be net current assets amounting to RMB1,834,467,000.

The following table sets forth an aging analysis of our trade and bills payables, based on the invoice date, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within 1 year	4,748,784	4,909,696	5,359,421
1 to 2 years	124,257	696,836	52,771
2 to 3 years	2,876	58,473	66,884
Over 3 years	19,205	13,931	21,175
Total	4,895,122	5,678,936	5,500,251

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

	For the year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Trade and bills payables turnover days ⁽¹⁾	236	298	224

Note:

- (1) Trade and bills payables turnover days for a period are calculated as the average of the opening and closing trade payables balances (net of allowance) divided by the cost of sales for the relevant period, and then multiplied by the number of days in that period.

Our trade and bills payables turnover days increased from 236 days in 2023 to 298 days in 2024. Such increase in our trade and bills payables turnover days was mainly due to our gradual negotiation with suppliers to extend payment terms in the course of our business expansion. Our trade and bills payables turnover days then decreased to 224 days in 2025, primarily attributable to improved payment management and settlement efficiency.

As of February 28, 2026, RMB2,271.0 million, or 41.3% of our trade and bills payables outstanding as of December 31, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent advance payment on sales and advance payment for the house. The following table sets forth the breakdown of our contract liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Advance payment on sales of passenger vehicles, motorcycles, other machine and services	240,603	230,161	363,062
Advance payment on sales of properties	34,225	13,620	6,924
Total	274,828	243,781	369,986

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Our contract liabilities decreased from RMB274.8 million as of December 31, 2023 to RMB243.8 million as of December 31, 2024, primarily attributable to advance payment for the house decreasing by RMB20.6 million due to completion of a portion of a residential real estate project. Our contract liabilities increased from RMB243.8 as of December 31, 2024 to RMB370.0 million as of December 31, 2025, primarily attributable to advance payment on sales of passenger vehicles, motorcycles, other machine and services increasing by RMB132.9 million due to the expansion of our overseas business.

As of February 28, 2026, RMB160.5 million, or 43.4% of our contract liabilities outstanding as of December 31, 2025, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals consist of (i) due to third parties, which represent the amounts due to certain non-controlling shareholders occurred during the normal operations, (ii) deposit from suppliers and distributors, accrued expenses, (iii) unrecognized amount of endorsed undue bills, (iv) payroll and welfare payable, (v) other tax payables, (vi) payables for subscription under equity incentive plan, representing redemption obligation on restricted shares granted under “Share Award Scheme” upon forfeiture, and (vii) other payables. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated.

	As at December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Due to third parties	351,310	352,923	272,137
Deposit from suppliers and distributors	257,247	244,178	226,417
Accrued expenses	332,598	141,549	270,211
Due to related parties	93,404	151,929	140,699
Unrecognized amounts of endorsed undue bills	217,653	131,711	201,301
Payroll and welfare payable	77,193	76,106	263,891
Advances from non-controlling shareholders of subsidiaries and third parties*	103,858	110,935	114,615
Other tax payables	49,648	93,099	109,334
Advance from customers	25,713	25,388	22,329
Government Grants	—	22,503	—
Payables for subscription under equity incentive plan	113,180	136	42,153
Advances from disposal of a subsidiary	—	16,000	—
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	19,022	17,267	15,189
Total	1,640,826	1,383,724	1,686,440

Our other payables and accruals decreased from RMB1,640.8 million as of December 31, 2023 to RMB1,383.7 million as of December 31, 2024 primarily due to a decrease in accrued expenses of RMB191.0 million due to the performance of obligations under the relevant contracts. Our other payables and accruals subsequently increased to RMB1,686.4 million as of December 31, 2025, primarily due to (i) unrecognized amounts of endorsed undue bills increasing by RMB69.6 million, and (ii) an increase of RMB187.8 million in payroll and welfare payable due to accrued year-end bonuses and the addition of employees for our new business. This was partially offset by a decrease in due to third parties of RMB80.8 million.

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As of February 28, 2026, RMB450.9 million, or 26.7% of our other payables and accruals outstanding as of December 31, 2025, had been subsequently settled.

Interest-bearing Bank and Other Borrowings

Our current interest-bearing bank and other borrowings increased from RMB868.7 million as of December 31, 2023 to RMB1,195.9 million as of December 31, 2024, primarily attributable to further expansion of short-term borrowings. Our current interest-bearing bank and other borrowings increased from RMB1,195.9 million as of December 31, 2024 to RMB2,337.5 million as of December 31, 2025, primarily attributable to advanced repayments of long-term loans and further expansion of short-term borrowings.

Our non-current interest-bearing bank and other borrowings decreased from RMB1,429.6 million as of December 31, 2023 to RMB820.9 million as of December 31, 2024, mainly due to repayment of loans according to the reorganization plan. Our non-current interest-bearing bank and other borrowings increased from RMB820.9 million as of December 31, 2024 to RMB927.0 million as of December 31, 2025, primarily attributable to additional borrowings obtained in line with our funding arrangements, following the partial repayment of loans according to the reorganization plan.

Lease Liabilities

Our lease liabilities, including current and non-current portions, primarily relate to the properties we leased for office use, which generally have lease terms ranging from one to five years.

Our current lease liabilities amounted to RMB5.1 million, RMB0.8 million and RMB8.9 million as of December 31, 2023, 2024 and 2025, respectively.

We recorded non-current lease liabilities of RMB3.5 million, RMB0.1 million and RMB13.7 million as of December 31, 2023, 2024 and 2025, respectively.

Tax payables

Our tax payables were RMB18.1 million, RMB5.2 million and RMB3.3 million in 2023, 2024 and 2025, respectively.

Deferred Tax Liabilities

Our deferred tax liabilities were RMB648.7 million, RMB622.3 million and RMB583.4 million as of December 31, 2023, 2024 and 2025, respectively. This gradual decrease was mostly due to changes in the fair value of investment properties.

Provisions

Our provisions increased from RMB51.9 million as of December 31, 2023 to RMB85.4 million as of December 31, 2024. The increases were primarily due to ongoing business expansion, which led to higher provisions for product quality guarantees, maintenance costs, and related warranties. Our provisions subsequently decreased to RMB73.5 million as of December 31, 2025, primarily due to a decrease in provisions for product quality guarantees, warranty obligations and other related risk exposures.

Deferred Income

Our deferred income was RMB1.6 million, RMB11.4 million and RMB651.9 million as of December 31, 2023, 2024 and 2025. The increases were primarily due to increased government subsidies for R&D activities.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we relied on cash and cash equivalents, cash generated from operations and bank loans as the major sources of liquidity. We intend to finance our future capital requirements in the same manner after the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operation in the future.

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Cash Flow Analysis

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

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash generated from/(used in) operating activities	(238,842)	525,211	1,298,361
Net cash generated from/(used in) investing activities	(298,598)	269,312	(1,127,433)
Net cash generated from/(used in) financing activities	(231,376)	(454,563)	992,144
Net increase/(decrease) in cash and cash equivalents	(768,816)	339,960	1,163,072
Cash and cash equivalents at the beginning of the year	1,743,112	986,333	1,321,676
Effect of exchange rate changes on cash and cash equivalents	12,037	(4,617)	32,966
Cash and cash equivalents at the end of the year	986,333	1,321,676	2,517,714

Net Cash Generated from/(Used in) Operating Activities

Net cash generated from operating activities in 2025 was RMB1,298.4 million, which primarily consists of loss before tax of RMB135.8 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) amortization of other intangible assets of RMB535.8 million, and (ii) depreciation of property, plant and equipment of RMB194.4 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in trade and bills payables of RMB146.7 million, and (ii) an increase in trade and bills receivables of RMB301.3 million, partially offset by a decrease in inventories of RMB345.8 million.

Net cash generated from operating activities in 2024 was RMB525.2 million, which primarily consists of loss before tax of RMB284.8 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share of profits of joint ventures and associates of RMB488.2 million and, (ii) amortization of other intangible assets of RMB323.2 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in inventories of RMB507.9 million, and (ii) an increase in trade and bills payables of RMB877.1 million, partially offset by an increase in trade and bills receivables of RMB279.6 million.

Net cash used in operating activities in 2023 was RMB238.8 million, which consists primarily of loss before tax of RMB342.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share of profits of joint ventures and associates of RMB413.8 million, (ii) amortization of other intangible assets of RMB175.4 million, and (iii) depreciation of property, plant and equipment of RMB148.7 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB556.0 million, and (ii) a decrease in contract liabilities of RMB284.2 million, partially offset by a decrease in trade and bills receivables of RMB716.4 million.

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Net Cash Generated from/(Used in) Investing Activities

Net cash used in investing activities in 2025 was RMB1,127.4 million, which consists primarily of (i) purchases of time deposits of RMB2,868.6 million, and (ii) purchases of property, plant and equipment and intangible assets of RMB544.5 million, partially offset by (i) acquisition of subsidiaries of RMB1,098.1 million, and (ii) receipt of government grants for non-current assets of RMB836.5 million.

Net cash generated from investing activities in 2024 was RMB269.3 million, which consists primarily of (i) maturity of time deposits and large certificates of deposit of RMB553.3 million, and (ii) dividends income of RMB160.9 million, partially offset by (i) purchases of other intangible assets of RMB298.7 million, and (ii) purchases of property, plant and equipment of RMB119.2 million.

Net cash flows used in investing activities in 2023 was RMB298.6 million, which consists primarily of purchases of other intangible assets of RMB376.2 million, partially offset by dividends income of RMB161.5 million.

Net Cash Flows Generated from/(Used in) Financing Activities

Net cash flows generated from financing activities in 2025 was RMB992.1 million, which consists primarily of new interest-bearing bank and other borrowings of RMB3,598.8 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB2,350.3 million.

Net cash flows used in financing activities in 2024 was RMB454.6 million, which consists of (i) repayment of interest-bearing bank and other borrowings of RMB1,361.8 million, and (ii) refund of restricted stock subscription payment of RMB113.0 million, partially offset by proceeds from interest-bearing bank and other borrowings of RMB1,087.6 million.

Net cash flows used in financing activities in 2023 was RMB231.4 million, which consists of (i) repayment of interest-bearing bank and other borrowings of RMB661.2 million, and (ii) interest paid of RMB128.6 million, partially offset by (i) capital injection from non-controlling interests of RMB355.8 million, (ii) proceeds from interest-bearing bank and other borrowings of RMB224.4 million.

INDEBTEDNESS

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

	As of December 31,			As of
	2023	2024	2025	February 28,
				2026
	<i>(RMB in thousands)</i>			
Current portion				
Interest-bearing bank and other borrowings	868,679	1,195,939	2,337,469	436,114
Lease liabilities	5,085	812	8,912	10,839
Non-current portion				
Interest-bearing bank and other borrowings	1,429,612	820,931	926,993	926,993
Lease liabilities	3,489	91	13,658	17,248
Total	2,306,865	2,017,773	3,287,032	1,391,194

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For details of our interest-bearing bank and other borrowings and lease liabilities during the Track Record Period, see “— Discussion of Certain Key Items from Our Consolidated Statements of Financial Position”. As of the Latest Practicable Date, our unutilized bank facilities amounted to RMB1,045.4 million, all of which were committed. During the Track Record Period and up to the date of this Document, we did not have any material contingent liabilities.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenants that would have a material and adverse effect on our ability to obtain additional borrowings or issue debt or equity securities in the future. Our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, we had no material defaults on trade and non-trade payables or borrowings, nor did we breach any covenants (that were not waived). Additionally, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, nor any withdrawal of facilities or requests for early repayment.

Except as otherwise disclosed under the sections titled “— Indebtedness” and “— Contractual Obligations,” as of February 28, 2026, the latest practicable date for determining our indebtedness, we did not have any material bank overdrafts, loans, or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees, or other material contingent liabilities. Our Directors confirm that there have been no material changes in our indebtedness since February 28, 2026 and up to the date of this Document.

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included additions to property, plant and equipments, right-of-use assets, and other intangible assets, as well as internal developments of other intangible assets. The following table sets forth our capital expenditures for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Additions to property, plant and equipments	215,937	144,797	124,511
Additions to right-of-use assets	7,880	119	13,940
Additions to other intangible assets.	657,735	13,941	8,580
Internal developments of other intangible assets.	672,802	527,938	99,398
Total	1,554,354	686,795	246,429

We will continue to make capital expenditures to support the expected growth of our business and our expansion plans. For details, see “Future Plans and Use of [REDACTED] — Use of [REDACTED].” We intend to fund these future capital expenditures with financial resources available to us, including our existing cash and bank balances, cash flows generated from our operating activities and net [REDACTED] from the [REDACTED].

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments consisted of additions to property, plant and equipments, right-of-use assets, and other intangible assets, as well as internal developments of other intangible assets. Our capital commitments decreased from RMB125.4 million as of December 31, 2023 to RMB95.7 million as of December 31, 2024, primarily due to a reduction in commitments for property, plant and equipment and other

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assets. Our capital commitments increased to RMB212.3 million as of December 31, 2025, mainly driven by new additions to property, plant and equipment and other assets in line with our business growth.

WORKING CAPITAL

Our cash burn includes (i) net cash used in operating activities, (ii) purchases of property, plant and equipment and other intangible assets, and (iii) payments on lease liabilities. Our cash burn for the years ended December 31, 2023, 2024 and 2025 amounted to RMB(710.6) million, RMB104.2 million and RMB752.1 million, respectively. As of December 31, 2025, we had cash and cash equivalents of RMB2,517.7 million, restricted cash of RMB1,991.2 million, and time deposit of RMB2,896.8 million, aggregating to RMB7,405.7 million. Based on the average cash burn rate for 2023, 2024 and 2025, our aggregate cash and cash equivalents, restricted cash, and time deposits are sufficient to sustain our operations on a going concern basis. Based on the foregoing, our Directors are of the view that we would have sufficient working capital to fund our operations until the period when we achieve net profit breakeven. Based on the factors mentioned above, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to disagree with the Directors’ view above.

KEY FINANCIAL RATIOS

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

	For the year ended December 31,		
	2023	2024	2025
Interest-bearing debt ratio ¹	10.6%	9.3%	11.1%
Asset-liability ratio ²	45.1%	46.3%	41.1%
Revenue growth rate ³	(22.4)%	4.0%	41.8%
Gross profit margin ⁴	4.1%	6.9%	8.0%
Net loss ratio ⁵	3.9%	4.7%	3.3%
Return on equity ⁶	N/A*	(3.1)%	(3.1)%
Return on total assets ⁷	N/A*	(1.5)%	(1.3)%
Current ratio ⁸	1.1	1.0	0.9
Debt to equity ratio ⁹	0.8	0.9	0.7

* The relevant figures as at the end of 2022 are not available.

Notes:

1. The interest-bearing debt ratio is calculated by dividing interest-bearing debt (including interest-bearing bank loans and other borrowings, lease liabilities, and bonds payable) by total assets.
2. The asset-liability ratio is calculated by dividing total liabilities by total assets.
3. The revenue growth rate refers to the percentage change in our revenue for a certain period compared to the revenue from the previous same period.
4. The gross profit margin is calculated as gross profit divided by revenue for a certain period.
5. The net loss ratio is calculated as net loss divided by revenue for a certain period.
6. The return on equity is calculated as net profit/loss for the period divided by average equity attributable to equity shareholders during the period.
7. The return on total assets is calculated as net profit/loss for the period divided by average total assets during the period.
8. The current ratio is calculated as current assets divided by current liabilities as at the end of the relevant period.
9. The debt to equity ratio is calculated as total interest-bearing debt divided by total equity as at the end of the relevant period.

For further details on fluctuations in key financial ratios during the Track Record Period, see “— Year-to-year comparison of results of operations” and “— Current Assets and Liabilities.”

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RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 45 to the Accountants’ Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 45 to the Accountants’ Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangement.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of market and other financial risks, including interest rate risk, foreign currency risk, credit risk, liquidity risk, and capital management risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with a floating interest rate. Our policy is to manage interest cost using a mix of fixed and variable rate debts.

Foreign currency risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies.

Credit risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without specific verification procedures.

Liquidity risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the operations and mitigate the effects of fluctuations of cash flows.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing.

Capital management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support business and maximize shareholders’ value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may return capital to shareholders or issue new shares.

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PROPERTY INTEREST AND PROPERTY VALUATION

Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, has valued our selective property interests as of July 31, 2025. Particulars of these property interests are set out in Appendix III to this Document.

The table below sets out the reconciliation between the net book value of our selective property as of June 30, 2025 in the Accountants’ Report set out in Appendix I to this Document and the market value of our selective property as of July 31, 2025 in the Property Valuation Report set out in Appendix III to this Document.

	<i>(RMB’000)</i>
Net book value of our selective property as of June 30, 2025	4,726,417
Valuation surplus as of July 31, 2025	(212,206)
Valuation as of July 31, 2025 as set out in Appendix III to this Document	4,514,211

DIVIDENDS

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

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, after making up for our historically accumulated losses (if any) in accordance with the PRC laws and less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. As advised by our PRC legal advisor, pursuant to the Company Law of the PRC and the relevant accounting standards, dividend distributions can only be made out of distributable profits, being the retained earnings after offsetting accumulated losses and making appropriations to reserves as required by the Company Law of the PRC. As of the end of Track Record Period, the Company recorded negative retained earnings, indicating that it has accumulated losses which have not yet been fully offset. Accordingly, the Company is not permitted to declare or distribute dividends unless and until such accumulated losses have been fully made up.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including the estimated net [REDACTED] from the [REDACTED] and the expected cash flows generated from operating activities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our reserves were RMB6,108.5 million, which represented our distributable reserve as of the same date.

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[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED], and (ii) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisers and reporting accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the [REDACTED] range and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our net [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of HK\$[REDACTED], professional fees for our legal advisers and reporting accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED] is expected to be expensed through the statement of profit or loss and an estimated amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. During the Track Record Period, we incurred [REDACTED] of HK\$[REDACTED], of which HK\$[REDACTED] was charged to our consolidated income statements for the year ended December 31, 2025, while the [REDACTED] directly attributable to the [REDACTED] of shares of HK\$[REDACTED] was recognized in the consolidated statement of financial position as of December 31, 2025 and is expected to be accounted for as a deduction in equity upon completion of the [REDACTED].

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report set out in Appendix I to this Document, and there had been no event since December 31, 2025, that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except for the amounts due from related parties as disclosed in this section, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] range stated in this Document.

In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes with respect to our evolving business needs and changing market conditions:

I. Implementation of AI-driven Strategies

- Approximately [REDACTED]% or HK\$[REDACTED] will be allocated to implement our AI-driven strategies, enhance our R&D capabilities, develop and upgrade our products and solutions, and strengthen our technology capabilities. In particular:

- (i) Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be allocated to investments in autonomous driving capabilities, including the R&D of end-to-end large models for autonomous driving, as well as testing and deployment of autonomous driving systems.

We plan to continue investing in the iterative development of our autonomous driving models, focusing on software development for model upgrades and the procurement of computing power resources to support large-scale model training. Moreover, we will further advance the testing and commercialization of autonomous driving functions, with dedicated efforts on software and solution validation to facilitate large-scale deployment.

Additionally, we intend to strengthen our autonomous driving talent pipeline by expanding our team of specialized engineers and solution experts, with a structured recruitment plan of approximately 150, 100, and 80 autonomous driving professionals over the next three years, respectively, to support ongoing technology development, solution implementation, and AI algorithm, software, and system-level capability enhancement.

- (ii) Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be allocated to enhance smart cockpit and robotaxi solutions, including continuous development and upgrades of Agent OS, refinement of smart cockpit functions and testing of robotaxi solutions.

We plan to further invest in the continuous development and iterative upgrades of multi-modal interaction models and Agent OS, primarily, prioritizing software development for model enhancement and computing power resources required for training. Moreover, we will accelerate the testing and deployment of smart cockpit functions and robotaxi solutions, including dedicated testing of software and integrated solutions, as well as advancing capability transfer and validation across robotaxi application scenarios.

We will continue to expand our talent pool in smart cockpit and robotaxi technologies, with a planned intake of approximately 50, 100, and 50 smart cockpit professionals, and 30, 30, and 20 robotaxi professionals in the following three years, respectively, to strengthen our AI algorithm, software, and system-level solution delivery capabilities in support of commercialization and large-scale deployment.

FUTURE PLANS AND USE OF [REDACTED]

The table below summarizes the planned yearly capital allocation for the implementation of our AI-driven strategies over the three years from 2026 through 2028.

Yearly Allocation Summary	Year ended December 31,		
	2026	2027	2028
	<i>(HK\$ in millions)</i>		
Autonomous driving capabilities			
Iterative development of autonomous driving models	[REDACTED]	[REDACTED]	[REDACTED]
Testing and deployment of autonomous driving functions	[REDACTED]	[REDACTED]	[REDACTED]
Talent expansion	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]
Smart cockpit and robotaxi capabilities			
Upgrades of multi-modal interaction models and Agent OS	[REDACTED]	[REDACTED]	[REDACTED]
Testing and deployment of smart cockpit functions . . .	[REDACTED]	[REDACTED]	[REDACTED]
Robotaxi scenario testing and capability transfer	[REDACTED]	[REDACTED]	[REDACTED]
Talent expansion	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

II. Strategic Integration of Upstream Industrial Chain Resources

- Approximately [REDACTED]% or HK\$[REDACTED] will be allocated to the strategic integration of upstream industrial chain resources, including the establishment of industrial funds in collaboration with professional investment institutions, local state-owned capital, and upstream industrial partners, such as key accounts, and deepening collaborations with business partners to create synergies and enhance the innovativeness of our products and solutions.

We expect to focus on upstream industries that are strategically aligned with our core business, including the research, development, and manufacturing of key components, as well as critical technologies or resource support, with an emphasis on frontier technologies and high-potential areas. Through these industrial funds and upstream integration initiatives, we plan to identify high-growth, highly synergistic upstream targets, leveraging the fund platform to screen candidates with technological advantages or channel resources, thereby laying the foundation for our industrial chain integration strategy.

By integrating upstream resources and coordinating development among upstream enterprises via these collaborative platforms, we aim to expand our influence in the industry, strengthen partnerships with key suppliers, support customized supply needs, and ultimately consolidate our core competitive advantages.

FUTURE PLANS AND USE OF [REDACTED]

III. Establishment of Sales and Service Networks

- Approximately [REDACTED]% or HK\$[REDACTED] will be allocated to strengthen sales and service networks in China and overseas markets, and to enhance our global brand influence.

We plan to enhance both our domestic and overseas sales teams to expand market coverage and better serve key account customers. Over the next three years, we expect to recruit approximately 30, 15, and 15 domestic sales personnel annually to deepen customer relationships, drive sales growth, and enhance service quality in China. Moreover, we plan to recruit approximately 20, 20, and 20 overseas sales personnel annually. These international hires are expected to bring extensive local market experience and familiarity with the autonomous driving or technology sectors. We intend to prioritize developed European markets, such as Germany, for our overseas expansion. This selection is supported by the size and maturity of the automotive industry, established collaboration foundations with local automotive companies, and ongoing strategic and commercial discussions, which can serve as a model for further global expansion.

We aim to strengthen both our domestic and overseas delivery and service teams to enhance coverage and operational support for our customers. Over the next three years, we plan to recruit approximately 60, 40, and 40 service personnel annually in PRC, focusing on high-quality support, effective product deployment, and strong customer engagement. Furthermore, we expect to recruit approximately 40, 60, and 100 overseas service personnel annually, prioritizing candidates with relevant automotive industry experience, expertise in overseas product pre-sales support, and a solid understanding of automotive and autonomous driving technologies.

We intend to invest in marketing, channel development, and brand-building initiatives, including campaigns and promotional activities to strengthen our presence and engagement in both domestic and international markets. These efforts will prioritize markets with strategic growth potential, supporting our broader business expansion objectives.

The table below summarizes the planned yearly capital allocation for strengthening sales and service networks over the three years from 2026 through 2028.

Yearly Allocation Summary	Year ended December 31,		
	2026	2027	2028
	<i>(HK\$ in millions)</i>		
Sales team expansion			
Domestic sales	[REDACTED]	[REDACTED]	[REDACTED]
Overseas sales	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]
Delivery and service team expansion			
Domestic service	[REDACTED]	[REDACTED]	[REDACTED]
Overseas Service	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

Yearly Allocation Summary	Year ended December 31,		
	2026	2027	2028
	<i>(HK\$ in millions)</i>		
Marketing, channel, and brand development			
Domestic marketing	[REDACTED]	[REDACTED]	[REDACTED]
Overseas marketing	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

IV. Working Capital and General Corporate Purposes

- Approximately [REDACTED]% or HK\$[REDACTED] will be allocated for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively. If we make an upward or downward [REDACTED] adjustment to set the final [REDACTED] to be above or below the mid-point of the [REDACTED] range, we will increase or decrease the allocation of the net [REDACTED] to the above purposes on a pro rata basis.

The additional net [REDACTED] that we would receive if the [REDACTED] was exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the maximum [REDACTED] of the indicative [REDACTED] range), (ii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range) and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the minimum [REDACTED] of the indicative [REDACTED] range). We intend to apply the additional net [REDACTED] to the above uses on a pro rata basis.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only deposit such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from our Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHONGQING AFARI TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Chongqing Afari Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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ACCOUNTANTS’ REPORT

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[REDACTED]

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ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	6,698,322	6,963,852	9,876,042
Cost of sales	6	(6,426,071)	(6,481,472)	(9,087,972)
Gross profit		272,251	482,380	788,070
Other income and gains	5	202,890	158,833	672,520
Selling and marketing expenses		(375,086)	(337,820)	(296,386)
Administrative expenses		(423,397)	(338,158)	(403,847)
Research and development expenses	6	(214,781)	(406,576)	(821,801)
Fair value gains on financial assets at fair value through profit or loss, net		–	–	46,463
Fair value gains/(losses) on investment properties		10,684	(95,587)	(51,753)
Impairment losses on financial assets, net		(18,303)	(3,561)	(80,567)
Other expenses	7	(87,100)	(139,219)	(358,718)
Finance costs	8	(123,445)	(93,336)	(72,450)
Share of profits of joint ventures and associates		413,770	488,247	442,704
LOSS BEFORE TAX	6	(342,517)	(284,797)	(135,765)
Income tax expense	11	80,345	(44,100)	(185,435)
LOSS FOR THE YEAR		(262,172)	(328,897)	(321,200)
Attributable to:				
Owners of the parent		24,213	40,017	84,408
Non-controlling interests		(286,385)	(368,914)	(405,608)
		(262,172)	(328,897)	(321,200)
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and Diluted (<i>RMB</i>)	13	0.01	0.01	0.02

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
LOSS FOR THE YEAR	(262,172)	(328,897)	(321,200)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of associates	148,767	112,715	(170,177)
Exchange differences:			
Exchange differences related to foreign operations	(25,483)	(63,472)	50,939
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	123,284	49,243	(119,238)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive (loss)/income of associates	(1,553)	2,283	1,140
Changes in fair value of equity investments designated at fair value through other comprehensive income/(loss), net of tax	111	99	(1,341)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(1,442)	2,382	(201)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	121,842	51,625	(119,439)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(140,330)	(277,272)	(440,639)
Attributable to:			
Owners of the parent	146,055	91,642	(35,031)
Non-controlling interests	(286,385)	(368,914)	(405,608)
	(140,330)	(277,272)	(440,639)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	2,017,214	1,967,653	1,866,421
Investment properties	15	3,256,257	3,160,670	3,108,917
Right-of-use assets	16	470,622	451,232	458,775
Other intangible assets	18	1,565,414	1,763,029	6,254,927
Goodwill	17	242,786	202,096	137,887
Investments in joint ventures and associates	19	4,755,765	5,187,772	5,095,537
Deferred tax assets	22	950,265	883,075	678,133
Equity investments designated at fair value through other comprehensive income	21	6,629	6,728	–
Financial assets at fair value through profit or loss	26	–	–	222,408
Time deposits	27	–	–	2,723,390
Prepayments, other receivables and other assets	25	3,845	5,648	5,983
Total non-current assets		13,268,797	13,627,903	20,552,378
CURRENT ASSETS				
Inventories	23	2,868,603	2,266,954	1,861,057
Trade and bills receivables	24	1,759,296	1,687,458	1,918,113
Prepayments, other receivables and other assets	25	477,685	451,943	555,969
Restricted cash	27	1,893,421	2,207,049	1,991,178
Time deposits	27	544,945	150,679	173,403
Cash and cash equivalents	27	986,333	1,321,676	2,517,714
Total current assets		8,530,283	8,085,759	9,017,434
CURRENT LIABILITIES				
Trade and bills payables	28	4,895,122	5,678,936	5,500,251
Contract liabilities	30	274,828	243,781	369,986
Other payables and accruals	29	1,640,826	1,383,724	1,686,440
Interest-bearing bank and other borrowings	31	868,679	1,195,939	2,337,469
Lease liabilities	16	5,085	812	8,912
Tax payable		18,122	5,177	3,299
Total current liabilities		7,702,662	8,508,369	9,906,357
NET CURRENT ASSETS/ (LIABILITIES)				
		827,621	(422,610)	(888,923)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		14,096,418	13,205,293	19,663,455

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Interest-bearing bank and other				
borrowings	31	1,429,612	820,931	926,993
Lease liabilities	16	3,489	91	13,658
Deferred tax liabilities	22	648,690	622,303	583,447
Provision	33	51,857	85,365	73,502
Deferred income	32	1,600	11,361	651,908
Total non-current liabilities		2,135,248	1,540,051	2,249,508
Net assets		11,961,170	11,665,242	17,413,947
EQUITY				
Equity attributable to owners of the				
parent				
Share capital	34	4,571,523	4,521,100	4,521,100
Treasury shares	35	(259,710)	(133,881)	(341,672)
Reserves	37	6,126,530	6,124,110	6,108,536
		10,438,343	10,511,329	10,287,964
Non-controlling interests		1,522,827	1,153,913	7,125,983
Total equity		11,961,170	11,665,242	17,413,947

Year ended 31 December 2023

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent										Non-controlling interests	Total equity	
	Share capital	Treasury shares	Share premium*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Safety production fund*	(Accumulated losses)/retained profits*			Total
	RMB'000 Note 34	RMB'000 Note 35	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2024	4,571,523	(259,710)	8,664,675	38,139	(351,758)	426,994	72,366	103,202	-	(2,827,088)	1,522,827	11,961,170	
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	-	40,017	(368,914)	(328,897)	
Other comprehensive income/(loss) for the year:													
Exchange differences related to foreign operations	-	-	-	-	(63,472)	-	-	-	-	-	-	(63,472)	
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	99	-	-	-	-	-	-	-	99	
Share of other comprehensive income of associates	-	-	-	-	-	-	-	114,998	-	-	-	114,998	
Total comprehensive income/(loss) for the year	-	-	-	99	(63,472)	-	-	114,998	-	40,017	(368,914)	(277,272)	
Cancellation of treasury shares	(50,423)	130,091	(79,668)	-	-	-	-	-	-	-	-	-	
Share of other reserves of associates	-	-	-	-	-	-	(82)	-	-	-	(82)	(82)	
Debt restructuring	-	(4,262)	(14,312)	-	-	-	-	-	-	-	(18,574)	(18,574)	
Appropriation of special reserves	-	-	-	-	-	-	-	-	8,194	(8,194)	-	-	
Utilisation of special reserve for the year	-	-	-	-	-	-	-	-	(8,194)	8,194	-	-	
As at 31 December 2024	4,521,100	(133,881)	8,570,695	38,238	(415,230)	426,994	72,284	218,200	-	(2,787,071)	1,153,913	11,665,242	

Year ended 31 December 2025

	Attributable to owners of the parent										Non-controlling interests	Total equity		
	Share capital	Treasury shares	Share premium*	Share-based payments reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Safety production fund*			(Accumulated losses)/ Retained profits*	Total
	RMB'000 Note 34	RMB'000 Note 35	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2025	4,521,100	(133,881)	8,570,695	-	38,238	(415,230)	426,994	72,284	218,200	-	(2,787,071)	10,511,329	1,153,913	11,665,242
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	-	-	84,408	84,408	(405,608)	(321,200)
Other comprehensive (loss)/income for the year:														
Exchange differences related to foreign operations	-	-	-	-	-	50,939	-	-	-	-	-	50,939	-	50,939
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	(169,037)	-	-	(169,037)	-	(169,037)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(1,341)	-	-	-	-	-	-	(1,341)	-	(1,341)

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ACCOUNTANTS’ REPORT

	Attributable to owners of the parent											Non-controlling interests	Total equity	
	Share capital	Treasury shares	Share premium*	Share-based payments reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Safety production fund*	(Accumulated losses)/ Retained profits*			Total
	RMB'000 Note 34	RMB'000 Note 35	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000	RMB'000	RMB'000	RMB'000
Total comprehensive (loss)/income for the year	-	-	-	-	(1,341)	50,939	-	-	(169,037)	-	84,408	(35,031)	(405,608)	(440,639)
Repurchase of ordinary shares	-	(210,233)	-	-	-	-	-	-	-	-	-	(210,233)	-	(210,233)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	2,275,540	2,275,540
Share of other reserves of associates	-	-	-	-	-	-	-	831	-	-	-	831	-	831
Debt restructuring	-	2,442	8,231	-	-	-	-	-	-	-	-	10,673	-	10,673
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,099,815	4,099,815
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	1,355	1,355
Share-based payments	-	-	-	10,395	-	-	-	-	-	-	-	10,395	968	11,363
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	4,803	-	-	-	-	-	(4,803)	-	-	-
Appropriation of special reserves	-	-	-	-	-	-	-	-	-	10,048	(10,048)	-	-	-
Utilisation of special reserve for the year	-	-	-	-	-	-	-	-	-	(10,048)	10,048	-	-	-
As at 31 December 2025	4,521,100	(341,672)	8,578,926	10,395	41,700	(364,291)	426,994	73,115	49,163	-	(2,707,466)	10,287,964	7,125,983	17,413,947

* These reserve accounts represent the total consolidated reserves of RMB6,126,530,000, RMB6,124,110,000 and RMB6,108,536,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(342,517)	(284,797)	(135,765)
Adjustments for:				
Finance costs	8	123,445	93,336	72,450
Depreciation of property, plant and equipment	6, 14	148,729	183,029	194,363
Depreciation of right-of-use assets	6, 16	15,718	15,417	15,122
Amortisation of other intangible assets . . .	6, 18	175,433	323,203	535,835
Gains on disposal of items of property, plant and equipment	6	(2,899)	(17,345)	(8,094)
Gains on disposal of other intangible assets	6	—	—	(45,212)
(Gains)/losses on termination of lease	6	—	(860)	76
Equity-settled share-based expense		23,771	—	11,363
Fair value gains on financial assets at fair value through profit or loss		—	—	(46,463)
Fair value (gains)/losses on investment properties	6, 15	(10,684)	95,587	51,753
Share of profits of joint ventures and associates	6	(413,770)	(488,247)	(442,704)
Gains on disposal of investments in associates, net.	5	(10,183)	(1,434)	—
Gains on liquidation of subsidiaries, net. . .		(62,439)	—	—
Gains on disposal of subsidiaries, net		—	—	(32,122)
Impairment losses on inventories	6	70,687	93,735	111,535
Impairment losses on property, plant and equipment	6	679	—	23,452
Impairment losses on other intangible assets	6	28	—	155,420
Impairment losses on goodwill	6	44,915	40,690	64,209
Losses/(gains) on debt restructuring	6	5,361	(42,970)	33,595
Impairment losses on Investments in associates		—	—	37,850
Release to profit or loss from deferred income		(303)	(975)	(217,549)
Impairment losses on financial assets, net . .		18,303	3,561	80,567
Effect of foreign exchange rate changes, net .		(31,151)	(84,965)	17,990
Interest income		(67,916)	(63,696)	(83,780)

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating cash (outflow)/inflow before movements in working capital		(314,793)	(136,731)	393,891
(Increase)/decrease in inventories		(556,016)	507,914	345,810
Decrease/(increase) in trade and bills receivables		716,392	(279,610)	(301,301)
(Increase)/decrease in prepayments, other receivables and other assets		(184,300)	(32,321)	244,636
(Increase)/decrease in restricted cash		(1,461,867)	(307,901)	212,065
Increase/(decrease) in trade and bills payables		1,557,294	877,052	(146,684)
Increase/(decrease) in other payables and accruals		247,268	(142,739)	375,448
Increase in deferred income		–	3,248	24,083
(Decrease)/increase in contract liabilities		(284,179)	(31,047)	126,228
Increase/(decrease) in provision		3,718	33,508	(12,174)
Cash generated (used in)/from operations		(276,483)	491,373	1,262,002
Interest received		70,039	50,080	57,586
Taxes paid		(32,398)	(16,242)	(21,227)
Net cash flows (used in)/from operating activities		(238,842)	525,211	1,298,361

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ACCOUNTANTS’ REPORT

	Year ended 31 December		
Notes	2023	2024	2025
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends income	161,490	160,887	114,520
Investments in associates	(7,000)	—	(200,000)
Proceeds from disposal of investment in associates	—	57,156	—
Proceeds from disposal of items of property, plant and equipment and other intangible assets	14,205	48,533	284,098
Acquisition of subsidiaries	—	—	1,098,054
Disposal of subsidiaries	12	17,300	(1)
Purchases of property, plant and equipment and other intangible assets	(467,305)	(417,904)	(544,498)
Receipt of government grants for non-current assets	—	—	836,460
Maturity of time deposits and large certificates of deposit	—	553,340	152,546
Purchase of time deposits	—	(150,000)	(2,868,612)
Net cash flows (used in)/from investing activities	(298,598)	269,312	(1,127,433)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant of incentive shares	—	—	42,047
Capital injection from non-controlling interests	355,825	—	300
New interest-bearing bank and other borrowings	224,403	1,087,554	3,598,761
Repayment of interest-bearing bank and other borrowings	(661,208)	(1,361,822)	(2,350,269)
Cash received from repayments from related parties	—	28,275	—
Principal portion of lease payments	(4,464)	(3,137)	(1,721)
Interest paid	(128,617)	(91,204)	(66,431)
Increase in guarantee deposits	(268)	(1,185)	(48)
Payments on [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Treasury Shares repurchased under share award scheme	—	—	(210,233)
Refund of purchase of restricted stock subscription payment	(17,047)	(113,044)	(30)
Net cash flows (used in)/from financing activities	(231,376)	(454,563)	992,144

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	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS.		(768,816)	339,960	1,163,072
Cash and cash equivalents at beginning of year.		1,743,112	986,333	1,321,676
Effect of foreign exchange rate changes, net.		12,037	(4,617)	32,966
		<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		986,333	1,321,676	2,517,714
		<u> </u>	<u> </u>	<u> </u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances.		3,424,699	3,679,404	7,405,685
Less: Time deposits.		(544,945)	(150,679)	(2,896,793)
Restricted cash.		(1,893,421)	(2,207,049)	(1,991,178)
		<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents as stated in the statement of cash flows.		986,333	1,321,676	2,517,714
		<u> </u>	<u> </u>	<u> </u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	482,573	455,174	428,640
Investment properties	15	66,214	58,552	55,863
Right-of-use assets	16	54,283	52,743	51,204
Other intangible assets	18	2,815	1,985	1,673
Investments in associates	19	2,025,149	2,206,157	2,243,644
Investments in subsidiaries	20	4,561,892	4,561,892	4,468,031
Deferred tax assets	22	211,881	211,839	204,284
Total non-current assets		7,404,807	7,548,342	7,453,339
CURRENT ASSETS				
Bills receivables	24	1,250	–	–
Prepayments, other receivables and other assets	25	68,896	2,866	52,978
Due from subsidiaries	45	5,760,620	5,776,713	5,269,205
Restricted cash	27	16,822	2,200	2,200
Time deposits	27	544,945	80,606	–
Cash and cash equivalents	27	292,110	352,313	97,265
Total current assets		6,684,643	6,214,698	5,421,648
CURRENT LIABILITIES				
Trade payables		137	5	–
Contract liabilities		–	708	590
Other payables and accruals	29	148,336	32,040	87,187
Due to subsidiaries	45	93,571	12,544	15,678
Interest-bearing bank and other borrowings	31	558,795	850,024	48,284
Total current liabilities		800,839	895,321	151,739
NET CURRENT ASSETS		5,883,804	5,319,377	5,269,909
TOTAL ASSETS LESS CURRENT LIABILITIES		13,288,611	12,867,719	12,723,248
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	31	729,148	132,500	374,560
Deferred income		–	924	1,836
Deferred tax liabilities	22	9,111	7,961	–
Total non-current liabilities		738,259	141,385	376,396
Net assets		12,550,352	12,726,334	12,346,852
EQUITY				
Share capital	34	4,571,523	4,521,100	4,521,100
Treasury shares	35	(259,710)	(133,881)	(341,672)
Reserves	37	8,238,539	8,339,115	8,167,424
Total equity		12,550,352	12,726,334	12,346,852

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company, formerly known as Chongqing Qianli Technology Co. Ltd., was established in the People’s Republic of China (the “**PRC**”) as a wholly private-owned enterprise on 1 December 1997. The Company’s ordinary shares were listed on the Shanghai Stock Exchange on 25 November 2010. The registered office of the Company is located at No. 2, Huanghuan North Road, Jinshan Avenue, Liangjiang New District, Chongqing, the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “**Group**”) were involved in the following principal activities:

- Research and development, production and sale of motorcycles, general-purpose machinery, and passenger vehicles
- Sales of Real Estate and rendering of management services including property management services
- Research and development, and rendering of technology solutions including intelligent and assistance driving solutions

As at 31 December 2025, the Company had direct and indirect interests in its subsidiaries, the particulars of principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered paid-in capital (‘000)	Percentage of equity attributable to the Company		Principal activities
				Direct %	Indirect %	
Chongqing Lifan Motorcycle Production and Marketing Co., Ltd. 重慶力帆摩托車產銷有限公司	(3)	PRC/Chinese Mainland/ 27 May 1996	RMB801,600	100	–	Manufacturing of products
Chongqing Lifan Ruichi Motorcycle Co. Ltd. 重慶力帆瑞馳摩托車有限公司	(1)	PRC/Chinese Mainland/ 16 December 2019	RMB200,000	–	100	Manufacturing of products
Chongqing Lifan Industrial (Group) Import and Export Co., Ltd. 重慶力帆實業(集團)進出口有限公司	(1)	PRC/Chinese Mainland/ 8 March 2000	RMB2,500,000	–	100	Sale of products
Chongqing Lifan Power Co. Ltd. 重慶力帆內燃機有限公司	(1)	PRC/Chinese Mainland/ 17 July 2001	RMB100,000	–	100	Manufacturing of products
Chongqing Ruilan Automotive Technology Co., Ltd. 重慶睿藍汽車科技有限公司	(1)	PRC/Chinese Mainland/ 24 January 2022	RMB1,450,000	55	–	Sales of products
Chongqing Ruilan Automobile Research Institute Co., Ltd. 重慶睿藍汽車研究院有限公司	(1)	PRC/Chinese Mainland/ 8 June 2022	RMB218,000	–	55	Research and development
Chongqing Livan Automobile Sales Co., Ltd. 重慶睿藍汽車銷售有限公司	(1)	PRC/Chinese Mainland/ 22 December 2021	RMB100,000	–	55	Sales of products
Chongqing Livan Automobile Import and Export Co., Ltd. 重慶睿藍汽車進出口有限公司	(1)	PRC/Chinese Mainland/ 25 July 2016	RMB60,000	–	55	Sales of products
Lifan Group Chongqing Wanguang New Energy Technology Co. Ltd. 力帆集團重慶萬光新能源科技有限公司	(3)	PRC/Chinese Mainland/ 1 April 2004	RMB1,108,000	100	–	Manufacturing of products
Chongqing Livan Automobile Manufacturing Co., Ltd. 重慶睿藍汽車製造有限公司 (“ Ruilan Manufacturing ”)	(3)	PRC/Chinese Mainland/ 31 December 2005	RMB5,180,000	28	72	Manufacturing of products
Chongqing Lifan Industry (Group) Sales Co., Ltd. 重慶力帆實業集團銷售有限公司	(3)	PRC/Chinese Mainland/ 9 August 2002	RMB4,000	–	100	Sale of products
Chongqing Runtian Real Estate Development Co., Ltd. 重慶潤田房地產開發有限公司 (“ Runtian Real Estate ”)	(3), (4)	PRC/Chinese Mainland/ 30 August 2012	RMB300,000	–	50	Real Estate
Chongqing Afari Intelligent Drive Technology Co., Ltd. 重慶千里智駕科技有限公司 (“ Afari Intelligent Drive ”)	(2), (5)	PRC/Chinese Mainland/ 27 June 2025	RMB200,000	–	4	Intelligent driving solutions

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The English names of all Group companies registered in the Chinese Mainland and Russia represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

Notes:

- (1) For these entities, the statutory financial statements for the year ended 31 December 2023, 2024 and 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Baker Tilly China Certified Public Accountants LLP (天職國際會計師事務所(特殊普通合夥)), which is a certified public accounting firm registered in the Chinese Mainland. The statutory financial statements of these entities for the year ended 31 December 2025 have not yet been issued as at the date of this report.
- (2) For the entity, the statutory financial statement for the year ended 31 December 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)), which is a certified public accounting firm registered in the Chinese Mainland.
- (3) No audited financial statements has been prepared for the entity since its date of incorporation.
- (4) The company is a subsidiary of wholly-owned subsidiary of the Company and, accordingly, are accounted for as a subsidiary since control can be exercised through its shareholders’ meeting and board of directors.
- (5) The company is a sub-subsidiary of a wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary since control deriving from 60% of the voting rights can be exercised through its shareholders’ meeting and board of directors.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for investment properties measured at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, financial assets at fair value through other comprehensive income which have been measured at fair value.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 December 2025, the Group had net current liabilities of approximately RMB888,923,000. Having taken into non-current time deposits with original maturities over one year of RMB2,723,390,000 which could be withdrawn prior to maturity, and available banking facilities of RMB1,134,860,000 as at 31 December 2025, and together with the expected operating cash outflow which covers a period of not less than twelve months from 31 December 2025 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information for the Relevant Periods on a going concern basis.

Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to IFRS Accounting Standards — Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of profit or loss and statement of cash flows and additional disclosure will be included in the financial statements.

Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

2.3 MATERIAL ACCOUNTING INFORMATION

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group’s investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group’s investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group’s investments in associates or joint ventures.

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If an investment in an associate becomes an investment in joint ventures or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at each end of the Relevant Periods. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and certain debt at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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Land is not depreciated. Other property and equipment’s depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17% to 12.50%
Machinery	6.33% to 48.50%
Office equipment and electronic devices	9.5% to 31.67%
Vehicles	9.50% to 48.50%
Other equipment	20.00% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with IFRS 16 Property, Plant and Equipment. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless they will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each of the units according to their respective saleable gross floor areas (“GFA”) to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Patents	2.92 to 10 years
Trademark	5 to 10 years
Software	3 to 10 years
Technology know-how	5 to 9 years
Automotive design and development costs	2 to 10 years

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	45 to 50, 95 years
Buildings	1 to 10 years
Vehicles	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

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Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as an operating lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost including trade and bills receivables and financial assets included in prepayments, other receivables and other assets, are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income including bills receivables, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss including wealth management assets, are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with IFRS 9; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil or obtain a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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Special reserve — safety production fund

Provisions for the Group’s obligations for safety operations are based on the Group’s revenue arising from the sale of construction machinery and equipment per year in accordance with related Chinese Mainland rules and regulations. The Group records a corresponding cost when such expenditure for safety operations is incurred. The remaining provisions for the Group’s obligations for safety operations are recorded as a special reserve — safety production fund. The remaining provisions are not recorded in profit or loss while the Group decreases its retained profits when it recognises the special reserve — safety production fund.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of motorcycles, passenger vehicles and others

The Group sells motorcycle, passenger vehicles and other machine or parts (such as general-purpose machinery, automotive parts) to customers. Revenue from the sale of products is recognised at the point in time when control of the products, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides sales rebate and discounts to certain customers for sales of motorcycles, passenger vehicles, and the relevant revenue is recognised based on contract consideration net of the estimated sales rebate and discount amount.

Passenger vehicles are often sold with volume rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

For new energy vehicles, customers only pay the amount after deducting the government subsidies to which they are entitled for the purchase of new energy vehicles, which is applied on their behalf and collected by the Group from the government according to the applicable government policy. The Group has concluded that government subsidies should be considered as a part of the transaction price it charges the customers for the new energy vehicles, as the subsidy is granted to the purchaser of the new energy vehicles and the purchaser remains liable for such amount in the event the subsidies were not received by the Group due to his fault such as refusal or delay of providing application information.

(b) Rendering of technology solutions

The Group provide technology solutions including intelligent and assistance driving solutions to customers. Revenue from technology solutions primarily consist of perception fusion algorithm developing and other advanced algorithm developing service. For contracts pursuant to which the Group has an enforceable right to payment for performance completed to date, or when the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs, technology solutions revenue is recognized over a period of time based on the progress towards complete satisfaction in the contracts using input method, which is determined as the proportion of the costs incurred for the work performed to date relative to the estimated total costs to complete the contract, to the extent that the amount can be measured reliably and its recovery is considered probable. If the aforementioned conditions are not met, revenue from the rendering of technology solution is recognised at the point in time when the performance obligation under the terms of the contract with the customer is satisfied and the customer’s acceptance occurred.

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(c) *Sale of real estate*

Revenues are recognised when or as the control of the asset is transferred to the purchaser. For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of the financing component if it is significant.

(d) *Rendering of property management services*

Revenue from the provision of management service including property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

Several employee incentive schemes are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer based on a recent transaction price, further details of which are given in note 36 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee’s spouse, children and dependents, family members of deceased employees and other beneficiaries are also considered employee benefits.

Pension schemes

The employees of the Company and the Group’s subsidiaries which operate in Chinese Mainland are required to participate in a central pension schemes operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the Chinese Mainland. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Principal versus agent considerations

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. The Group needs to determine whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. To assess whether the Group controls the goods before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group (i) is the principal in the arrangement, (ii) has general inventory risk, (iii) has latitude in establishing the selling price and (iv) has significant involvement in the determination of product and service specifications. Therefore, the Group reports revenue earned from the customers and costs paid to the suppliers related to these transactions on a gross basis.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value measurements and valuation processes

The Group’s investment properties are measured at fair value for financial reporting purposes. In estimating the fair value of investment properties, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are unavailable, the Group engages third-party qualified valuers to perform the valuation. At the end of the reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs, where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of an asset or a liability, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken. Information about the valuation techniques, inputs and key assumptions used in determining the fair value of investment properties are disclosed in note 48.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group calibrated the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables are disclosed in note 24 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the end of each reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must

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estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 17 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 22 to the Historical Financial Information.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Warranty provisions

Provisions for warranties granted by the Group for the passenger vehicles sold are recognised based on sales volumes and past experiences of costs for repairs and replacement, among others. The estimate of unit warranty cost may not be equal to the actual warrant costs in the future. The Group reassesses the unit warranty cost at least annually and the unit warranty cost is revised when appropriate.

Impairment of inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

Variable consideration for sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of passenger vehicles with rebates.

Management assesses the expected rebates based on factors primarily consist of the customer’s historical rebate entitlement, accumulated purchases to date, accumulated retails to date. Any significant changes in experience as compared to historical patterns and rebate entitlements of customers will impact the expected rebate estimated by the Group.

The Group updates its assessment of expected rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected rebates are sensitive to changes in circumstances and the Group’s past experience regarding rebate entitlements may not be representative of customers’ actual rebate entitlements in the future.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Motorcycles segment: research, development, production and sale of motorcycles and general-purpose machinery;
- (b) Passenger vehicles segment: research, development, production and sale of passenger vehicles;
- (c) Technology solutions segment: research and development, and rendering of technology solutions including intelligent and assistance driving solutions;
- (d) Real estate segment: principally, sale of real estate and investment in prime office space for its rental income potential;
- (e) The “others” segment comprises, principally, sale of other machine or parts.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The profit/loss of the operating segments will not be disclosed as they are not regularly reported to the Group’s key operating decision-makers, and the profit/loss are governed by the Group.

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Year ended 31 December 2023	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue (note 5)					
Sales to external customers	2,429,019	3,694,618	442,198	52,743	6,618,578
Intersegment sales	5,710	12,141	–	24,375	42,226
Other revenue	–	–	79,744	–	79,744
Total segment revenue	2,434,729	3,706,759	521,942	77,118	6,740,548
Reconciliation:					
Elimination of intersegment sales					(42,226)
Total revenue					<u>6,698,322</u>
Segment cost of sales (note 6)					
Sales to external customers	2,107,872	3,890,241	379,867	48,091	6,426,071
Intersegment sales	4,923	11,476	–	22,919	39,318
Total segment cost of sales	2,112,795	3,901,717	379,867	71,010	6,465,389
Reconciliation:					
Elimination of intersegment sales					(39,318)
Total cost of sales					<u>6,426,071</u>
As at 31 December 2023	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	3,620,188	12,385,097	4,468,163	14,573,612	35,047,060
Reconciliation:					
Elimination of intersegment receivables					(13,247,980)
Total assets					<u>21,799,080</u>
Segment liabilities	2,611,947	8,807,071	2,250,621	2,185,194	15,854,833
Reconciliation:					
Elimination of intersegment payables					(13,247,980)
Corporate and other unallocated liabilities					7,231,057
Total liabilities					<u>9,837,910</u>

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Year ended 31 December 2024	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue (note 5)					
Sales to external customers	2,563,861	4,175,891	100,860	53,121	6,893,733
Intersegment sales	–	301,332	–	40,195	341,527
Other revenue	–	–	70,119	–	70,119
Total segment revenue	2,563,861	4,477,223	170,979	93,316	7,305,379
Reconciliation:					
Elimination of intersegment sales					(341,527)
Total revenue					<u>6,963,852</u>
Segment cost of sales (note 6)					
Sales to external customers	2,228,635	4,127,039	93,913	31,885	6,481,472
Intersegment sales	–	298,888	–	29,226	328,114
Total segment cost of sales	2,228,635	4,425,927	93,913	61,111	6,809,586
Reconciliation:					
Elimination of intersegment sales					(328,114)
Total cost of sales					<u>6,481,472</u>
As at 31 December 2024	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	3,895,800	11,129,487	4,308,897	14,827,960	34,162,144
Reconciliation:					
Elimination of intersegment receivables					(12,448,482)
Total assets					<u>21,713,662</u>
Segment liabilities	3,024,864	8,733,743	2,214,606	1,770,691	15,743,904
Reconciliation:					
Elimination of intersegment payables					(12,448,482)
Corporate and other unallocated liabilities					6,752,998
Total liabilities					<u>10,048,420</u>

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Year ended 31 December 2025	Motorcycles	Passenger vehicles	Real estate	Technology solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue (note 5)						
Sales to external customers	2,875,411	6,347,224	176,914	350,076	63,593	9,813,218
Intersegment sales	–	170,093	362	4,696	24,176	199,327
Other revenue	–	–	62,824	–	–	62,824
Total segment revenue . . .	2,875,411	6,517,317	240,100	354,772	87,769	10,075,369
<u>Reconciliation:</u>						
Elimination of intersegment sales						(199,327)
Total revenue						<u>9,876,042</u>
Segment cost of sales (note 6)						
Sales to external customers	2,503,152	6,166,748	147,031	243,631	27,410	9,087,972
Intersegment sales	–	165,256	–	3,268	10,420	178,945
Total segment cost of sales	2,503,152	6,332,004	147,031	246,899	37,830	9,266,917
<u>Reconciliation:</u>						
Elimination of intersegment sales						(178,945)
Total cost of sales						<u>9,087,972</u>
As at 31 December 2025	Motorcycles	Passenger vehicles	Real estate	Technology solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	4,543,842	13,107,079	4,125,613	8,259,275	14,386,888	44,422,697
<u>Reconciliation:</u>						
Elimination of intersegment receivables						(14,852,885)
Total assets						<u>29,569,812</u>
Segment liabilities	3,023,969	11,225,738	2,123,900	421,434	1,263,018	18,058,059
<u>Reconciliation:</u>						
Elimination of intersegment payables						(14,852,885)
Corporate and other unallocated liabilities						8,950,691
Total liabilities						<u>12,155,865</u>

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Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	4,455,793	4,135,506	5,973,291
Overseas	2,242,529	2,828,346	3,902,751
Total revenue	<u>6,698,322</u>	<u>6,963,852</u>	<u>9,876,042</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Information about the Group’s non-current assets excluding time deposits, deferred tax assets, goodwill, investments in joint ventures and associates and equity investments designated at fair value through other comprehensive income is presented based on the geographical locations of the assets.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	7,290,058	7,337,586	14,412,267
Overseas	23,294	10,646	6,146
Total non-current assets	<u>7,313,352</u>	<u>7,348,232</u>	<u>14,418,413</u>

Information about major customer

For the year ended 31 December 2023, 2024 and 2025, revenue of approximately RMB2,249,335,000, RMB2,144,417,000 and RMB2,925,269,000 was derived from goods sales and service provisions by the passenger vehicles and technology solution segment to a single customer, including sales to a group of entities which are known to be under common control with that customer, and only the revenue from such sales accounted for more than 10% of the Group’s revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	6,618,578	6,893,733	9,813,218
Revenue from other sources	79,744	70,119	62,824
Total	<u>6,698,322</u>	<u>6,963,852</u>	<u>9,876,042</u>

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Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services					
Passenger vehicles	–	3,694,618	–	–	3,694,618
Motorcycles	2,028,767	–	–	–	2,028,767
Others:					
General-purpose machinery . . .	400,252	–	–	–	400,252
Others	–	–	442,198	52,743	494,941
Total	2,429,019	3,694,618	442,198	52,743	6,618,578
Geographical markets					
Chinese Mainland	826,396	3,054,712	442,198	52,743	4,376,049
Overseas	1,602,623	639,906	–	–	2,242,529
Total	2,429,019	3,694,618	442,198	52,743	6,618,578
Timing of revenue recognition					
Transferred at a point in time . . .	2,429,019	3,694,618	423,475	52,743	6,599,855
Transferred over time	–	–	18,723	–	18,723
Total	2,429,019	3,694,618	442,198	52,743	6,618,578

For the year ended 31 December 2024

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services					
Passenger vehicles	–	4,175,891	–	–	4,175,891
Motorcycles	2,135,725	–	–	–	2,135,725
Others:					
General-purpose machinery . . .	428,136	–	–	–	428,136
Others	–	–	100,860	53,121	153,981
Total	2,563,861	4,175,891	100,860	53,121	6,893,733
Geographical markets					
Chinese Mainland	758,271	3,153,135	100,860	53,121	4,065,387
Overseas	1,805,590	1,022,756	–	–	2,828,346
Total	2,563,861	4,175,891	100,860	53,121	6,893,733
Timing of revenue recognition					
Transferred at a point in time . . .	2,563,861	4,175,891	83,120	53,121	6,875,993
Transferred over time	–	–	17,740	–	17,740
Total	2,563,861	4,175,891	100,860	53,121	6,893,733

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For the year ended 31 December 2025

Segments	Motorcycles	Passenger vehicles	Real estate	Technology solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services						
Passenger vehicles	–	6,347,224	–	–	–	6,347,224
Motorcycles	2,477,678	–	–	–	–	2,477,678
Intelligent driving and Assistance Driving System.	–	–	–	350,076	–	350,076
Others:						
General-purpose machinery	397,733	–	–	–	–	397,733
Others	–	–	176,914	–	63,593	240,507
Total	2,875,411	6,347,224	176,914	350,076	63,593	9,813,218
Geographical markets						
Chinese Mainland	653,283	4,666,600	176,914	350,076	63,593	5,910,466
Overseas	2,222,128	1,680,624	–	–	–	3,902,752
Total	2,875,411	6,347,224	176,914	350,076	63,593	9,813,218
Timing of revenue recognition						
Transferred at a point in time	2,875,411	6,347,224	173,079	350,076	63,593	9,809,383
Transferred over time	–	–	3,835	–	–	3,835
Total	2,875,411	6,347,224	176,914	350,076	63,593	9,813,218

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	530,895	251,313	205,625

(b) **Performance obligations**

Information about the Group’s performance obligations is summarised below:

Sale of motorcycles, passenger vehicles and others

The Group mainly manufactures and sells a range of motorcycles, passenger vehicles and other machine or parts to its customers. Sales revenue is recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer’s acceptance of the goods. Payment in advance is normally required, except for some long-standing customers with bulk purchases and good credit standing, where payment is generally due from 30 to 180 days from delivery.

For the performance obligations, they are generally satisfied within less than a year, and the Group has elected not to disclose the remaining performance obligations by applying the practical expedient.

Rendering of technology solutions

Revenue from technology solutions primarily consist of perception fusion algorithm developing and other advanced algorithm developing services. Revenue is recognised when the performance obligation under the terms of the contract with the customer is satisfied and the customer’s acceptance occurred. Payment is generally due from 30 to 180 days from service accepted by customers.

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Sale of real estate

For property sales contracts, the Group recognises revenue approximate to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property.

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period.

Rendering of property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, and are billed based on the time incurred.

All amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	251,313	208,315	345,690
After one year	23,515	35,466	24,296
Total	<u>274,828</u>	<u>243,781</u>	<u>369,986</u>

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	12,032	5,943	393,257
Interest income	67,916	63,696	83,780
Additional deduction for value-added tax (a) . .	13,463	21,877	16,364
Others	<u>7,353</u>	<u>3,759</u>	<u>7,560</u>
Total other income	<u>100,764</u>	<u>95,275</u>	<u>500,961</u>
Other gains			
Exchange gains, net	26,315	—	85,656
Gains on disposal of investments in associates, net	10,183	1,434	—
Gains on liquidation of subsidiaries, net	62,439	—	—
Gains on disposal of subsidiaries, net.	—	—	32,122
Gains on disposal of items of property, plant and equipment and other intangible assets . .	3,189	18,294	53,781
Gains on termination of lease	—	860	—
Gains on debt restructuring (b)	<u>—</u>	<u>42,970</u>	<u>—</u>
Total gains	<u>102,126</u>	<u>63,558</u>	<u>171,559</u>
Total other income and gains	<u>202,890</u>	<u>158,833</u>	<u>672,520</u>

Notes:

- (a) According to Manufacturing Enterprises (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT in the corresponding years from 1 January 2023 to 31 December 2027.
- (b) In August 2020, the Company commenced the Judicial Restructuring as a result of adjudicated bankruptcy. On 30 November 2020, the Court approved the plan for the Judicial Restructuring (the “**Plan**”) formulated and submitted by the administrator. The execution period is 3 years, from the approval of the plan to 2024 February. Therefore, the difference between the carrying amount of restructuring financial liability and the consideration paid was recognised in profit or loss.

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6. LOSS BEFORE TAX

The Group’s profit/loss before tax is arrived at after charging/(crediting):

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost of sales of goods and services*		6,426,071	6,481,472	9,087,972
Depreciation of property, plant and equipment	14	148,729	183,029	194,363
Depreciation of right-of-use assets	16(a)	15,718	15,417	15,122
Amortisation of other intangible assets	18	175,433	323,203	535,835
Research and development expenses*		214,781	406,576	821,801
Lease payments not included in the measurement of lease liabilities	16(c)	6,560	9,686	18,182
Employee benefit expense (including directors’ and supervisors’ remuneration (note 9)):				
Wages and salaries		665,042	593,434	992,457
Share-based payments		23,771	–	11,363
Pension scheme contributions and social welfare		140,002	123,998	150,625
Finance costs	8	123,445	93,336	72,450
Share of profits of joint ventures and associates		(413,770)	(488,247)	(442,704)
Foreign exchange differences, net		(26,315)	41,268	(85,656)
Impairment losses on inventories	23	70,687	93,735	111,535
Impairment losses on property, plant and equipment	7	679	–	23,452
Impairment losses on other intangible assets	7	28	–	155,420
Impairment losses on goodwill	7	44,915	40,690	64,209
Gains on disposal of property, plant and equipment	5	(2,899)	(17,345)	(8,094)
Gains on disposal of other intangible assets (Gains)/losses on termination of lease	5	–	(860)	76
Losses/(gains) on debt restructuring	5, 7	5,361	(42,970)	33,595
Fair value (gains)/losses on investment properties, net		(10,684)	95,587	51,753

* Cost of sales of goods and services and research and development costs include expenses relating to staff costs, depreciation and amortisation expenses and impairment losses on inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

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7. OTHER EXPENSES, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Discount fees	17,466	17,935	26,445
Impairment losses on goodwill	44,915	40,690	64,209
Impairment losses on property, plant and equipment	679	–	23,452
Impairment losses on Investments in associates	–	–	37,850
Losses on pending litigation	1,336	–	233
Indemnity expenses	14,288	33,989	9,217
Losses on disposal of items of property, plant and equipment	290	949	475
Losses on debt restructuring*	5,361	–	33,595
Losses on termination of lease	–	–	76
Impairment losses on other intangible assets	28	–	155,420
Exchange losses, net	–	41,268	–
Others	2,737	4,388	7,746
Total	87,100	139,219	358,718

* In August 2020, the Company commenced the Judicial Restructuring as a result of adjudicated bankruptcy. On 30 November 2020, the Court approved the plan for the Judicial Restructuring (the “Plan”) formulated and submitted by the administrator. The execution period is 3 years, from the approval of the plan to 2024 February. Therefore, the difference between the carrying amount of restructuring financial liability and the consideration paid was recognised in profit or loss. For year ended 2025, the losses on debt restructuring were primarily related to Group’s subsidiary Runtian Real Estate who satisfied its debt obligation by contributing its properties held for sale.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	123,228	93,168	72,133
Interest on lease liabilities	217	168	317
Total	123,445	93,336	72,450

9. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	450	450	488
Other emoluments:			
Salaries, allowances and benefits in kind	3,213	3,861	2,006
Performance related bonuses	–	–	1,816
Share-based payment expenses	1,576	–	1,964
Pension scheme contributions and social welfare	140	175	154
Subtotal	4,929	4,036	5,940
Total	5,379	4,486	6,428

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During the Relevant Periods, certain directors and supervisors were granted restricted shares in respect of their services to the Group under the employee incentive scheme of the Company, further details of which are set out in note 36 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors’, chief executive’s and supervisors’ remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Mrs. Xiao Xiang	150	150	150
Mr. Dou Junsheng	150	150	150
Mr. Ren Xiaochang	150	150	150
Mr. Huang Qun	—	—	38
Total	450	450	488

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Directors and supervisors

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023				
Directors:				
Mr. Zhou Zongcheng (i) . . .	2,926	1,576	111	4,613
Mr. Hu Jingbing (ii)	—	—	—	—
Mr. Liu Jinliang (iii)	—	—	—	—
Mr. Dai Qing (iv)	—	—	—	—
Mrs. Wang Menglin (v)	—	—	—	—
Mr. Zhou Chong (vi)	—	—	—	—
Mrs. Zhu Jun (vii)	—	—	—	—
Subtotal	2,926	1,576	111	4,613
Supervisors:				
Mrs. Wang Ying (viii)	232	—	14	246
Mrs. Liu Lixia (ix)	55	—	15	70
Mr. Lin Chuan (x)	—	—	—	—
Mrs. Long Zhenzhu (xi)	—	—	—	—
Mr. Peng Jiahu (xii)	—	—	—	—
Subtotal	287	—	29	316
Total	3,213	1,576	140	4,929

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	Salaries, allowances and bonuses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024			
Directors:			
Mr. Zhou Zongcheng (i)	3,303	140	3,443
Mr. Yin Qi (xiii)	500	19	519
Mr. Bao Yi (xiv)	—	—	—
Mrs. Wang Menglin (v)	—	—	—
Mr. Hu Jingbing (ii)	—	—	—
Mr. Dai Qing (iv)	—	—	—
Mr. Zhou Chong (vi)	—	—	—
Mrs. Zhu Jun (i)	—	—	—
Mr. Liu Jinliang (iii)	—	—	—
Mr. Li Chuanhai (xv)	—	—	—
Mrs. Long Zhenzhu (xi)	—	—	—
Subtotal	3,803	159	3,962
Supervisors:			
Mrs. Liu Lixia (ix)	58	16	74
Mr. Lin Chuan (x)	—	—	—
Mrs. Wang Ying (viii)	—	—	—
Mr. Peng Jiahu (xii)	—	—	—
Subtotal	58	16	74
Total	3,861	175	4,036

	Salaries and allowances	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2025					
Directors:					
Mr. Yin Qi (xiii)	1,800	1,516	944	132	4,392
Mr. Bao Yi (xiv)	—	—	944	—	944
Mrs. Wang Menglin (v)	—	—	—	—	—
Mr. Liu Jinliang (iii)	—	—	—	—	—
Mr. Li Chuanhai (xv)	—	—	—	—	—
Mrs. Long Zhenzhu (xi)	—	—	—	—	—
Mr. Xu Honghu (xvi)	—	—	—	—	—
Mr. Xu Huanchun (xvii)	174	300	76	13	563
Subtotal	1,974	1,816	1,964	145	5,899
Supervisors:					
Mrs. Liu Lixia (ix)	32	—	—	9	41
Mr. Lin Chuan (x)	—	—	—	—	—
Mr. Peng Jiahu (xii)	—	—	—	—	—
Subtotal	32	—	—	9	41
Total	2,006	1,816	1,964	154	5,940

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Notes:

- (i) Mr. Zhou Zongcheng was appointed as a director on 23 September 2022, and resigned as a director with effect from 11 November 2024.
- (ii) Mr. Hu Jingbing was appointed as a director on 31 January 2024, and resigned as a director with effect from 23 September 2024.
- (iii) Mr. Liu Jinliang was appointed as a director on 23 September 2022.
- (iv) Mr. Dai Qing was appointed as a director on 23 September 2022, and resigned as a director with effect from 23 September 2024.
- (v) Mrs. Wang Menglin was appointed as a director on 22 January 2021, and resigned as a director with effect from 30 May 2025.
- (vi) Mr. Zhou Chong was appointed as a director on 22 January 2021, and resigned as a director with effect from 23 September 2024.
- (vii) Mrs. Zhu Jun was appointed as a director on 22 January 2021, and resigned as a director with effect from 21 January 2024.
- (viii) Mrs. Wang Ying was appointed as a supervisor on 22 January 2021, and resigned as a supervisor with effect from 31 January 2024.
- (ix) Mrs. Liu Lixia was appointed as a supervisor on 31 January 2024.
- (x) Mr. Lin Chuan was appointed as a supervisor on 31 January 2024.
- (xi) Mrs. Long Zhenzhu was appointed as a supervisor on 22 January 2021, and resigned as a supervisor with effect from 5 July 2023. She was also appointed as a director on 23 September 2024.
- (xii) Mr. Peng Jiahu was appointed as a supervisor on 31 January 2024.
- (xiii) Mr. Yin Qi was appointed as a director on 11 November 2024.
- (xiv) Mr. Bao Yi was appointed as a director on 23 September 2024.
- (xv) Mr. Li Chuanhai was appointed as a director on 23 September 2024.
- (xvi) Mr. Xu Honghu was appointed as a director on 16 June 2025.
- (xvii) Mr. Xu Huanchun was appointed as a director on 29 September 2025.
- (xviii) Huang Qun was appointed as an independent non-executive director on 29 September 2025, while the other independent non-executive directors were appointed on 22 January 2021.
- (xix) Certain directors and supervisors of the Company listed above received emoluments from non-consolidated related parties, and they did not receive emoluments from the Company.

There was no arrangement under which a director, or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The number of directors or supervisors within five individuals with the highest emoluments in the Group for the years ended 31 December 2023, 2024 and 2025 were 1, 1 and 1, respectively. Details of the remuneration for the Relevant Periods of the highest paid employees who are neither a director nor supervisor of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	7,453	6,545	7,816
Performance related bonuses	—	—	3,430
Share-based payment expense	2,778	—	2,370
Pension scheme contributions	281	243	519
Total	10,512	6,788	14,135

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The numbers of non-director, non-chief executive and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
Nil to HKD1,000,000	–	–	–
HKD1,000,001 to HKD2,000,000	1	3	–
HKD2,000,001 to HKD3,000,000	2	1	1
HKD3,000,001 to HKD4,000,000	1	–	3
Total	4	4	4

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/ or operate.

Chinese Mainland

Pursuant to the income tax rules and regulations of the Chinese Mainland, the provision for Chinese Mainland income tax for the Group entities was calculated based on the statutory tax rate of 25% during the Relevant Periods, except for the Company and certain subsidiaries of the Group in Chinese Mainland which were registered as High and New Technology Enterprises pursuant to the Chinese Mainland tax regulations and were entitled to a preferential tax rate of 15% for the Relevant Periods.

Meanwhile, certain subsidiaries of the Group that have applied the Income Tax Policy for Western Development pursuant to the Chinese Mainland tax regulations were entitled to a preferential tax rate of 15% for the Relevant Periods.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20%.

The provision of Chinese Mainland land appreciation tax is estimated per the requirements outlined in the relevant Chinese Mainland tax laws and regulations. Chinese Mainland land appreciation tax has been provided at progressive rates of the appreciation value, with certain allowable deductions, including land costs, borrowing costs, and the relevant property development expenditures.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Russia

The subsidiary incorporated in Russia is subject to Russia profits tax at the statutory rate of 20% on any estimated assessable profits arising in Russia during the Relevant Periods.

Corporate income taxes in other jurisdictions

Income taxes on profit arising from other jurisdictions except Hong Kong and Russia were calculated on the estimated taxable profit for the Relevant Periods at the respective rates prevailing in the relevant jurisdictions, which were ranging from 16.5% to 34%.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax expense	18,371	1,256	18,002
Deferred tax expense (<i>note 22</i>)	(114,307)	40,803	165,928
Chinese Mainland LAT	15,591	2,041	1,505
Total tax expense for the year	(80,345)	44,100	185,435

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A reconciliation of the tax expense applicable to loss before tax at the preferential tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(342,517)	(284,797)	(135,765)
Tax at the preferential tax rate of 15%	(51,378)	(42,720)	(20,365)
Impact of different tax rates on subsidiaries	7,653	(17,651)	3,347
Chinese Mainland land appreciation tax	15,591	2,041	1,505
Tax effect of Chinese Mainland land appreciation tax	(2,338)	(306)	(226)
Tax effect of share of profit or loss of associates	(62,066)	(73,237)	(66,171)
Tax losses and deductible temporary differences not recognised	31,268	265,948	368,714
Utilisation of tax losses not recognised from previous periods	(13,955)	(17,502)	(10,148)
Super deduction on research and development expenses (a)	(12,607)	(62,397)	(94,428)
Adjustments in respect of current income tax of previous periods	2,850	(10,802)	1,879
Expenses not deductible for tax	3,533	726	1,328
Effect on opening deferred tax of decrease in rates	1,104	—	—
Tax expense at the Group’s effective tax rate	(80,345)	44,100	185,435

- (a) The super deduction allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of Chinese Mainland, enterprises engaging in research and development activities were entitled to claim 175% of their research and development costs incurred as tax deductible expenses when determining their assessable profits for the year ended 2023. According to the relevant laws and regulations, starting from 1 January 2023, the aforementioned deduction rate increased to 200%.

12. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 4,571,523,000, 4,546,312,000 and 4,517,865,000 outstanding during the year end 31 December 2023, 2024 and 2025.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	24,213	40,017	84,408
Shares			
Weighted average number ('000) of ordinary shares outstanding during the year, used in the basic earnings per share calculation	4,571,523	4,546,312	4,517,865
Earnings per share			
Basic and Diluted (RMB)	0.01	0.01	0.02

No adjustment has been made to the basic earning per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Land	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:								
Cost	2,264,359	1,771,656	94,510	34,092	4,028	1,373	141,108	4,311,126
Impairment	(43,297)	(692,416)	(691)	(55)	–	–	(93,387)	(829,846)
Accumulated depreciation	(672,381)	(721,651)	(77,449)	(29,780)	–	(130)	–	(1,501,391)
Net carrying amount	<u>1,548,681</u>	<u>357,589</u>	<u>16,370</u>	<u>4,257</u>	<u>4,028</u>	<u>1,243</u>	<u>47,721</u>	<u>1,979,889</u>
At 1 January 2023, net of accumulated depreciation and impairment	1,548,681	357,589	16,370	4,257	4,028	1,243	47,721	1,979,889
Additions	4,460	124,865	8,248	4,130	–	483	73,751	215,937
Internal transfer	5,063	35,325	–	–	–	–	(40,388)	–
Disposals	(66)	(8,895)	(820)	(1,502)	–	–	–	(11,283)
Disposal of subsidiaries	–	(2,236)	–	–	–	–	(15,101)	(17,337)
Impairment (note 7)	–	(665)	–	–	–	–	(14)	(679)
Depreciation provided during the year (note 6)	(77,847)	(63,996)	(5,019)	(1,410)	–	(457)	–	(148,729)
Exchange realignment	(534)	(154)	(41)	26	119	–	–	(584)
At 31 December 2023, net of accumulated depreciation and impairment	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>
At 31 December 2023:								
Cost	2,275,055	1,720,994	83,551	14,099	4,147	1,856	66,540	4,166,242
Impairment	(43,814)	(574,570)	(118)	–	–	–	(571)	(619,073)
Accumulated depreciation	(751,484)	(704,591)	(64,695)	(8,598)	–	(587)	–	(1,529,955)
Net carrying amount	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>

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31 December 2024

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Land	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:								
Cost	2,275,055	1,720,994	83,551	14,099	4,147	1,856	66,540	4,166,242
Impairment	(43,814)	(574,570)	(118)	–	–	–	(571)	(619,073)
Accumulated depreciation	(751,484)	(704,591)	(64,695)	(8,598)	–	(587)	–	(1,529,955)
Net carrying amount	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>
At 1 January 2024, net of accumulated depreciation and impairment	1,479,757	441,833	18,738	5,501	4,147	1,269	65,969	2,017,214
Additions	863	25,571	2,626	18,304	–	5,077	92,356	144,797
Internal transfer	388	124,761	236	–	–	–	(125,385)	–
Disposals	(3,274)	(2,047)	(259)	(353)	(4,197)	–	–	(10,130)
Depreciation provided during the year (note 6)	(79,989)	(92,183)	(7,418)	(2,076)	–	(1,363)	–	(183,029)
Exchange realignment	(1,403)	(364)	906	(388)	50	–	–	(1,199)
At 31 December 2024, net of accumulated depreciation and impairment	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>–</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>
At 31 December 2024:								
Cost	2,262,691	1,812,358	81,520	28,518	–	6,933	33,511	4,225,531
Impairment	(43,800)	(537,701)	(111)	–	–	–	(571)	(582,183)
Accumulated depreciation	(822,549)	(777,086)	(66,580)	(7,530)	–	(1,950)	–	(1,675,695)
Net carrying amount	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>–</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>

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ACCOUNTANTS’ REPORT

31 December 2025

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:							
Cost	2,262,691	1,812,358	81,520	28,518	6,933	33,511	4,225,531
Impairment	(43,800)	(537,701)	(111)	–	–	(571)	(582,183)
Accumulated depreciation	(822,549)	(777,086)	(66,580)	(7,530)	(1,950)	–	(1,675,695)
Net carrying amount	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>
At 1 January 2025, net of accumulated depreciation and impairment	1,396,342	497,571	14,829	20,988	4,983	32,940	1,967,653
Additions	762	16,963	9,834	2,422	11,702	82,828	124,511
Acquisition of subsidiaries that are not businesses	–	13,751	4,891	–	–	–	18,642
Internal transfer	1,461	84,332	339	–	–	(86,132)	–
Disposals	(2)	(25,118)	(348)	(905)	–	(39)	(26,412)
Disposal of subsidiaries	–	(158)	(3)	–	–	–	(161)
Impairment (note 7)	(7,011)	(16,439)	(2)	–	–	–	(23,452)
Depreciation provided during the year (note 6)	(75,821)	(104,571)	(5,427)	(5,571)	(2,973)	–	(194,363)
Exchange realignment	(449)	(64)	90	426	–	–	3
At 31 December 2025, net of accumulated depreciation and impairment	<u>1,315,282</u>	<u>466,267</u>	<u>24,203</u>	<u>17,360</u>	<u>13,712</u>	<u>29,597</u>	<u>1,866,421</u>
At 31 December 2025:							
Cost	2,253,286	1,595,225	93,611	29,530	18,635	30,155	4,020,442
Impairment	(35,990)	(336,295)	(50)	–	–	–	(372,335)
Accumulated depreciation	(902,014)	(792,663)	(69,358)	(12,170)	(4,923)	(558)	(1,781,686)
Net carrying amount	<u>1,315,282</u>	<u>466,267</u>	<u>24,203</u>	<u>17,360</u>	<u>13,712</u>	<u>29,597</u>	<u>1,866,421</u>

As at 31 December 2023, 2024 and 2025, certain of the Group’s buildings with aggregate net carrying values of approximately RMB94,721,000, RMB91,139,000 and RMB87,556,000 did not have property ownership certificates registered under the names of the Company or the respective subsidiaries of the Group.

As at 31 December 2023, 2024 and 2025, the Group’s property, plant and equipment of RMB394,673,000, RMB467,089,000 and RMB638,224,000 were pledged to secure bank borrowings, respectively (note 43).

Impairment testing of property, plant and equipment

During the Relevant Periods, the Group recognised impairment losses on property, plant and equipment amounting to RMB679,000, Nil and RMB23,452,000, respectively, due to certain property, plant and equipment being idle, scrapped, or technologically outdated.

Meanwhile, as the low or negative gross margin of passenger vehicles business, the Group performed an impairment test on passenger vehicles cash generating unites (“**Passenger vehicles CGU**”) engaging in passenger vehicles business in the passenger vehicles segment.

The assets allocated to Passenger vehicles CGU include property, plant and equipment, other intangible assets (including capitalised development expenditures), right-of-use assets and other non-current assets related to the production, manufacturing, and R&D of passenger vehicles.

As at 31 December 2023, 2024 and 2025, the headroom of the passenger vehicles CGU was RMB146,159,000, RMB643,501,000 and RMB1,957,064,000, respectively, which was determined based on a value in use calculation using cash flow projections approved by senior management. The forecast period used in the cash flow projections was 8 years, 7 years and 6 years, respectively, based on the economic useful life of the major assets, and the applied discount rate was 11.34%, 10.80% and 12.64%, respectively.

Based on the impairment test, the passenger vehicles CGU has sufficient headroom, therefore no impairment allowance has been recognized.

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The Company

31 December 2023

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:						
Cost	762,150	72,093	11,657	3,381	6,590	855,871
Impairment	–	(6,144)	(10)	–	–	(6,154)
Accumulated depreciation	(262,655)	(60,080)	(9,396)	(1,017)	–	(333,148)
Net carrying amount	<u>499,495</u>	<u>5,869</u>	<u>2,251</u>	<u>2,364</u>	<u>6,590</u>	<u>516,569</u>
At 1 January 2023, net of accumulated depreciation and impairment	499,495	5,869	2,251	2,364	6,590	516,569
Additions	–	110	578	1,629	396	2,713
Internal transfer	5,063	1,923	–	–	(6,986)	–
Disposals	(218)	(4,495)	(28)	(1,584)	–	(6,325)
Depreciation provided during the year	<u>(27,606)</u>	<u>(652)</u>	<u>(1,173)</u>	<u>(953)</u>	<u>–</u>	<u>(30,384)</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>–</u>	<u>482,573</u>
At 31 December 2023:						
Cost	766,903	19,643	12,169	2,171	–	800,886
Impairment	–	(1,505)	(10)	–	–	(1,515)
Accumulated depreciation	<u>(290,169)</u>	<u>(15,383)</u>	<u>(10,531)</u>	<u>(715)</u>	<u>–</u>	<u>(316,798)</u>
Net carrying amount	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>–</u>	<u>482,573</u>

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31 December 2024

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:					
Cost	766,903	19,643	12,169	2,171	800,886
Impairment	–	(1,505)	(10)	–	(1,515)
Accumulated depreciation	(290,169)	(15,383)	(10,531)	(715)	(316,798)
Net carrying amount	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>482,573</u>
At 1 January 2024, net of accumulated depreciation and impairment	476,734	2,755	1,628	1,456	482,573
Additions	–	1,039	1,067	444	2,550
Disposals	–	(41)	(35)	(196)	(272)
Depreciation provided during the year	(27,595)	(1,067)	(691)	(324)	(29,677)
At 31 December 2024, net of accumulated depreciation and impairment	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>
At 31 December 2024:					
Cost	766,903	19,862	11,586	1,861	800,212
Impairment	–	(1,433)	(6)	–	(1,439)
Accumulated depreciation	(317,764)	(15,743)	(9,611)	(481)	(343,599)
Net carrying amount	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>

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31 December 2025

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025:					
Cost	766,903	19,862	11,586	1,861	800,212
Impairment	–	(1,433)	(6)	–	(1,439)
Accumulated depreciation	(317,764)	(15,743)	(9,611)	(481)	(343,599)
Net carrying amount	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>
At 1 January 2025, net of accumulated depreciation and impairment	449,139	2,686	1,969	1,380	455,174
Additions	–	–	905	275	1,180
Disposals	–	(10)	(107)	–	(117)
Depreciation provided during the year	(26,119)	(259)	(741)	(478)	(27,597)
At 31 December 2025, net of accumulated depreciation and impairment	<u>423,020</u>	<u>2,417</u>	<u>2,026</u>	<u>1,177</u>	<u>428,640</u>
At 31 December 2025:					
Cost	766,903	19,760	10,300	2,136	799,099
Impairment	–	(1,427)	(4)	–	(1,431)
Accumulated depreciation	(343,883)	(15,916)	(8,270)	(959)	(369,028)
Net carrying amount	<u>423,020</u>	<u>2,417</u>	<u>2,026</u>	<u>1,177</u>	<u>428,640</u>

As at 31 December 2023, 2024 and 2025, the Company’s property, plant and equipment of RMB165,146,000, RMB153,899,000 and RMB143,037,000 were pledged to secure bank borrowings, respectively.

15. INVESTMENT PROPERTIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning	3,245,573	3,256,257	3,160,670
Change in fair value	10,684	(95,587)	(51,753)
Carrying amount at the end	<u>3,256,257</u>	<u>3,160,670</u>	<u>3,108,917</u>

The Group’s investment properties consist of 5 commercial properties in Chongqing, 1 industrial property in Chongqing and 1 industrial property in Guangdong Province.

The Group’s investment properties were revalued on 31 December 2023, 2024 and 2025 based on valuations performed by independent professionally qualified valuers, at RMB3,256,257,000, RMB3,160,670,000 and RMB3,108,917,000.

Each year, the Group’s property manager and the chief financial officer decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group’s properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group’s property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for quarterly and annual financial reporting.

Summary of the valuation techniques used and the key inputs to the valuation of investment properties are included in note 48 to the Historical Financial Information.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the Historical Financial Information.

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As at 31 December 2023, 2024 and 2025, the Group’s investment properties of RMB2,588,720,000, RMB2,664,074,000 and RMB2,433,004,000 were pledged to secure bank and other borrowings, respectively (note 43).

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Carrying amount at the beginning.	64,824	66,214	58,552
Change in fair value	1,390	(7,662)	(2,689)
Carrying amount at the end	66,214	58,552	55,863

The Company’s investment properties consist of 2 commercial properties in Chongqing and 1 industrial property in Chongqing.

The Company’s investment properties were revalued on 31 December 2023, 2024 and 2025 based on valuations performed by independent professionally qualified valuers, at RMB66,214,000, RMB58,552,000 and RMB55,863,000.

As at 31 December 2023, 2024 and 2025, the Company’s investment properties of RMB66,214,000, RMB58,552,000 and RMB21,627,000 were pledged to secure bank and other borrowings, respectively.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings and vehicles used in its operations. Leases of lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 45 to 50 or 95 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 10 years. Vehicles generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Buildings	Vehicles	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2023	473,367	5,100	–	478,467
Additions	–	7,880	–	7,880
Depreciation charge (note 6)	(10,866)	(4,852)	–	(15,718)
Exchange realignment	(7)	–	–	(7)
At 31 December 2023 and 1 January 2024	462,494	8,128	–	470,622
Additions	–	119	–	119
Decrease arising from lease term termination	–	(3,967)	–	(3,967)
Depreciation charge (note 6)	(12,081)	(3,336)	–	(15,417)
Exchange realignment	(125)	–	–	(125)
At 31 December 2024 and 1 January 2025	450,288	944	–	451,232
Additions.	–	11,344	2,596	13,940
Acquisition of subsidiaries that are not businesses.	–	8,822	–	8,822
Depreciation charge (note 6)	(12,136)	(2,943)	(43)	(15,122)
Decrease arising from lease term termination	–	(76)	–	(76)
Exchange realignment	(21)	–	–	(21)
At 31 December 2025	438,131	18,091	2,553	458,775

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As at 31 December 2023, 2024 and 2025, certain of the Group’s leasehold land with aggregate carrying amounts of approximately RMB423,998,000, RMB450,185,000 and RMB428,151,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 43).

The Company

	Leasehold land
	<i>RMB’000</i>
At 1 January 2023	55,822
Depreciation charge	(1,539)
At 31 December 2023 and 1 January 2024	54,283
Additions	–
Depreciation charge	(1,540)
At 31 December 2024 and 1 January 2025	52,743
Depreciation charge	(1,539)
At 31 December 2025.	51,204

During the Relevant Periods, all of the Company’s leasehold land, were pledged to secure interest-bearing bank and other borrowings granted to the Company.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year	4,941	8,574	903
New leases	7,880	119	13,657
Acquisition of subsidiaries that are not businesses	–	–	9,414
Accretion of interest recognised during the year	217	168	317
Decrease arising from lease term termination	–	(4,821)	–
Payments	(4,464)	(3,137)	(1,721)
Carrying amount at end of year	8,574	903	22,570
Analysed into:			
Current portion	5,085	812	8,912
Non-current portion	3,489	91	13,658

The maturity analysis of lease liabilities is disclosed in note 49 to the Historical Financial Information.

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(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	217	168	317
Depreciation charge of right-of-use assets	15,718	15,417	15,122
Expenses relating to short-term leases and leases of low-value assets	6,560	9,686	18,182
(Gains)/losses on termination of lease	–	(860)	76
Total amount recognised in profit or loss	22,495	24,411	33,697

(d) The total cash outflows for leases are disclosed in note 41 to the Historical Financial Information.

The Group as a lessor

The Group leases its buildings under operating lease arrangements. Details of rental income recognised are included in note 5.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating and finance leases with its tenants are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	67,657	59,205	44,674
After one year	131,247	122,432	108,004
Total	198,904	181,637	152,678

17. GOODWILL

	Chongqing Runtian Real Estate CGU	*Other CGUs	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023:			
Cost	319,274	347,520	666,794
Accumulated impairment	(31,573)	(347,520)	(379,093)
Net carrying amount	287,701	–	287,701
Cost at 1 January 2023, net of accumulated impairment	287,701	–	287,701
Impairment during the year (note 6)	(44,915)	–	(44,915)
At 31 December 2023	242,786	–	242,786
At 1 January 2024 and 31 December 2023:			
Cost	319,274	347,520	666,794
Accumulated impairment	(76,488)	(347,520)	(424,008)
Net carrying amount	242,786	–	242,786
Cost at 1 January 2024, net of accumulated impairment	242,786	–	242,786
Impairment during the year (note 6)	(40,690)	–	(40,690)
At 31 December 2024	202,096	–	202,096

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	Chongqing Runtian Real Estate CGU	*Other CGUs	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2025 and 31 December 2024:			
Cost	319,274	347,520	666,794
Accumulated impairment	(117,178)	(347,520)	(464,698)
Net carrying amount	202,096	–	202,096
Cost at 1 January 2025, net of accumulated impairment	202,096	–	202,096
Impairment during the year (<i>note 6</i>)	(64,209)	–	(64,209)
At 31 December 2025	137,887	–	137,887

* Other CGUs that have been fully impaired comprise the following: Lifan-Vietnam Motorcycle CGU, Uruguay Automotive CGU, Uruguay Engine CGU, Lifan Combustion Engine CGU, Chongqing Wireless Oasis Communication Technology CGU.

Impairment testing of goodwill

During the Relevant Periods, Goodwill acquired through business combinations was allocated to the following cash-generating unit for impairment testing:

- Chongqing Runtian Real Estate CGU

The carrying amounts of Goodwill allocated to the Chongqing Runtian Real Estate CGU as of 31 December 2023, 2024 and 2025 were RMB287,701,000, RMB242,786,000 and RMB202,096,000, respectively. Chongqing Runtian Real Estate CGU includes inventory, investment properties, and goodwill. The recoverable amount of the Chongqing Runtian Real Estate CGU has been determined based on a value in use calculation, using cash flow projections based on estimated useful life of core assets, as following disclosed:

	As at 31 December		
	2023	2024	2025
Investment properties	29.25 years	28.25 years	27.25 years
Inventories	3 years	3 years	2.5 years

Assumptions were used in the value in use calculation of the Chongqing Runtian Real Estate CGU at the end of each of the Relevant Periods. The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2023	2024	2025
Pre-tax discount rate.	6.0%-10.35%	6.0%-10.75%	5.5%-11.00%
Annual rental income growth rate.	3%	3%	2%

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Annual rental income growth rate — The basis is determined with reference to the average rental income achieved in the years before the budget year, increased for management’s expectation of the future market.

The values assigned to the key assumptions on annual rental income growth rate and pre-tax discount rate are consistent with external information sources.

During the Relevant Periods, the carrying amounts of goodwill included in the Chongqing Runtian Real Estate CGU were written down by RMB44,915,000, RMB40,690,000, RMB64,209,000, respectively. The impairment loss recognised was included in “Other expenses” in the consolidated statement of profit or loss.

The impairment was attributable to the overall decline in market of real estate in Chongqing which led to a decrease in demand and selling prices of the real estate.

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18. OTHER INTANGIBLE ASSETS

The Group

At 31 December 2023

	Trademark	Patents	Software	Automotive design and development costs	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:						
Cost	6,306	116,084	50,838	245,236	216,589	635,053
Accumulated amortisation	(5,078)	(29,255)	(32,720)	(30,974)	–	(98,027)
Impairment	(5)	(17,760)	(13,089)	(95,808)	–	(126,662)
Net carrying amount	1,223	69,069	5,029	118,454	216,589	410,364
Cost at 1 January 2023, net of accumulated amortisation and impairment	1,223	69,069	5,029	118,454	216,589	410,364
Additions	93	35,466	23,263	598,913	–	657,735
Internal development	–	–	–	–	672,802	672,802
Internal transfer	–	–	–	758,495	(758,495)	–
Disposals	–	–	(23)	–	–	(23)
Amortisation provided during the year (note 6)	(462)	(17,302)	(3,237)	(154,432)	–	(175,433)
Provision for impairment during the year (note 7)	(28)	–	–	–	–	(28)
Exchange realignment	(3)	–	–	–	–	(3)
At 31 December 2023	823	87,233	25,032	1,321,430	130,896	1,565,414
At 31 December 2023:						
Cost	6,366	151,388	72,088	1,578,586	130,896	1,939,324
Accumulated amortisation	(5,515)	(46,395)	(34,475)	(174,654)	–	(261,039)
Impairment	(28)	(17,760)	(12,581)	(82,502)	–	(112,871)
Net carrying amount	823	87,233	25,032	1,321,430	130,896	1,565,414

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At 31 December 2024

	Trademark	Patents	Software	Automotive design and development costs	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:						
Cost	6,366	151,388	72,088	1,578,586	130,896	1,939,324
Accumulated amortisation	(5,515)	(46,395)	(34,475)	(174,654)	–	(261,039)
Impairment	(28)	(17,760)	(12,581)	(82,502)	–	(112,871)
Net carrying amount	823	87,233	25,032	1,321,430	130,896	1,565,414
Cost at 1 January 2024, net of accumulated amortisation and impairment	823	87,233	25,032	1,321,430	130,896	1,565,414
Additions	648	–	13,293	–	–	13,941
Internal development	–	–	–	–	527,938	527,938
Internal transfer	–	–	–	113,129	(113,129)	–
Disposals	–	(21,058)	–	–	–	(21,058)
Amortisation provided during the year (<i>note 6</i>)	(319)	(15,454)	(11,740)	(295,690)	–	(323,203)
Exchange realignment	(3)	–	–	–	–	(3)
At 31 December 2024	1,149	50,721	26,585	1,138,869	545,705	1,763,029
At 31 December 2024:						
Cost	7,010	130,328	72,552	1,691,715	545,705	2,447,310
Accumulated amortisation	(5,833)	(61,847)	(39,279)	(470,344)	–	(577,303)
Impairment	(28)	(17,760)	(6,688)	(82,502)	–	(106,978)
Net carrying amount	1,149	50,721	26,585	1,138,869	545,705	1,763,029

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At 31 December 2025

	Trademark	Patents	Software	Technology know-how	Automotive design and development costs	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:							
Cost	7,010	130,328	72,552	–	1,691,715	545,705	2,447,310
Accumulated amortisation	(5,833)	(61,847)	(39,279)	–	(470,344)	–	(577,303)
Impairment	(28)	(17,760)	(6,688)	–	(82,502)	–	(106,978)
Net carrying amount	<u>1,149</u>	<u>50,721</u>	<u>26,585</u>	<u>–</u>	<u>1,138,869</u>	<u>545,705</u>	<u>1,763,029</u>
Cost at 1 January 2025, net of accumulated amortisation and impairment	1,149	50,721	26,585	–	1,138,869	545,705	1,763,029
Additions	798	–	7,782	–	–	–	8,580
Acquisition of subsidiaries that are not businesses	–	1,392	–	3,082,090	–	–	3,083,482
Capital injection from equity holders	–	–	–	2,275,540	–	–	2,275,540
Internal development	–	–	–	–	–	99,398	99,398
Internal transfer	–	–	–	–	410,187	(410,187)	–
Disposals*	(5)	–	(5,108)	–	(278,441)	–	(283,554)
Disposal of subsidiaries	–	(268)	(27)	–	–	–	(295)
Amortisation provided during the year (note 6)	(625)	(17,222)	(12,041)	(147,180)	(358,767)	–	(535,835)
Provision for impairment during the year	–	(7,440)	–	–	(147,980)	–	(155,420)
Exchange realignment	2	–	–	–	–	–	2
At 31 December 2025	<u>1,319</u>	<u>27,183</u>	<u>17,191</u>	<u>5,210,450</u>	<u>763,868</u>	<u>234,916</u>	<u>6,254,927</u>
At 31 December 2025:							
Cost	7,795	91,254	69,851	5,508,907	1,739,091	234,916	7,651,814
Accumulated amortisation	(6,448)	(56,631)	(45,979)	(298,457)	(827,243)	–	(1,234,758)
Impairment	(28)	(7,440)	(6,681)	–	(147,980)	–	(162,129)
Net carrying amount	<u>1,319</u>	<u>27,183</u>	<u>17,191</u>	<u>5,210,450</u>	<u>763,868</u>	<u>234,916</u>	<u>6,254,927</u>

* In 2025, the Group disposed of P658 Model technology to its related party, Ningbo Geely Technology Development Co., Ltd. for cash consideration amounting to RMB345,220,000 as set out in note 45.

Impairment testing of other intangible assets

In 2025, the Group recognised impairment losses on other intangible assets amounting to RMB155,420,000 due to the discontinuation of production of certain models of passenger vehicles.

Details of impairment test on Passenger vehicles CGU has been set out in note 14.

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The Company

	Trademark	Patent	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:				
Cost.	3,888	1,009	16,096	20,993
Accumulated amortisation	(2,813)	(938)	(10,465)	(14,216)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount.	1,075	71	2,260	3,406
Cost at 1 January 2023, net of accumulated amortisation and impairment	1,075	71	2,260	3,406
Additions	94	7	313	414
Disposals.	(94)	—	—	(94)
Amortisation provided during the year.	(375)	(39)	(497)	(911)
At 31 December 2023	700	39	2,076	2,815
At 1 January 2024:				
Cost.	3,888	1,016	16,409	21,313
Accumulated amortisation	(3,188)	(977)	(10,962)	(15,127)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount.	700	39	2,076	2,815
At 1 January 2024:				
Cost.	3,888	1,016	16,409	21,313
Accumulated amortisation	(3,188)	(977)	(10,962)	(15,127)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount.	700	39	2,076	2,815
Cost at 1 January 2024, net of accumulated amortisation and impairment	700	39	2,076	2,815
Additions	—	—	(33)	(33)
Amortisation provided during the year.	(238)	(21)	(538)	(797)
At 31 December 2024	462	18	1,505	1,985
At 31 December 2024:				
Cost.	3,888	1,016	16,376	21,280
Accumulated amortisation	(3,426)	(998)	(11,500)	(15,924)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount.	462	18	1,505	1,985
At 1 January 2025:				
Cost	3,888	1,016	16,376	21,280
Accumulated amortisation	(3,426)	(998)	(11,500)	(15,924)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount	462	18	1,505	1,985

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	Trademark	Patent	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost at 1 January 2025, net of accumulated amortisation and impairment	462	18	1,505	1,985
Additions	415	–	37	452
Amortisation provided during the year	(227)	(5)	(532)	(764)
At 31 December 2025	650	13	1,010	1,673
At 31 December 2025:				
Cost	4,303	932	16,413	21,648
Accumulated amortisation	(3,653)	(919)	(12,032)	(16,604)
Impairment	–	–	(3,371)	(3,371)
Net carrying amount	650	13	1,010	1,673

19. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	6,239,024	6,671,031	6,616,646
Less: Impairment	(1,483,259)	(1,483,259)	(1,521,109)
Total	4,755,765	5,187,772	5,095,537

As at 31 December 2023, 2024 and 2025, the Group’s investments in joint ventures and associates of RMB2,017,736,000, RMB2,018,107,000 and RMB1,083,070,000 were pledged to secure bank and other borrowings, respectively (note 43).

Particulars of the material associates are as follows:

The Group

Name	Place of business	Place of registration	Principal activity	Percentage of ownership interest directly hold	Percentage of ownership interest indirectly hold
Bank of Chongqing Company Limited (重慶銀行股份有限公司) (“Chongqing bank”) (note 1) . . .	Chongqing, Chinese Mainland	Chongqing, Chinese Mainland	Finance	3.73%	4.76%

Note:

- As at 31 December 2023, 2024 and 2025, the Company and its wholly-owned subsidiary Lifan International (Holdings) Company Limited jointly held 8.49% of the shares of Chongqing Bank Company Limited, and the Company has significant influence over Chongqing bank as it has the power to participate in the financial and operating policy decisions of the entity by appointing a non-executive director in the board.

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The following table illustrates the summarised financial information in respect of Bank of Chongqing Company Limited adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements:

Bank of Chongqing Company Limited
(重慶銀行股份有限公司)

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Assets	759,883,870	856,641,840	1,033,725,681
Liabilities	700,584,443	792,877,922	967,726,839
Net assets	59,299,427	63,763,918	65,998,842
Non-controlling interests	2,381,693	2,692,945	3,026,735
Equity attributable to owners of the parent	56,917,734	61,070,973	62,972,107
Reconciliation to the Group’s interest in the associate:			
Proportion of the Group’s ownership	8.49%	8.49%	8.49%
Group’s share of net assets of the associate	4,235,588	4,636,953	4,749,316
Adjustments	218,572	218,572	218,572
Carrying amount of the investment	4,454,160	4,855,525	4,967,888
Fair value of the Group’s investment	1,494,808	2,132,796	2,678,406

Bank of Chongqing Company Limited
(重慶銀行股份有限公司)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	13,211,473	13,679,303	15,113,456
Profit attributable to owners of the parent for the year	4,929,787	5,117,290	5,654,218
Other comprehensive income/(loss) attributable to owners of the parent	1,734,981	1,355,308	(1,992,190)
Total comprehensive income for the year	6,664,768	6,472,598	3,662,028
Dividend received	116,454	120,286	171,703

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of the joint ventures and associates’ profit for the year	13,420	81,534	(9,565)
Share of the joint ventures and associates’ total comprehensive income	13,420	81,534	(9,565)
Aggregate carrying amount of the Group’s investments in the joint ventures and associates	301,583	332,246	127,649

The Group’s transactions and outstanding balances with the associates are disclosed in note 45 to the Historical Financial Information.

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	3,429,412	3,610,420	3,648,207
Less: Impairment	(1,404,263)	(1,404,263)	(1,404,563)
Total	<u>2,025,149</u>	<u>2,206,157</u>	<u>2,243,644</u>

Particulars of the material associate of the Company are above, same as the Group.

As at 31 December 2023, 2024 and 2025, the Group’s investments in joint ventures and associates of RMB1,966,865,000, RMB2,018,107,000 and RMB1,083,070,000 were pledged to secure bank and other borrowings, respectively.

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments, at cost	4,573,539	4,573,539	4,775,339
Share-based payments to subsidiaries	–	–	5,433
Impairment	(11,647)	(11,647)	(312,741)
Total	<u>4,561,892</u>	<u>4,561,892</u>	<u>4,468,031</u>

* Due to the business adjustment and the unsatisfactory R&D performance, one of the Company’s subsidiary Beijing Wireless Oasis Communication Technology Co., Ltd. (北京無線綠洲通信技術有限公司, “Beijing Wireless Oasis Communication”) formulated a plan for ceasing business operations since December 2025. So the Company recognised impairment losses of RMB300,573,000 on investment in Beijing Wireless Oasis in 2025.

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current portion:			
Unlisted equity investments, at fair value	<u>6,629</u>	<u>6,728</u>	<u>–</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be non-traded and strategic in nature.

In 2025, the Group disposed of its equity interest in Creat Fund Management Limited for a total consideration of RMB5,387,000 as this investment was no longer allied with the Group’s investment strategy. The consideration received by the Group for the disposal was RMB5,387,000 and the accumulated gain recognised in other comprehensive income of RMB4,803,000 was transferred to retained profits.

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22. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Impairment provision	Provision	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2023	388,627	452,212	1,372	2,559	844,770
Deferred tax credited/(charged) to profit or loss during the year	94,981	(1,677)	48	12,143	105,495
Gross deferred tax assets at 31 December 2023	483,608	450,535	1,420	14,702	950,265
Deferred tax (charged)/credit to profit or loss during the year	(55,406)	(21,112)	1,339	7,989	(67,190)
Gross deferred tax assets at 31 December 2024	428,202	429,423	2,759	22,691	883,075
Deferred tax charged to profit or loss during the year	(131,915)	(35,053)	(2,759)	(15,978)	(185,705)
Gross deferred tax assets at 31 December 2025	296,287	394,370	–	6,713	697,370

Deferred tax liabilities

	Fair value of investment properties	Fair value adjustment arising from acquisitions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2023	563,218	87,144	7,140	657,502
Deferred tax charged/ (credited) to profit or loss during the year	2,532	(10,702)	(642)	(8,812)
Gross deferred tax liabilities at 31 December 2023	565,750	76,442	6,498	648,690
Deferred tax credited to profit or loss during the year	(23,131)	(2,969)	(287)	(26,387)
Gross deferred tax liabilities at 31 December 2024	542,619	73,473	6,211	622,303
Deferred tax (credited)/charged to profit or loss during the year	(12,669)	(7,389)	439	(19,619)
Gross deferred tax liabilities at 31 December 2025	529,950	66,084	6,650	602,684

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position . . .	950,265	883,075	678,133
Net deferred tax liabilities recognised in the consolidated statements of financial position . . .	648,690	622,303	583,447

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	2,387,230	3,057,648	4,468,855
Deductible temporary differences	560,524	693,678	687,865
Total	2,947,754	3,751,326	5,156,720

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. In Chinese Mainland, the tax loss can be carried forward for 5 years, where the tax losses of entity recognised as a High and New Technology Enterprises can be carried forward for 10 years. The majority of tax losses in overseas can be carried forward indefinitely.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Provision for impairment of assets
	RMB'000
Gross deferred tax assets at 1 January 2023	212,963
Deferred tax charged to profit or loss during the year	(1,082)
Gross deferred tax assets at 31 December 2023	211,881
Deferred tax charged to profit or loss during the year	(42)
Gross deferred tax assets at 31 December 2024	211,839
Deferred tax credited to profit or loss during the year	3
Gross deferred tax assets at 31 December 2025	211,842

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Deferred tax liabilities

	Fair value of investment properties
	<i>RMB'000</i>
Gross deferred tax liabilities at 1 January 2023	8,902
Deferred tax charged to profit or loss during the year	209
Gross deferred tax liabilities at 31 December 2023	9,111
Deferred tax credited to profit or loss during the year	(1,150)
Gross deferred tax liabilities at 31 December 2024	7,961
Deferred tax credited to profit or loss during the year	(403)
Gross deferred tax liabilities at 31 December 2025	7,558

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	195,727	2,793,880	2,796,112
Deductible temporary differences	9,391	9,391	310,785
Total	205,118	2,803,271	3,106,897

The Company has tax losses arising in Chinese Mainland of RMB195,727,000, and RMB2,793,880,000 and RMB2,796,112,000 as at 31 December 2023, 2024 and 2025, respectively, that would expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses which are not considered to be probable that sufficient taxable profits will be available against which the tax losses can be utilised in the future.

23. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties held for sale	–	1,250,868	1,097,323
Finished goods	1,308,149	932,772	553,081
Raw materials	318,123	146,445	184,830
Goods in transit	13,635	28,713	27,343
Work in progress	118,927	118,446	15,083
Properties under development for sale	1,318,043	–	–
Costs to fulfil a contract	–	–	54,060
Others	2,404	3,717	3,420
	3,079,281	2,480,961	1,935,140
Less: Provision for impairment losses on inventories	(210,678)	(214,007)	(74,083)
Total	2,868,603	2,266,954	1,861,057

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The movements in provision

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of year	231,825	210,678	214,007
Impairment losses recognised (<i>note 6</i>)	70,687	93,735	111,535
Amounts written off	(90,645)	(90,406)	(251,459)
Disposal of subsidiaries	(1,189)	–	–
Carrying amount at the end of year	210,678	214,007	74,083

As at 31 December 2023, 2024 and 2025, the Group’s inventories of Nil, Nil and RMB20,235,000 were pledged due to litigation, respectively (note 43).

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	1,911,524	2,078,939	2,000,244
Bank acceptance notes, at amortised cost	260,176	180,861	412,639
Bank acceptance notes, at fair value	116,721	24,235	141,564
New energy vehicle subsidies receivables*	515,025	449,539	382,537
Less: Impairment losses	(1,044,150)	(1,046,116)	(1,018,871)
Net carrying amount	1,759,296	1,687,458	1,918,113

* New energy vehicle subsidies receivables are related to sales of qualified new energy passenger vehicles, which will be settled after appropriate review and approval by government.

The Group’s trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2023, 2024 and 2025, certain bank acceptance notes measured at amortised cost amounting to Nil, Nil and RMB65,000,000 respectively, were pledged to banks as collateral for issuance of bank acceptance notes (note 43).

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Period, based on the time of revenue recognition and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within six months	1,259,907	1,315,639	1,705,433
Seven months to one year	58,344	43,632	27,811
Over one year and within two years	258,916	84,679	77,877
Over two years and within three years	75,381	203,180	63,896
Over three years and within four years	49,475	26,048	25,975
Over four years and within five years	19,042	293	3,133
Over five years	38,231	13,987	13,988
Total	1,759,296	1,687,458	1,918,113

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The movements in the impairment losses on trade receivables and new energy vehicle subsidies receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	1,039,136	1,044,150	1,046,116
Impairment losses, net.	10,564	1,966	70,879
Amount written off as uncollectible	(5,469)	–	(97,649)
Disposal of subsidiaries	(81)	–	(475)
At end of year	<u>1,044,150</u>	<u>1,046,116</u>	<u>1,018,871</u>

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was immaterial as at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating ECLs for trade receivables and new energy vehicle subsidies receivables. Trade receivables and new energy vehicle subsidies receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of the reporting periods using a provision matrix to measure expected credit losses. The provision rates are based on aging information for groupings of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity.

The Group

Set out below is the information about the credit risk exposure on the Group’s trade receivables and new energy vehicle subsidies receivables using a provision matrix:

	within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023							
On a collective basis:							
Expected credit loss rate	0.1%	10.0%	30.0%	50.0%	80.0%	100.0%	5.5%
Gross carrying amount (RMB'000) . . .	885,912	51,672	9,965	2,993	1,229	43,320	995,091
Expected credit losses (RMB'000) . . .	569	5,167	2,990	1,496	983	43,320	54,525
On individual basis:							
Expected credit loss rate							69.1%
Gross carrying amount (RMB'000) . . .							1,431,458
Expected credit losses (RMB'000) . . .							989,625
	within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2024							
On a collective basis:							
Expected credit loss rate	0.2%	10.0%	30.0%	50.0%	80.0%	100.0%	4.2%
Gross carrying amount (RMB'000) . . .	1,131,644	35,210	5,093	6,212	1,465	39,946	1,219,570
Expected credit losses (RMB'000) . . .	2,079	3,521	1,528	3,106	1,172	39,946	51,352
On individual basis:							
Expected credit loss rate							76.0%
Gross carrying amount (RMB'000) . . .							1,308,908
Expected credit losses (RMB'000) . . .							994,764

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	within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2025							
On a collective basis:							
Expected credit loss rate	0.1%	10.0%	30.0%	50.0%	80.0%	100.0%	4.2%
Gross carrying amount (<i>RMB'000</i>) . . .	1,169,067	64,223	20,951	694	2,278	37,626	1,294,839
Expected credit losses (<i>RMB'000</i>) . . .	1,204	6,422	6,285	347	1,822	37,626	53,706
On individual basis:							
Expected credit loss rate							88.7%
Gross carrying amount (<i>RMB'000</i>) . . .							1,087,942
Expected credit losses (<i>RMB'000</i>) . . .							965,165

The amounts due from related parties included in trade and bills receivables are disclosed in note 45 to the Historical Financial Information.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank acceptance notes	1,250	–	–
Less: Impairment losses	–	–	–
Net carrying amount	1,250	–	–

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion:			
Other tax recoverable	320,562	277,874	255,195
Receivables for export tax rebate	23,225	82,951	142,497
Maintenance funds	20,944	28,175	28,053
Prepayments to suppliers	16,638	17,774	17,056
Dividends receivable	59,956	12,728	59,846
Receivables arising from the disposal of associates . . .	10,183	5,366	5,366
Receivables arising from the disposal of subsidiaries . .	6,218	3,336	3,336
Due from related parties	8,452	9,021	8,277
Deposits	3,086	1,673	10,956
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	47,846	54,861	48,459
Impairment allowance	517,110 (39,425)	493,759 (41,816)	607,855 (51,886)
Subtotal	477,685	451,943	555,969
Non-current portion:			
Prepayments for items of property, plant and equipment	3,845	5,648	5,983
Total	481,530	457,591	561,952

These balances were interest-free, unsecured and repayable on demand.

An impairment analysis was performed at the end of each of the Relevant Periods. Impairment allowance for prepayments, other receivables and other assets was mainly due to the uncollectibility of these receivables as at 31 December 2023, 31 December 2024 and 31 December 2025.

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As at 31 December 2023, 2024 and 2025, the Group’s dividends receivable of RMB59,846,000, Nil and Nil were pledged to secure bank and other borrowings, respectively (note 43).

The amounts due from related parties included in prepayments, other receivables and other assets are disclosed in note 45 to the Historical Financial Information.

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current portion:			
Dividends receivable	47,228	–	21,819
Receivables arising from the disposal of associates . . .	10,183	–	–
Receivables arising from the disposal of subsidiaries . .	6,218	3,336	3,336
Due from related parties	8,080	717	923
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	854	2,275	1,575
Impairment allowance	72,563 (3,667)	6,328 (3,462)	56,467 (3,489)
Total	68,896	2,866	52,978

These balances were interest-free, unsecured and repayable on demand.

As at 31 December 2023, 2024 and 2025, the Company’s dividends receivable of RMB47,228,000, Nil and Nil were pledged to secure bank and other borrowings, respectively.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2025
	RMB’000
Trust, at fair value	222,408

27. CASH AND CASH EQUIVALENTS, TIME DEPOSITS, RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current portion:			
Cash and cash equivalents	986,333	1,321,676	2,517,714
Pledged time deposits with original maturity of more than three months and due within one year*	544,945	150,679	173,403
Restricted cash	1,893,421	2,207,049	1,991,178
Subtotal	3,424,699	3,679,404	4,682,295
Non-current portion:			
Pledged time deposits with original maturities over one year*	–	–	2,723,390
Total	3,424,699	3,679,404	7,405,685

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	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents			
Denominated in RMB	843,814	1,071,384	2,280,752
Denominated in USD	41,016	71,844	180,426
Denominated in HKD	59,174	122,830	10,222
Denominated in other foreign currencies	42,329	55,618	46,314
Total	<u>986,333</u>	<u>1,321,676</u>	<u>2,517,714</u>
Time deposits			
Denominated in RMB	544,945	150,679	2,723,390
Denominated in HKD	–	–	173,403
Total	<u>544,945</u>	<u>150,679</u>	<u>2,896,793</u>
Restricted cash			
Denominated in RMB	1,876,578	2,189,020	1,972,885
Denominated in USD	16,822	18,007	18,064
Denominated in other foreign currencies	21	22	229
Total	<u>1,893,421</u>	<u>2,207,049</u>	<u>1,991,178</u>

* Time deposits with an initial term of over one year, and pledged time deposits with original maturity of more than three months and due within one year are excluded from cash and cash equivalents, as management is of the opinion that these time deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion:			
Cash and cash equivalents	292,110	352,313	97,265
Pledged time deposits with original maturity of more than three months and due within one year . . .	544,945	80,606	–
Restricted cash	16,822	2,200	2,200
Total	<u>853,877</u>	<u>435,119</u>	<u>99,465</u>

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents denominated in RMB	<u>292,110</u>	<u>352,313</u>	<u>97,265</u>
Time deposits denominated in RMB	<u>544,945</u>	<u>80,606</u>	<u>–</u>
Restricted cash			
Denominated in RMB	–	2,200	2,200
Denominated in USD	16,822	–	–
Total	<u>16,822</u>	<u>2,200</u>	<u>2,200</u>

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The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates.

As at 31 December 2023, 2024 and 2025, time deposits amounting to RMB544,945,000, RMB150,679,000 and RMB150,000,000, respectively, were pledged to obtain bank borrowings (note 43).

As at 31 December 2023, 2024 and 2025, time deposits amounting to Nil, Nil and RMB2,718,612,000, respectively, were pledged as collateral for the issuance of bank acceptance notes. (note 43)

As at 31 December 2023, 2024 and 2025, restricted cash amounting to RMB20,853,000, RMB49,037,000 and RMB53,342,000, respectively, were frozen by the People’s Court due to lawsuits. (note 43)

As at 31 December 2023, 2024 and 2025, restricted cash amounting to RMB1,872,568,000, RMB2,158,012,000 and RMB1,932,234,000 respectively, were pledged as collateral for the issuance of bank acceptance notes, letter of credit and guarantee letter. (note 43)

As at 31 December 2023, 2024 and 2025, the Group and the Company assessed the credit risk of cash and cash equivalents, time deposits and restricted cash to be minimal as they were placed in reputable financial institutions. (note 43)

28. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables	2,921,583	3,463,745	3,189,582
Bills payable	1,973,539	2,215,191	2,310,669
Total	<u>4,895,122</u>	<u>5,678,936</u>	<u>5,500,251</u>

An ageing analysis of the trade and bills payables as at the end of each of Relevant Periods, based on invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within one year.	4,748,784	4,909,696	5,359,421
One to two years	124,257	696,836	52,771
Two to three years	2,876	58,473	66,884
Over three years	19,205	13,931	21,175
Total	<u>4,895,122</u>	<u>5,678,936</u>	<u>5,500,251</u>

The trade payables are interest-free and are normally settled within 30 to 90 days upon receipt of the invoice.

The amounts due to related parties included in trade and bills payables are disclosed in note 45 to the Historical Financial Information.

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29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to third parties	351,310	352,923	272,137
Deposit from suppliers and distributors	257,247	244,178	226,417
Accrued expenses	332,598	141,549	270,211
Due to related parties	93,404	151,929	140,699
Underrecognized amounts of endorsed undue bills	217,653	131,711	201,301
Payroll and welfare payable	77,193	76,106	263,891
Advances from non-controlling shareholders of subsidiaries and third parties*	103,858	110,935	114,615
Other tax payables	49,648	93,099	109,334
Advance from customers	25,713	25,388	22,329
Government grants	—	22,503	—
Payables for subscription under equity incentive plan . .	113,180	136	42,153
Advances from disposal of a subsidiary	—	16,000	—
[REDACTED] expense.	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	19,022	17,267	15,189
Total	1,640,826	1,383,724	1,686,440

* During the Relevant Periods, advances from non-controlling shareholders of subsidiaries and third parties bear interest at fixed interest rates ranging from 6% to 11% per annum

Other than advances from non-controlling shareholders of subsidiaries and third parties, other payables in current portion were interest-free, unsecured and repayable on demand.

The amounts due to related parties included in other payables and accruals are disclosed in note 45 to the Historical Financial Information.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to third parties	25,914	23,024	17,906
Payroll and welfare payable	5,700	5,908	8,273
Deposit from suppliers and distributors	3,343	2,787	2,342
Due to related parties	199	185	185
Payables for subscription under an equity incentive plan	113,180	136	42,153
[REDACTED] Expense	[REDACTED]	[REDACTED]	[REDACTED]
Total	148,336	32,040	79,023

30. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances received from customers:			
Advance payment on sales of passenger vehicles, motorcycles, other machine and services	240,603	230,161	363,062
Advance payment on sales of properties.	34,225	13,620	6,924
Total	274,828	243,781	369,986

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31. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

As at 31 December 2023			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current portion:			
Current portion of other borrowings – secured	3.65	2024	254,979
Short term bank loans – secured	3.45	2024	150,043
Short term bank loans – unsecured	1.65-3.45	2024	74,471
Current portion of long term bank loans – secured . . .	3.65-5.635	2024	389,186
Total – Current			868,679
Non-current portion:			
Non-current portion of other borrowings – secured . .	3.65	2025	337,829
Long term bank loans – secured	3.65-5.635	2025-2027	1,091,783
Total – Non-current			1,429,612
Total			2,298,291

As at 31 December 2024			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current portion:			
Current portion of other borrowings – secured	3.65	2025	52,087
Short term bank loans – secured	2.9-3.3	2025	440,364
Short term bank loans – unsecured	2.9-3.1	2025	177,056
Current portion of long term bank loans – secured . . .	3.25-5.135	2025	526,432
Total – Current			1,195,939
Non-current portion:			
Long term bank loans – secured	3.25-5.135	2026-2027	778,062
Long term bank loans – unsecured	3.45	2026	42,869
Total – Non-current			820,931
Total			2,016,870

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As at 31 December 2025			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current portion:			
Discounted bills	0.47-1.0	2026	2,104,564
Short term bank loans secured	2.7	2026	10,008
Short term bank loans unsecured	2.9	2026	91,203
Current portion of long term bank loan – secured	2.65-5.135	2026	89,159
Current portion of long term bank loan – unsecured . .	2.7	2026	42,535
Total – Current			2,337,469
Non-current portion:			
Long term bank loans – secured	2.65-5.135	2027	926,993
Total – Non-current			926,993
Total			3,264,462

The Company

As at 31 December 2023			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current portion:			
Current portion of other borrowings – secured	3.65	2024	216,999
Current portion of long term bank loan – secured	3.65	2024	341,796
Total – current			558,795
Non-current portion:			
Non-current portion of other borrowings – secured . .	3.65	2025	288,581
Long term bank loans – secured	3.65	2025	440,567
Total – non-current			729,148
Total			1,287,943

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As at 31 December 2024			
	Effective interest rate		
	(%)	Maturity	RMB'000
Current portion:			
Current portion of other borrowings – secured	3.65	2025	43,531
Short term bank loans – secured	3.10-3.30	2025	350,284
Current portion of long term bank loans – secured . . .	3.25-3.65	2025	456,209
Total – current			850,024
Non-current portion:			
Long term bank loans – secured	3.25-3.65	2026	132,500
Total – non-current			132,500
Total			982,524

As at 31 December 2025			
	Effective interest rate		
	(%)	Maturity	RMB'000
Current portion:			
Current portion of long term bank loans – secured . . .	2.65-2.7	2026	48,284
Total – current			48,284
Non-current portion:			
Long term bank loans – secured	2.65	2027	374,560
Total – non-current			374,560
Total			422,844

The Group

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank borrowings repayable:			
Within one year.	613,700	1,143,852	232,905
In the second year	499,320	221,299	926,993
In the third to fifth years, inclusive	592,463	599,632	–
Subtotal	1,705,483	1,964,783	1,159,898
Other borrowings repayable:			
Within one year.	254,979	52,087	–
In the second year	337,829	–	–
In the third to fifth years, inclusive	–	–	–
Subtotal	592,808	52,087	–
Discounted bills			
Within one year.	–	–	2,104,564
Total	2,298,291	2,016,870	3,264,462

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank borrowings repayable:			
Within one year	341,796	806,493	48,284
In the second year	440,567	132,500	374,560
In the third to fifth years, inclusive	—	—	—
Subtotal	782,363	938,993	422,844
Other borrowings repayable:			
Within one year	216,999	43,531	—
In the second year	288,581	—	—
In the third to fifth years, inclusive	—	—	—
Subtotal	505,580	43,531	—
Total	1,287,943	982,524	422,844

The Group and The Company’s bank loans and other borrowings are all denominated in RMB.

As at 31 December 2023, 31 December 2024 and 31 December 2025, the carrying amounts of certain assets secured for outstanding balances of bank and other borrowings are included in notes 14, 15, 16, 19, 25 and 27.

As at 31 December 2023, 31 December 2024 and 31 December 2025, the outstanding balances of bank loans guaranteed by Chongqing Lifan Real Estate Co., Ltd. (重慶力帆置業有限公司) (a related company refer to note 45) and Chongqing Xingyuan Real Estate Development Co., Ltd. (重慶星遠房地產開發有限公司) which previously known as Chongqing Red Star Macalline Real Estate Co., Ltd. (重慶紅星美凱龍房地產開發有限公司) were RMB655,662,000, RMB629,062,000 and RMB592,463,000, respectively.

32. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants:			
Asset-related grants (a)	1,600	1,297	624,914
Reimbursement of future expenses (b)	—	2,576	21,952
Others	—	7,488	5,042
Total	1,600	11,361	651,908

Notes:

(a) Asset-related grants

The asset-related grants were the subsidies received from the Chinese government in relation to the Group’s property, plant and equipment.

(b) Reimbursement of future expenses

Government grants as reimbursement of future expenses were subsidies received in relation to the Group’s future operating activities.

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33. PROVISION

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Warranties	(a)	43,375	53,626	49,140
Pending litigation		1,337	1,337	–
Others		7,145	30,402	24,362
Total		51,857	85,365	73,502

Note:

- (a) The Group provides for warranties in relation to the sales of passenger vehicles, motorcycles and other machine or parts. Provisions for warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

34. SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Share capital	4,571,523	4,521,100	4,521,100

A summary of movements in the Company’s share capital is as follows:

	Number of shares	Share capital
	'000	RMB'000
At 1 January 2022.	4,500,000	4,500,000
Issue of shares (note (1))	71,523	71,523
At 31 December 2022 and 2023.	4,571,523	4,571,523
Cancellation of treasury shares (note (2))	(50,423)	(50,423)
At 31 December 2024 and 2025.	4,521,100	4,521,100

Notes:

- (1) On 17 November 2022, the Company issued 71,523,000 new shares with a nominal value of RMB1.00 each in the Share Award Scheme at an issue price of RMB2.58 per share for total proceeds of RMB184,529,000.
- (2) On 7 June 2024, the Company repurchased and cancelled restricted shares that failed to meet the vesting conditions, resulting in a reduction of share capital by RMB50,423,000.

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35. TREASURY SHARES

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Treasury Shares	259,710	133,881	341,672

A summary of movements in the Company’s treasury shares is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At 1 January	314,848	259,710	133,881
Repurchase of ordinary shares	–	–	210,233
Cancellation of treasury shares	–	(130,091)	–
Debt restructuring	(700)	4,262	(2,442)
At 31 December	259,710	133,881	341,672

36. SHARE-BASED PAYMENTS

(a) 2022 share award scheme

The Group approved and adopted a share award scheme (the “2022 Share Award Scheme”) in 2022 for certain employees of the Group (“Share Incentive Participants”) in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group and incentivise them to further promote the development of the Group.

The restricted share awards granted to employees under the Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

Grant date	Number of shares granted	Subscription price	Fair values on the grant date	The basis for determining the fair value as of the grant date
		RMB per share	RMB per share	
2022/10/31 .	71,523,000	2.58	4.69	The closing price of the Company’s shares on the last trading day before the equity award date

The duration of the Share Award Scheme is 60 months, starting from the date of completion of the registration of the first granted restricted shares. The restricted shares granted under the Share Award Scheme have lock up periods of 12 months, 24 months, and 36 months respectively from the date of completion of the registration of the corresponding restricted shares granted; After the expiration of the lock up period, the Company will lift the restrictions for incentive objects that meet the conditions for lifting restrictions. For restricted shares that have not been applied for lifting restrictions within the agreed lock up period or cannot be applied for lifting restrictions due to not meeting the conditions for lifting restrictions, the Company will repurchase the corresponding restricted shares from the incentive objects according to the principles stipulated in the Share Award Scheme, and the related equity cannot be deferred to the next period. The restricted shares granted to Share Incentive Participants under the Share Award Scheme shall not be transferred, used as collateral, or used to repay debts before the restriction is lifted. The Company does not have any plans or arrangements to provide loans, loan guarantees, or any other financial autonomy to incentive recipients.

The restricted shares granted for the first time under the Share Award Scheme will be unlocked in three phases starting from the first trading day 12 months after the completion of the registration of the restricted shares granted for the first time, with a maximum lock-up period of 48 months. The specific unlocking time for the first batch is from the first trading day 12 months after the completion of the registration of the restricted shares granted for the first time to the last trading day within 24 months after the completion of the registration of the restricted shares granted for the first time. The

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number of unlocked shares is 34.00% of the total number of underlying shares held under the Share Award Scheme. The second batch of unlocking time point: from the first trading day 24 months after the completion of the registration of the first granted restricted shares to the last trading day within 36 months from the completion of the registration of the first granted restricted shares, the number of unlocked shares is 33.00% of the total number of underlying shares held by the Share Award Scheme. The third batch of unlocking time: from the first trading day 36 months after the completion of the registration of the first granted restricted shares to the last trading day within 48 months from the completion of the registration of the first granted restricted shares, the number of unlocked shares is 33.00% of the total number of underlying shares held by the Share Award Scheme. The restricted shares granted to Share Incentive Participants, which are acquired through the conversion of capital reserves into share capital, share dividends, or share splits, are also restricted from sale and cannot be sold or transferred in any other way in the secondary market. The period for lifting the restrictions on such shares is the same as that for lifting the restrictions on restricted shares. If the company repurchases restricted shares that have not yet been released from restrictions, such shares shall be repurchased together.

On 12 April 2024 and 10 May 2024, due to performance conditions not being met, Company held the second meeting of the sixth board of directors and the 2023 annual general meeting of shareholders, and approved the “Proposal on Terminating the Implementation of the 2022 Restricted Share Incentive Plan and Repurchasing and Cancelling Some Restricted Shares”.

It was agreed to terminate the implementation of the Company’s “2022 Restricted Share Incentive Plan (Revised Draft)”, and at the same time terminate the Company’s “2022 Restricted Share Incentive Plan Implementation Assessment Management Measures” and other documents that support the Share Award Scheme, and repurchase and cancel 42,844,230 restricted shares that have been granted to incentive objects but have not yet been released from restrictions. The Company applied to China Securities Depository and Clearing Corporation Shanghai Branch for the corresponding repurchase and cancellation procedures, and completed the cancellation on 12 June 2024.

(b) 2025 share award scheme

The Group approved and adopted a share award scheme (the “**2025 Share Award Scheme**”) in 2025 for certain employees of the Group (“**Share Incentive Participants**”) in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group and incentivise them to further promote the development of the Group.

The duration of the Share Award Scheme is 30 months, starting from the date of approval by Board of Directors and announcement of the completion of purchase of final lot of the underlying shares. The restricted shares granted under the Share Award Scheme have lock up periods of 12 months and 24 months respectively from the starting date and 50% of shares are unlocked at the end of each period. After the expiration of the lock up period, the Company will lift the restrictions for incentive objects that meet the conditions for lifting restrictions. For restricted shares that have not been applied for lifting restrictions within the agreed lock up period or cannot be applied for lifting restrictions due to not meeting the conditions for lifting restrictions, the Company will repurchase the corresponding restricted shares from the incentive objects according to the principles stipulated in the Share Award Scheme, and the related equity cannot be deferred to the next period. The restricted shares granted to Share Incentive Participants under the Share Award Scheme shall not be transferred, used as collateral, or used to repay debts before the restriction is lifted. The Company does not have any plans or arrangements to provide loans, loan guarantees, or any other financial autonomy to incentive recipients.

The restricted shares granted under 2025 share award scheme consists of an initial grant portion and a reserved portion and their respective vesting conditions were as follows:

Initial portion:

First vesting period: on the basis of the Group’s revenue or net profit derived in year 2024, the revenue growth in year 2025 should be no less than 30%, the net profit attributable to owners of the parent for the year ended 31 December 2025 should be no less than RMB60,000,000, which the revenue metric and the net profit metric respectively account for 60% and 40% of the total indicator weight, and personal performance assessment should exceed B+ level;

Second vesting period: on the basis of the Group’s revenue or net profit derived in year 2024, the revenue growth in year 2026 should be no less than 40%, the net profit attributable to owners of the parent for the year ended 31 December 2026 should be no less than RMB100,000,000, which the revenue metric and the net profit metric respectively account for 60% and 40% of the total indicator weight, and personal performance assessment should exceed B+ level.

Reserve portion:

The vesting conditions and performance targets for the reserve portion are the same as that for the initially portion.

The initial portion and the reserve portion of restricted shares granted to eligible participants under the 2025 Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

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	<u>Grant date</u>	<u>Number of shares granted</u>	<u>Subscription price</u> <i>RMB per share</i>	<u>Fair values of the underlying shares on the grant date</u> <i>RMB per share</i>
Initially portion	2025/11/4	10,077,700	2.27	11.43
Reserve portion	2025/12/26	8,982,600	2.13	10.71

The fair value of the shares granted was determined on the basis of closing price of the Company’s shares on the grant date.

During the years ended 31 December 2023, 2024 and 2025, share-based payment expenses of RMB23,771,000, Nil and RMB11,363,000 were charged to the profit or loss.

Movements in the number of restricted shares granted were as follows:

	<u>Number of shares</u>		
	<u>Year ended 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>’000</i>	<i>’000</i>	<i>’000</i>
At the beginning of the year	71,523	42,844	–
Granted during the year	–	–	19,060
Exercised during the year	(21,100)	–	–
Forfeited during the year	(7,579)	(42,844)	(739)
At the end of the year	<u>42,844</u>	<u>–</u>	<u>18,321</u>

37. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) *Share premium*

Share premium of the Group mainly represents the premium in issuing shares.

(ii) *Statutory surplus reserve*

In accordance with the Company Law of Chinese Mainland, companies which are domestic enterprises are required to allocate 10% of their profit after tax to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the Chinese Mainland, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) *Exchange fluctuation reserve*

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group’s presentation currency.

(iv) *Share-based payments reserve*

The share-based payment reserve represents the equity-settled share awards as set out in note 36 to the Historical Financial Information.

(v) *Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of FVOCI under IFRS 9 that was held and at the end of the Relevant Periods.

(vi) *Other reserve*

Other reserve comprises share of other reserve under equity method and the premium in acquisition of non-controlling interests.

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	Share premium	Share-based payment reserve	Statutory surplus reserve	Other reserve	Other comprehensive income	Retained (losses)/ profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	8,607,651	–	426,994	36,120	(16,711)	(1,020,294)	8,033,760
Profit for the year	–	–	–	–	–	45,885	45,885
Total comprehensive income for the year:							
Share of other comprehensive income of associates	–	–	–	–	64,697	–	64,697
Total comprehensive income for the year	–	–	–	–	64,697	45,885	110,582
Exercise of incentive shares	23,771	(23,771)	–	–	–	–	–
Share of other reserves of associates	–	–	–	7	–	–	7
Share-based payments	–	23,771	–	–	–	–	23,771
Debt restructuring	70,419	–	–	–	–	–	70,419
As at 31 December 2023 and 1 January 2024	8,701,841	–	426,994	36,127	47,986	(974,409)	8,238,539
Profit for the year	–	–	–	–	–	144,054	144,054
Total comprehensive income for the year:							
Share of other comprehensive income of associates	–	–	–	–	50,538	–	50,538
Total comprehensive income for the year	–	–	–	–	50,538	144,054	194,592
Cancellation of treasury shares	(79,668)	–	–	–	–	–	(79,668)
Share of other reserves of associates	–	–	–	(36)	–	–	(36)
Debt restructuring	(14,312)	–	–	–	–	–	(14,312)
As at 31 December 2024 and 1 January 2025	8,607,861	–	426,994	36,091	98,524	(830,355)	8,339,115
Loss for the year	–	–	–	–	–	(117,344)	(117,344)
Total comprehensive loss for the year:							
Share of other comprehensive loss of associates	–	–	–	–	(74,287)	–	(74,287)
Total comprehensive loss for the year	–	–	–	–	(74,287)	(117,344)	(191,631)
Share of other reserves of associates	–	–	–	365	–	–	365
Share-based payments	–	11,363	–	–	–	–	11,363
Debt restructuring	8,231	–	–	–	–	–	8,231
As at 31 December 2025	8,616,092	11,363	426,994	36,456	24,237	(947,699)	8,167,443

38. ACQUISITION OF SUBSIDIARIES THAT ARE NOT BUSINESSES

In June 2025, the Company established Afari Intelligent Drive in the Chinese Mainland, as an associate through Chongqing Jianghe Qixing Corporate Management Partnership (Limited Partnership) (“重慶江河啟興企業管理合夥企業(有限合夥)”) (“**Jianghe Qixing**”), with third parties. Jianghe Qixing is a limited partnership established in the Chinese Mainland, the sole general partner of which is Chongqing Zhiqi Xinwang Enterprise Management Co., Ltd., (“重慶智騏鑫旺企業管理有限公司”) (“**Zhiqi Xinwang**”), our wholly-owned subsidiary.

In September 2025, the partners of Jianghe Qixing have unanimously agreed to amend the partnership agreement of Jianghe Qixing resulting in Zhiqi Xinwang’s control of the key corporate matters of Jianghe Qixing, and Jianghe Qixing entered into a Proxy Agreement with its shareholder on September 27, 2025. Pursuant to the Proxy Agreement and the Shareholders’ approval dated October 15, 2025, the Company is able to control 60% of the voting rights in Afari Intelligent Drive on Shareholders Entrusted Matters and Board Entrusted Matters and exercises effective control over its board of directors, through Jianghe Qixing.

Since control over Jianghe Qixing was obtained in order to achieve control over Afari Intelligent Drive, Senior management of the Group has concluded that the acquisition of Jianghe Qixing and the acquisition of Afari Intelligent Drive constitute a single business combination. Accordingly, each of Jianghe Qixing and Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since 15 October 2025.

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Based on the concentration test performed, Senior management of the Group has concluded that the aforementioned transaction should be accounted for as an asset acquisition.

An analysis of the cash flows in respect of the acquisition of Jianghe Qixing and Afari Intelligent Drive (“**Jianghe Qixing Group**”) is as follows:

	<i>RMB’000</i>
Cash consideration paid	–
Cash and bank balances acquired	1,098,054
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,098,054

39. DISPOSAL OF A SUBSIDIARY

On January 14, 2025, the Company convened the 13th meeting of the 6th Board of Directors, at which the “Proposal on Signing the Settlement Agreement” was reviewed and approved. The proposal authorized the wholly-owned subsidiary Ruilan Manufacturing to sign the Settlement Agreement with Hiboridd Automotive Technology CO.,LTD. (“海博瑞德(北京)汽車技術有限公司”、“Hiboridd Automotive”) and Mr. Yuan Tao. According to the agreement, Mr. Yuan Tao made a one-time payment of RMB16 million to repurchase the 93.9684% equity in Hbred (Chongqing) Automotive Power Control System Co., Ltd. (“海博瑞德(重慶)汽車動力控制系統有限公司”、“Hbred Chongqing”) held by Ruilan Manufacturing.

In April 2025, the equity transfer procedures for Hbred Chongqing had been completed. Consequently, Hbred Chongqing and its subsidiary Beijing Haibo Ruide Technology Co., Ltd. (“北京海博瑞德科技有限公司”, “Beijing Haibo Ruide”) are no longer subsidiaries of the Group.

The carrying values of the assets and liabilities on the date of disposal were as follows:

	Hbred Chongqing	Beijing Haibo Ruide	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current assets	455	–	455
Current assets	281	6,364	6,645
Current liabilities	15,868	8,709	24,577
Non-controlling interests			(1,355)
Net liabilities disposed of			(16,122)
Gain on disposal of subsidiaries			32,122
Total consideration			16,000
Satisfied by:			
Advance from disposal of a subsidiary (<i>note 29</i>)			16,000

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	As at date of disposal
	<i>RMB’000</i>
Cash consideration	–
Cash and bank balances disposed of	1.00
Net outflow of cash and cash equivalents in respect of the disposal	(1.00)

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40. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

Percentage of equity interests held by non-controlling interests:

	As at 31 December		
	2023	2024	2025
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	45%	45%	45%
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	50%	50%	50%
Jianghe Qixing Group	–	–	87%

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

(Loss)/profit for Relevant Periods allocated to non-controlling interests:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	(294,123)	(300,303)	(198,060)
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	11,740	(65,415)	(46,308)
Jianghe Qixing Group	–	–	(157,653)

Accumulated balances of non-controlling interests at the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	388,976	88,673	(109,387)
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	1,112,560	1,047,146	1,000,837
Jianghe Qixing Group	–	–	6,232,738

	Year ended 31 December 2023	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	3,484,496	521,942
(Loss)/profit for the year	(622,305)	23,481
Total comprehensive (loss)/income	(622,305)	23,481
Net cash flows (used in)/generated from operating activities	(731,564)	49,615
Net cash flows used in investing activities	(503,843)	–
Net cash flows generated from/(used in) financing activities	920,000	(69,845)
Net decrease in cash and cash equivalents	(315,407)	(20,230)

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	As at 31 December 2023	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開 發有限公司)
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	3,959,711	1,435,096
Non-current assets	1,771,214	3,040,646
Current liabilities	4,858,610	1,012,088
Non-current liabilities	12,530	1,238,533
	Year ended 31 December 2024	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車 科技有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產 開發有限公司)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3,037,817	170,979
Loss for the year	(667,340)	(130,830)
Total comprehensive loss	(667,340)	(130,830)
Net cash flows generated from operating activities	383,796	12,453
Net cash flows used in investing activities	(353,133)	—
Net cash flows used in financing activities	(24,285)	(63,226)
Net increase/(decrease) in cash and cash equivalents	6,378	(50,773)
	As at 31 December 2024	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開 發有限公司)
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	3,207,278	1,356,645
Non-current assets	1,955,339	2,952,252
Current liabilities	4,862,280	1,038,309
Non-current liabilities	107,893	1,176,297

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	Year ended 31 December 2025		
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿 藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤 田房地產開發 有限公司)	Jianghe Qixing Group
	RMB'000	RMB'000	RMB'000
Revenue	5,335,867	240,100	351,699
Loss for the year	(423,311)	(92,616)	(39,293)
Total comprehensive loss	(423,311)	(92,616)	(39,293)
Net cash flows generated from/(used in) operating activities	1,871,164	111,395	(198,208)
Net cash flows used in investing activities . .	(1,171,621)	–	(6,638)
Net cash flows used in financing activities . .	(103,166)	(73,734)	–
Net increase/(decrease) in cash and cash equivalents	596,377	37,661	(204,846)
	As at 31 December 2025		
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿 藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤 田房地產開發 有限公司)	Jianghe Qixing Group
	RMB'000	RMB'000	RMB'000
Current assets	4,355,436	1,217,859	1,406,168
Non-current assets	1,119,915	2,913,296	5,258,458
Current liabilities	5,062,976	1,011,690	264,474
Non-current liabilities	642,609	1,117,753	6,064

41. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB7,880,000, RMB119,000 and RMB13,657,000, respectively, in respect of lease arrangements for buildings.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash reductions in interest-bearing bank borrowings of RMB63,374,000, Nil and Nil, respectively.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash reductions in due to third parties of Nil, Nil and RMB45,168,000, respectively, resulting from debt restructuring by real estates.

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(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Other payables – Payables for subscription under equity incentive plan	Other payables – Advances from non-controlling shareholders of subsidiaries and third parties	Other payables – expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 . .	2,811,335	4,941	184,665	95,153	[REDACTED]	[REDACTED]
Changes from financing cash flows	(564,193)	(4,464)	(17,047)	–	[REDACTED]	[REDACTED]
Non-cash payment . .	(63,374)	–	–	–	[REDACTED]	[REDACTED]
New leases	–	7,880	–	–	[REDACTED]	[REDACTED]
Exercised of incentive shares	–	–	(54,438)	–	[REDACTED]	[REDACTED]
Interest expense . . .	114,523	217	–	8,705	[REDACTED]	[REDACTED]
At 31 December 2023 and 1 January 2024 . .	2,298,291	8,574	113,180	103,858	[REDACTED]	[REDACTED]
Changes from financing cash flows	(367,512)	(3,137)	(113,044)	–	[REDACTED]	[REDACTED]
New leases	–	119	–	–	[REDACTED]	[REDACTED]
Termination	–	(4,821)	–	–	[REDACTED]	[REDACTED]
Interest expense . . .	86,091	168	–	7,077	[REDACTED]	[REDACTED]
At 31 December 2024 and 1 January 2025 . .	2,016,870	903	136	110,935	[REDACTED]	[REDACTED]
Changes from financing cash flows	1,181,432	(1,721)	42,017	–	[REDACTED]	[REDACTED]
Increase arising from acquisition of subsidiaries	–	9,414	–	–	[REDACTED]	[REDACTED]
Decrease arising from disposal of subsidiaries	–	–	–	(2,293)	[REDACTED]	[REDACTED]
Accrued expense . . .	–	–	–	–	[REDACTED]	[REDACTED]
New leases	–	13,657	–	–	[REDACTED]	[REDACTED]
Interest expense . . .	66,160	317	–	5,973	[REDACTED]	[REDACTED]
At 31 December 2025 .	3,264,462	22,570	42,153	114,615	[REDACTED]	[REDACTED]

(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	6,560	9,686	18,182
Within financing activities	4,464	3,137	1,721
Total	11,024	12,823	19,903

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42. CONTINGENT LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Auto finance business guarantee (<i>note (1)</i>)	180,421	107,272	45,712
Pending litigation (<i>note (2)</i>)	208,772	–	–
Total	<u>389,193</u>	<u>107,272</u>	<u>45,712</u>

Notes:

- (1) The Company’s subsidiary, Chongqing Ruilan Automobile Technology Co., Ltd. (“**Ruilan Technology**”), has entered into the “Cooperation Agreement on the ‘Quanchengtong’ Automobile Financial Network” with China Everbright Bank Co., Ltd. Hangzhou Branch (hereinafter referred to as “**Everbright Hangzhou Branch**”). The agreement stipulates that: For dealers joining the “Quanchengtong” network, after depositing funds equivalent to no less than 10% of the face value of the bank acceptance notes (as approved by Everbright Hangzhou Branch), Everbright Hangzhou Branch shall issue bank acceptance notes with a term of up to one year to such dealers within the approved credit limit. In the event that a dealer fails to fully honors the maturing bank acceptance notes within the time limit specified in the relevant sub-agreement, Ruilan Technology shall promptly urge the authorised lead unit to fulfill its corresponding repurchase obligations. If the authorised lead unit fails to complete the repurchase within 5 working days, Ruilan Technology or its subsidiary, Ruilan Sales Co., Ltd., shall jointly fulfill the repurchase obligations. The annual repurchase liability shall not exceed RMB150 million. As at 31 December 2023, 2024 and 2025, invoices issued by dealers but not yet repaid amounted to RMB380,035,000, RMB325,840,000 and RMB169,533,000, respectively.

The Company’s subsidiary, Ruilan Technology, has also entered into the “Framework Agreement on Automobile Sales Network Financial Services” with Industrial Bank Co., Ltd. Ningbo Branch (hereinafter referred to as “**Industrial Bank Ningbo Branch**”). The agreement stipulates that: For dealers participating in the “Automobile Sales Network Financial Services,” after paying a margin of no less than 15% of the bank acceptance drafts (or providing pledges of fixed deposits of entities and individuals), Industrial Bank Ningbo Branch shall provide bank acceptance note support with a term of no less than three months to the cooperating dealers. In the event that Industrial Bank Ningbo Branch encounters difficulties in recovering credit funds from the cooperating dealers, Ruilan Technology or its subsidiary, Ruilan Sales Co., Ltd., shall undertake corresponding responsibilities such as adjustment sale and repurchase. The annual repurchase liability shall not exceed RMB100 million. As at 31 December 2023, 2024 and 2025, invoices issued by dealers but not yet repaid amounted to RMB60,903,000, RMB31,434,000 and RMB62,342,000, respectively.

Hence, as at 31 December 2023, 2024 and 2025, the aggregate amounts of joint and several guarantee liabilities assumed by the Company’s subsidiaries in relation to their automobile finance business were RMB180,421,000, RMB107,272,000 and RMB45,712,000, respectively.

During the Relevant Period, the Group has not been required to repurchase, therefore credit risks are considered relatively low.

- (2) During the years 2022 and 2023, certain subsidiaries of the Company were defendants in lawsuits instituted by certain parties, which alleged breaches and repudiation of contracts by such subsidiaries. The directors, based on the advice from the Group’s legal counsel, believe that the subsidiaries have valid defence against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

As at 31 December 2025, all of the above-mentioned lawsuits have been concluded, and the Group confirms that it has no statutory compensation obligations to assume.

As of the end of each Relevant Period, the Group had no other material contingent liabilities, guarantees, or litigations or claims of material importance (whether pending or threatened) against any member of the Group that remained undisclosed.

43. PLEDGE OF ASSETS

Details of the Group’s assets pledged as collateral for the Group’s bank and other borrowings, as well as for the issuance of bank acceptance bills, are included in notes 14, 15, 16, 19, 23, 24, 25, 27 and 31, respectively, to the Historical Financial Information.

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44. COMMITMENTS

The Group had the following commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Properties, plant and equipment and other intangible assets	125,371	95,738	212,283

45. RELATED PARTY TRANSACTIONS

The related companies with which the Group had transactions were as follows:

Name of related parties	Notes	Relationship with the Group
重慶銀行股份有限公司(Chongqing Bank Co., Ltd.) . . .		Associate
新能源汽車產業發展(重慶)有限公司 (New Energy Automobile Industry Development (Chongqing) Co., Ltd.)		Associate
重慶新能源汽車融資租賃有限公司 (Chongqing New Energy Automobile Finance Leasing Co., Ltd.)		Associate
張家港保稅區國際汽車城有限公司 (Zhangjiagang Free Trade Zone International Auto Mall Co., Ltd.)		Associate
李書福 (Mr. Li Shu Fu)		Significant equity holder
浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Co., Ltd.)	(1)	Controlled by Mr. Li Shu Fu
吉利科技集團有限公司 (Geely Technology Group Co., Ltd.)	(1)	Controlled by Mr. Li Shu Fu
山東吉利新能源商用車有限公司 (Shandong Geely New Energy Commercial Vehicle Co., Ltd)	(1)	Controlled by Mr. Li Shu Fu
Geely Group	(1)	Controlled by Mr. Li Shu Fu
CaoCao Inc.	(2)	Controlled by Mr. Li Shu Fu
Caocao Group	(2)	Controlled by Mr. Li Shu Fu
浙江吉曜通行能源科技有限公司 (“Zhejiang Jiyao Pass Energy Technology Co., Ltd.”)	(3)	Controlled by Mr. Li Shu Fu
Jiyao Group.	(3)	Controlled by Mr. Li Shu Fu
Yeoning Technology Group	(4)	Controlled by Mr. Li Shu Fu
浙江耀寧科技集團有限公司 (Zhejiang Yeoning Technology Group Co., Ltd.)	(4)	Controlled by Mr. Li Shu Fu
Dreamsmart Group	(5)	Controlled by Mr. Li Shu Fu
DREAMSMART INFINITY HK	(5)	Controlled by Mr. Li Shu Fu
杭州楓華科技有限公司(Hangzhou Fenghua Souvenir CO.,LTD.)		Controlled by Mr. Li Shu Fu
浙江寰福科技有限公司 (Zhejiang e-CarX Technology Co.,Ltd.)		Controlled by Mr. Li Shu Fu
浙江濟底科技有限公司 (Zhejiang Jidi Technology Co., Ltd.)		Controlled by Mr. Li Shu Fu
浙江鋒銳發動機有限公司 (Zhejiang Fengrui Engine Co., Ltd.)		Controlled by Mr. Li Shu Fu
吉致汽車金融有限公司 (Geely Auto Finance Co., Ltd.)		Controlled by Mr. Li Shu Fu
浙江智慧普華融資租賃有限公司 (Zhejiang Zhihui puhua Financial Leasing Co., Ltd.)		Controlled by Mr. Li Shu Fu
領為視覺智能科技(寧波)有限公司 (Lynway Vision Technology (Nb) Co., Ltd.)		Controlled by other significant equity holder
重慶力帆控股有限公司 (“Chongqing Lifan Holdings Ltd”, “Lifan holding group”)		Controlled by other significant equity holder
重慶力帆紅星商業管理有限公司 (Chongqing Lifan Hongxing Commercial Management Co., Ltd.)		Controlled by other significant equity holder
重慶裕弘昇物業管理有限公司 (Chongqing Yuhongsheng Property Management Co., Ltd.)		Controlled by other significant equity holder
力帆融資租賃(上海)有限公司 (Lifan Financial Leasing (Shanghai) Co., Ltd.)		Controlled by other significant equity holder
重慶力帆置業有限公司		Controlled by other significant equity holder

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Name of related parties	Notes	Relationship with the Group
Lifan Group (Lifan holding group and its other subsidiaries, joint ventures and associates)		Controlled by other significant equity holder
江西安馳新能源科技有限公司(Jiangxi Anchi New Energy Technology Co., Ltd.)		Controlled by other significant equity holder
杭州六創電動汽車技術有限公司 (Hangzhou Liuchuang Electric Vehicle Technology Co., Ltd.)		Controlled by other significant equity holder
杭州楓華文化創意有限公司 (Hangzhou Fenghua Culture Creative Co., Ltd.)		Controlled by other significant equity holder
重慶新潤商業管理有限公司 (Chongqing Xinrun Commercial Management Co., Ltd.)		Controlled by other significant equity holder
武漢路特斯科技有限公司(Wuhan Lutes Technology Co., Ltd.)	(6)	Controlled by other significant equity holder
原力數能(重慶)科技有限公司(Force Data & Energy (Chongqing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
北京曠視科技有限公司(Beijing Kuangshi Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
北京邁格威科技有限公司(Megvii (Beijing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
杭州曠雲金智科技有限公司 (Hangzhou Kuangyun Jinzhi Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
邁馳智行(重慶)科技有限公司 (Maichi Zhixing (Chongqing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
上海階躍紀元智能科技有限公司 (Shanghai Stepfun Epoch Intelligent Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
上海曠鏡博煊科技有限公司 (Shanghai Kuangjing Boxuan Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
武漢曠視金智科技有限公司 (Wuhan Kuangshi Jinzhi Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
原力金智(重慶)科技有限公司 (Yuanli Jinzhi (Chongqing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
原力數能(北京)科技有限公司 (Force Numerical Energy (Beijing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder

Notes:

- (1) For the purposes of disclosure, the “Geely Group” was defined as Zhejiang Geely Holding Group Co., Ltd. (“浙江吉利控股集團有限公司”), Geely Technology Group Co., Ltd., (“吉利科技集團有限公司”), Shandong Geely New Energy Commercial Vehicle Co., Ltd. (山東吉利新能源商用車有限公司) and their respective subsidiaries, joint ventures, and associates.
- (2) For the purposes of disclosure, the “Caocao Group” was defined as CaoCao Inc. and their respective subsidiaries, joint ventures, and associates.
- (3) For the purposes of disclosure, the “Jiyao Group” was defined as Zhejiang Jiyao Pass Energy Technology Co., Ltd. (“浙江吉曜通行能源科技有限公司”) and its respective subsidiaries, joint ventures, and associates.
- (4) For the purposes of disclosure, the “Yeoning Technology Group” was defined as Zhejiang YoeNing Technology Group Co., Ltd. (“浙江耀寧科技集團有限公司”) and its respective subsidiaries, joint ventures, and associates.
- (5) For the purposes of disclosure, the “Dreamsmart Group” was defined as Dreamsmart Infinity Hong Kong Limited and its respective subsidiaries, joint ventures, and associates.
- (6) Mr.Li Shu Fu are equity holders of the entity.
- (7) Mr.Yin qi is an equity holder of the entity.

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(a) **Transactions with related parties:**

In addition to the transactions detailed elsewhere in the accountants’ report, the Group had the following transactions with related parties during the Relevant Periods:

Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(a-1) Sales of property, plant and equipment			
Geely Group	38	–	14,600
(a-2) Sales of goods			
Geely Group:			
Zhejiang Geely Automobile International Trading Co., Ltd.	623,789	1,093,021	943,813
Chongqing Xingfu Qianwanjia Technology Co., Ltd.	1,731	39,397	131,873
Hangzhou Yineng Battery Management Technology Co., Ltd.	32,248	337	16,611
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	30	1,257	5,220
Zhejiang Victor Motorcycle Co., Ltd.	1,556	86	1,415
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	–	62,368
Geely Automobile Research Institute (Ningbo) Co., Ltd.	656	3	3,268
Zhejiang Jisu Logistics Co., Ltd.	–	–	11
Hangzhou Geely Automobile Co., Ltd.	18,392	14,802	–
Zhejiang Geely Automobile Co., Ltd.	452	–	–
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	89	–	–
Ningbo Jirun Auto Parts Co., Ltd.	10,075	37	–
Shandong Geely Chengda Circular Automobile Sales Service Co., Ltd.	2,120	12	–
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	–	8	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	9,957	–	–
Chengdu Geely Automobile Manufacturing Co., Ltd.	565	–	–
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	357	–	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	63	–	6
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	27	–	–
Zhejiang Jirun Automobile Co., Ltd.	1	–	–
Others	2,038	1,548	3,523
Caocao Group:			
Hangzhou Youxing Technology Co., Ltd.	87,093	–	–
Suzhou Caozhi Automobile Co., Ltd.	1,709,606	1,150,664	1,529,035
Hangzhou Zhongyue Travel Technology Co., Ltd.	122	2,723	5,385
Others	328	–	–
Dreamsmart Group	–	9,325	23,292
Ningbo Vision Auto Parts Co., Ltd.	7	8,032	12,554
Zhejiang Ruhoo Automobile Co., Ltd.	6,491	–	–
Wuhan Lutes Technology Co., Ltd.	–	250	–
Shandong Geely New Energy Commercial Vehicle Co., Ltd.	–	–	12,466
Ningbo Jixing Import and Export Co., Ltd.	–	–	7,315
Total	2,507,793	2,321,502	2,758,155

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Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(a-3) Receipt of service			
Geely Group:			
Zhejiang Jisu Logistics Co., Ltd.	49,736	51,345	78,994
Geely Automobile Research Institute (Ningbo) Co., Ltd.	3,581	29	79,893
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	299	10,305	20,925
Zhejiang Jirun Automobile Co., Ltd.	17,594	7,828	8,423
Zhejiang Geely Business Services Co., Ltd. . .	20,161	12,094	11,613
Guizhou Geely Automobile Manufacturing Co., Ltd.	10	–	5,140
Zhejiang Vision AUTO-PARTS Fittings Company Limited	11,355	12,897	7,739
ZheJiang XuanFu Automatic Transmission Co., Ltd.	–	–	8,911
Zhejiang Geely Automobile Co., Ltd.	2	–	–
Zhejiang Geely Automobile International Trading Co., Ltd.	78	904	255
Geely Automobile Holding (Shanghai) Co., Ltd.	15,712	–	285
Shandong Geely Chengda Circular Automobile Sales Service Co., Ltd.	217	–	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	170	1	–
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	438	1,135	366
Geely Automobile Group Co., Ltd.	5,428	150	–
Zhejiang Jisu Supply Chain Management Co., Ltd.	55	30,477	506
Hangzhou Geely Automobile Co., Ltd.	116	540	939
Hangzhou Yineng Battery Management Technology Co., Ltd.	942	–	191
Fengsheng Automobile (Jiangsu) Co., Ltd. . .	493	–	336
Zhejiang Ruhoo Automobile Co., Ltd.	442	–	410
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	–	–	10,850
Others	14,336	7,046	25,085
Caocao Group:			
Hangzhou Youxing Technology Co., Ltd. . . .	9	–	–
Others	33	10	–
Zhejiang Fengrui Engine Co., Ltd.	181	–	–
Zhejiang Jidi Technology Co., Ltd.	173	–	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	408	1,726
Chongqing Yuhongsheng Property Management Co., Ltd.	4,185	3,424	14,069
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	706	20,473	11,309
Hangzhou Fenghua Souvenir Co., Ltd.	5,297	5,030	6,748
Beijing Kuangshi Technology Co., Ltd.	–	–	2,749
Shanghai Stepfun Epoch Intelligent Technology Co., Ltd.	–	–	66,642
Shanghai Jieyue Xingchen Intelligent Technology Co., Ltd.	–	–	6,785
Others.	–	–	2,518
Total	151,749	164,096	373,407

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Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(a-4) Rendering of services			
Geely Group:			
Geely Automobile Research Institute (Ningbo) Co., Ltd.	2	2,952	468,985
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	3,643	6,157
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	757	8,149	7,077
Zhejiang Geely Automobile Co., Ltd.	11,739	12,419	5,279
Sichuan Lingke Automobile Manufacturing Co., Ltd.	1	151	145
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	124	138	–
Ningbo Geely Automotive Research and Development Co., Ltd.	–	13,754	–
Chengdu Geely Automobile Manufacturing Co., Ltd.	14,447	230	–
Zhejiang Jirun Automobile Co., Ltd.	–	63	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	8	2,402	472
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	–	277	–
Hangzhou Yineng Battery Management Technology Co., Ltd.	–	50	123
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	4	47	–
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	51	–	–
Hangzhou Geely Automobile Co., Ltd.	1	–	–
Zhejiang Jisu Logistics Co., Ltd.	–	–	3
Zhejiang Fengrui Engine Co., Ltd.	19	42	45
Others	601	1,290	3,954
Caocao Group:			
Suzhou Caozhi Automobile Co., Ltd.	4,099	49,690	1,276
Hangzhou Youxing Technology Co., Ltd.	3,414	–	–
Chongqing Lifan Holdings Ltd	5	–	–
Lynway Vision Technology (Nb) Co., Ltd.	–	18	–
Zhejiang Ruhoo Automobile Co., Ltd.	–	7	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	67	195
Wuhan Lutes Technology Co., Ltd.	–	–	250
Force Data & Energy (Chongqing) Technology Co., Ltd.	–	–	242
Total	35,272	95,389	494,203

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Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(a-5) Purchases of products or services			
Geely Group:			
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	2,358,373	1,046,183	730,480
Zhejiang Geely Automobile Co., Ltd.	1,043,376	146,686	374,115
Fengsheng Automobile (Jiangsu) Co., Ltd.	170,370	252,315	114,722
Guizhou Geely Automobile Manufacturing Co., Ltd.	11	57,080	135,342
Zhejiang Geely Automobile Spare Parts Co., Ltd.	–	65,060	33,261
Hangzhou Geely Automobile Co., Ltd.	1,514	128,591	39,359
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	12,548	19,723	57,065
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	16,251	39,970	574,157
ZheJiang XuanFu Automatic Transmission Co., Ltd.	2,383	1,558	3,974
Sichuan Lingke Automobile Manufacturing Co., Ltd.	2,778	99,063	1,011
Zhejiang Jikrypton Intelligent Technology Co., Ltd.	507	–	–
Zhejiang Vision AUTO-PARTS Fittings Company Limited	11,447	4,014	–
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	3	–	–
Zhejiang Jirun Automobile Co., Ltd.	4	906	–
Fengsheng Automotive Technology Group Co., Ltd.	–	–	17
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	14,010	–	–
Ningbo Jirun Auto Parts Co.,Ltd.	45,657	34	–
Geely Automobile Group Co., Ltd.	–	2,897	–
Hangzhou Yineng Battery Management Technology Co., Ltd.	8,172	1,446	–
Jiguangwan Technology Co., Ltd.	–	–	349,136
Aurobay (Guiyang) Engines Co., Ltd.	–	–	4,879
Fujian Energy Technology Co., Ltd.	–	–	3,353
Jika Intelligent Robot Co., Ltd.	–	–	7,526
Jiangsu Yaoning New Energy Co., Ltd.	–	–	4,526
Others	6,659	2,378	6,394
CaoCao Group	3	–	–
Livan holding group	50	–	–
Hangzhou Fenghua Souvenir Co.,Ltd.	–	540	–
Yeoning Technology Group	–	52	116
Lynway Vision Technology (Nb) Co., Ltd.	–	10,413	–
Zhejiang e-CarX Technology Co.,Ltd.	2,217	313	6
Zhejiang Ruhoo Automobile Co.,Ltd.	2,869	6,349	149
Zhejiang Victor Motorcycle Co.,Ltd.	3,860	32,381	33,980
Jiangxi Anchi New Energy Technology Co., Ltd.	–	21,102	135,701
Hangzhou Qingwei Technology Co., Ltd.	–	–	42,407
Zhejiang Fengrui Engine Co., Ltd.	124,159	190,336	251,834
Total	3,827,221	2,129,390	2,903,510
(a-6) Purchases of property, plant and equipment			
Hangzhou Fenghua Souvenir Co.,Ltd.	202	–	–
Geely Group:			
Ningbo Jirun Auto Parts Co.,Ltd.	1	–	530
Beijing Kuangshi Technology Co., Ltd.	–	–	53
Lynk & Co Sales Co., Ltd.	–	–	1,188
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	–	–	4,656

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Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Zhejiang Jirun Automobile Co., Ltd.	—	—	2,209
Zhejiang Jirun Automobile Co., Ltd. Ningbo Hangzhou Bay Branch	—	—	10,316
Others	914	—	—
Maichi Zhixing (Chongqing) Technology Co., Ltd.	—	—	24
Force Numerical Energy (Beijing) Technology Co., Ltd.	—	—	5,402
Force Numerical Energy (Beijing) Technology Co., Ltd.	—	—	165
Total	1,117	—	24,543
(a-7) Purchases of other intangible assets			
Lynway Vision Technology (Nb) Co., Ltd. . . .	—	9,506	—
Zhejiang e-CarX Technology Co.,Ltd.	—	4,685	—
Hangzhou Fenghua Souvenir Co.,Ltd.	—	197	—
Yeoning Technology Group	—	53	—
Zhejiang Ruhoo Automobile Co.,Ltd.	—	53	—
Geely Group:			
Guizhou Geely Automobile Manufacturing Co., Ltd.	—	4,048	—
Hangzhou Geely Automobile Co., Ltd.	—	24	—
Qizheng New Energy Vehicle (Jinan) Co., Ltd	—	5,712	—
Geely Automobile Holding (Shanghai) Co., Ltd.	—	412	—
ZheJiang XuanFu Automatic Transmission Co., Ltd.	—	7,546	—
Zhejiang Jirun Automobile Co., Ltd.	—	6,194	—
Geely Automobile Research Institute (Ningbo) Co., Ltd.	—	5,830	—
Sichuan Lingke Automobile Manufacturing Co., Ltd.	—	677	—
Zhejiang Geely Automobile Co., Ltd.	—	410	—
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	539,291	—	—
Ningbo Geely Automotive Research and Development Co., Ltd.	36,625	—	1,321
Geega Digital Technology Co., Ltd.	—	—	208
Others	10,166	15,210	—
Total	586,082	60,557	1,529
(a-8) Interest expense			
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	134	90	—
(a-9) Lease expenses			
Zhejiang Jidi Technology Co., Ltd.	561	—	—
Beijing Kuangshi Technology Co., Ltd.	—	—	188
Hangzhou Kuangyun Jinzhi Technology Co., Ltd.	—	—	18
Geely Group	3,020	—	623
Total	3,581	—	829

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Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(a-10) Rental income			
Suzhou Geely Youxing Electronic Technology Co., Ltd.	–	13,203	9,911
Force Data & Energy (Chongqing) Technology Co., Ltd.	–	–	645
Geely Group	2	–	284
Zhejiang Victor Motorcycle Co., Ltd.	–	–	262
Yuanli Jinzhi (Chongqing) Technology Co., Ltd.	–	–	4
Zhejiang Mingdao Automobile Parts Sales Co., Ltd.	–	–	307
Zhejiang Mingdao Industrial Co., Ltd.	–	–	57
Total	2	13,203	11,470
(a-11) Sale of other intangible assets			
Ningbo Geely Automotive Research and Development Co., Ltd.	–	–	345,220
Geely Automobile Research Institute (Ningbo) Co., Ltd.	–	–	2,459
Total	–	–	347,679

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties. The amounts for the related party transactions disclosed herein are stated inclusive of Value-Added Tax (“VAT”).

(a-12) Related Party Guarantees

Guarantee issued to related parties

In 2022, Chongqing Lifan Holding Co., Ltd. and Mr. Yin Mingshan (尹明善, the Company’s former shareholder) provided the Company with a total credit line of RMB1,744,846,000 in guarantees for its bank borrowings. Concurrently, the lending bank required the Company to provide counter-guarantees of equivalent amount to Chongqing Lifan Holding Co., Ltd. and Mr. Yin Mingshan. In 2023, the guarantees provided by the Company to Chongqing Lifan Holding Co., Ltd. and Yin Mingshan were canceled.

Guarantee provided by related parties

During the Relevant Periods, certain borrowings were guaranteed by related parties. The guarantees were effective from 17 June 2017 to 18 June 2027. As of 31 December 2023, 2024 and 2025, the outstanding guarantee balances were RMB655,662,000, RMB629,062,000 and RMB592,463,000, respectively.(note 31)

(a-13) Related Party financial services

Receiving financial services from Bank of Chongqing Co., Ltd.

During the Relevant Periods, Bank of Chongqing Co., Ltd. provides the Company with financial services including deposits, loans, and settlement services. These related-party transactions are part of the Company’s ordinary course of business, conducted based on mutual agreements between the parties, and are executed on terms no more favorable than those offered by the bank to non-related parties for similar transactions. The interest rates on deposits are determined in accordance with the benchmark rates and floating ranges issued by the People’s Bank of China.

The Company’s subsidiary, Chongqing Ruilan Automobile Sales Co., Ltd. (“**Ruilan Sales**”), entered into Financial Cooperation Agreements with Geely Auto Finance Co., Ltd. (“**Geely Finance**”) and Zhejiang Zhihuipuhua Financial Leasing Co., Ltd. (“**Zhihuipuhua**”), respectively. Under these agreements, Geely Finance and Zhihuipuhua will provide auto loan services and financial leasing services, respectively, to assist end customers in purchasing automotive products from Ruilan Sales’ authorized dealers. Ruilan Sales will provide interest subsidy support not exceeding RMB200 million in aggregate, and the agreements are valid for a term of three years.

As of 31 December 2023, the cumulative interest subsidy support provided amounted to RMB9,102,000, of which RMB8,506,000 was allocated to Geely Finance and RMB596,000 to Zhihuipuhua.

As of 31 December 2024, the cumulative interest subsidy support provided amounted to RMB21,071,000, of which RMB19,249,000 was allocated to Geely Finance and RMB1,822,000 to Zhihuipuhua.

As of 31 December 2025, the cumulative interest subsidy support provided amounted to RMB24,025,000, of which RMB22,196,000 was allocated to Geely Finance and RMB1,829,000 to Zhihuipuhua.

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(b) **Outstanding balances with related parties:**

Due to related parties

	As at 31 December		
	2023	2024	2025
	Balance	Balance	Balance
	RMB'000	RMB'000	RMB'000
Cash and bank balances			
Chongqing Bank Co., Ltd.	19,308	37,673	9,001
Trade related:			
Contract liabilities			
Wuhan Lutes Technology Co., Ltd.	–	708	472
Dreamsmart Infinity HK	–	–	563
Geely Group	125	98	13,100
Zhejiang Victor Motorcycle Co., Ltd.	544	544	34
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	230	–	–
Caocao Group.	–	–	26,563
Other tax payables			
Wuhan Lutes Technology Co., Ltd.	–	92	61
Geely Group	16	13	1,703
Zhejiang Victor Motorcycle Co., Ltd.	71	71	4
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	30	–	–
Caocao Group.	–	–	3,453
Trade payables			
Zhejiang Fengrui Engine Co., Ltd.	18,455	54,036	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	126	119
Zhejiang Ruhoo Automobile Co., Ltd.	85	2,277	–
Hangzhou Fenghua Souvenir Co., Ltd.	–	102	88
Zhejiang Victor Motorcycle Co., Ltd.	44	–	1,449
Lynway Vision Technology (Nb) Co., Ltd.	1,553	–	1
Hangzhou Fenghua Culture Creative Co., Ltd.	93	–	–
Hangzhou Qingwei Technology Co., Ltd.	–	–	25,730
Livan Holding Group:			
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	2,345	2,594	577
Chongqing Yuhongsheng Property Management Co., Ltd.	2,968	2,628	4,895
Geely Group:			
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	467,636	426,183	144,691
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	603,729	360,972	51,195
Zhejiang Geely Automobile Co., Ltd.	565,754	248,905	94,939
Sichuan Lingke Automobile Manufacturing Co., Ltd.	257	88,950	933
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	28,537	7,515
Ningbo Geely Automotive Research and Development Co., Ltd.	107,105	86,824	34,172
Hangzhou Geely Automobile Co., Ltd.	1,047	27,751	968
Zhejiang Jirun Automobile Co., Ltd.	4,119	2,441	11,733
Ningbo Vision Auto Parts Co., Ltd.	–	21,269	3,742
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	5,003	3,362	29,877
Zhejiang Vision AUTO-PARTS Fittings Company Limited	49,051	5,144	1,237
ZheJiang XuanFu Automatic Transmission Co., Ltd.	–	8,539	7,031
Zhejiang Jisu Logistics Co., Ltd.	5,361	13,447	28,048
Ningbo Jirun Auto Parts Co.,Ltd..	5,514	–	–

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	As at 31 December		
	2023	2024	2025
	Balance	Balance	Balance
	RMB'000	RMB'000	RMB'000
Geely Automobile Holding (Shanghai) Co., Ltd.	8,886	6,856	53
Geely Automobile Group Co., Ltd.	7,342	10,239	4,372
Geely Automobile Research Institute (Ningbo) Co., Ltd.	2,396	1,253	44,195
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	9,357	7,775	151,547
Fengsheng Automobile (Jiangsu) Co., Ltd. . .	174,501	358,761	9,140
Fengsheng Automotive Technology Group Co., Ltd.	10	14,564	—
Zhejiang Jisu Supply Chain Management Co., Ltd.	—	4,227	—
Zhejiang Geely Business Services Co., Ltd. . .	—	930	295
Jiguangwan Technology Co., Ltd.	—	—	161,336
Others	5,264	19,408	10,622
Non-trade related:			
Other borrowings			
Chongqing Bank Co., Ltd.	—	82,568	—
Livan holding group	3,801	—	—
Other payables			
Chongqing Xinrun Commercial Management Co., Ltd.	—	5,500	12,908
Zhejiang Jidi Technology Co., Ltd.	173	173	173
Zhejiang e-CarX Technology Co., Ltd.	1,407	1,720	150
Hangzhou Fenghua Souvenir Co., Ltd.	—	99	—
Zhejiang Victor Motorcycle Co., Ltd.	—	—	111
Hangzhou Fenghua Culture Creative Co., Ltd. .	107	—	—
Force Data & Energy (Chongqing) Technology Co., Ltd.	—	—	56
Beijing Kuangshi Technology Co., Ltd.	—	—	2,349
Megvii (Beijing) Technology Co., Ltd.	—	—	50
Hangzhou Kuangyun Jinzhi Technology Co., Ltd.	—	—	7
Wuhan Kuangshi Jinzhi Technology Co., Ltd. .	—	—	11
Shanghai Kuangjing Boxuan Technology Co., Ltd.	—	—	104
Maichi Zhixing (Chongqing) Technology Co., Ltd.	—	—	5,650
Livan Holding Group:			
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	40,291	81,490	56,082
Lifan Financial Leasing (Shanghai) Co., Ltd..	42,630	42,630	42,630
Chongqing Yuhongsheng Property Management Co., Ltd.	3,325	3,330	—
Others.	1,225	1,225	1,224
Geely Group:			
Zhejiang Jisu Logistics Co., Ltd.	1,783	5,753	363
Geely Automobile Group Co., Ltd.	231	341	189
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	299	8,610	1,159
Zhejiang Geely Business Services Co., Ltd. . .	544	304	791
Zhejiang Jirun Automobile Co., Ltd.	10	43	43
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	—	30	30
Sichuan Lingke Automobile Manufacturing Co., Ltd.	—	256	—
Zhejiang Jisu Supply Chain Management Co., Ltd.	41	—	—
Fengsheng Automotive Technology Group Co., Ltd.	15	—	—
Shanghai Stepfun Epoch Intelligent Technology Co., Ltd.	—	—	1,352

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	As at 31 December					
	2023		2024		2025	
	Balance		Balance		Balance	
	RMB'000		RMB'000		RMB'000	
Shanghai Jieyue Xingchen Intelligent Technology Co., Ltd.		—		—		6,770
Others.		1,206		251		5,000
<i>Due from related parties</i>						
	As at 31 December					
	2023	2023	2024	2024	2025	2025
	Balance	Allowance	Balance	Allowance	Balance	Allowance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Trade related:</i>						
Trade receivables						
Livan holding group	856	856	856	856	856	856
Zhejiang Victor Motorcycle Co.,Ltd.	—	—	—	—	73	—
Dreamsmart Infinity HK.	—	—	6,868	—	—	—
Chongqing Xinrun Commercial Management Co., Ltd.	—	—	115	—	106	—
Zhejiang Ruhoo Automobile Co.,Ltd.	1,525	—	—	—	—	—
Force Data & Energy (Chongqing) Technology Co., Ltd.	—	—	—	—	65	—
Yuanli Jinzhi (Chongqing) Technology Co., Ltd.	—	—	—	—	7	—
CaoCao Group:						
Suzhou Caozhi Automobile Co., Ltd.	117,423	—	118,240	1,633	34,355	3,371
Hangzhou Youxing Technology Co., Ltd.	24,667	—	19,557	1,948	19,557	5,835
Suzhou Geely Youxing Electronic Technology Co., Ltd.	—	—	826	—	826	—
Hangzhou Zhongyue Travel Technology Co., Ltd.	215,983	—	18,970	—	300	—
Geely Group:						
Zhejiang Geely Automobile International Trading Co., Ltd.	175,626	—	282,636	—	358,985	—
Guizhou Geely Automobile Manufacturing Co., Ltd.	—	—	—	—	50,127	—
Chongqing Xingfu Qianwanjia Automobile Sales Co., Ltd.	127,582	—	73,994	—	—	—
Hangzhou Yineng Battery Management Technology Co., Ltd.	10,288	329	4,894	—	21,405	809
Ningbo Vision Auto Parts Co., Ltd.	—	—	752	—	1,090	—
Fengsheng Automobile (Jiangsu) Co., Ltd.	63	—	1,417	—	200	10
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	8,170	—	8,170	817	—	—
Chengdu Geely Automobile Manufacturing Co., Ltd.	14,076	—	—	—	—	—
Sichuan Lingke Automobile Manufacturing Co., Ltd.	9,921	—	—	—	—	—
Hangzhou Geely Automobile Co., Ltd.	4,160	—	—	—	—	—
Ningbo Jirun Auto Parts Co.,Ltd.	247	—	—	—	—	—
Zhejiang Jirun Automobile Co., Ltd.	1	—	—	—	387,380	—
Geely Automotive Research Institute (Ningbo) Co., Ltd.	—	—	—	—	5,066	—
Shandong Geely New Energy Commercial Vehicle Co., Ltd.	—	—	—	—	3,591	—
Zhejiang Geely Automobile Engineering Technology Development Co., Ltd.	—	—	—	—	2,937	—
Others.	16	—	140	—	1,215	—

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	As at 31 December					
	2023	2023	2024	2024	2025	2025
	Balance	Allowance	Balance	Allowance	Balance	Allowance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments						
Geely Group	1	—	1,584	—	135	—
Chongqing Xinrun Commercial Management Co., Ltd.	—	—	6	—	—	—
Jiyao Group.	—	—	—	—	6,091	—
Force Numerical Energy (Beijing) Technology Co., Ltd.	—	—	—	—	280	—
Non-trade related:						
Other receivables						
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	8,080	—	293	29	252	76
Chongqing Xinrun Commercial Management Co., Ltd.	—	—	53	—	30	9
Zhangjiagang Free Trade Zone International Auto Mall Co., Ltd.	—	—	5,365	268	—	—
Force Data & Energy (Chongqing) Technology Co., Ltd.	—	—	—	—	72	—
Ningbo Lotus Robotics Co., Ltd.	—	—	—	—	50	—
Geely Group:						
Zhejiang Geely Business Services Co., Ltd. . .	—	—	400	20	600	40
Chongqing Xingfu Qianwanjia Automobile Sales Co., Ltd.	—	—	1,071	—	—	—
Chengdu Geely Automobile Manufacturing Co., Ltd.	370	—	—	—	—	—
Others.	—	—	248	—	818	—
Dividends receivable						
New Energy Automobile Industry Development (Chongqing) Co., Ltd.	1,000	—	1,000	—	1,000	1,000
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	11,728	11,728	11,728	11,728	11,728	11,278
Bank Of Chongqing Co., Ltd.	—	—	—	—	47,118	—

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Subsidiaries:			
Non-traded related:			
Due from subsidiaries	5,760,620	5,776,713	5,269,205
Due to subsidiaries	93,571	12,544	15,678

These balances were interest-free, unsecured and repayable on demand.

Further details of trade related outstanding balances with related parties are included in note 24.

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(c) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and allowances	10,917	8,711	10,251
Performance related bonuses	–	–	6,782
Share-based payment expense	–	–	4,900
Total	10,917	8,711	21,933

Further details of directors’ and supervisors; emoluments are included in note 9 to the Historical Financial Information.

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Debt investments	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	116,721	–	1,642,575	1,759,296
Financial assets included in prepayments, other receivables and other assets	–	–	140,484	140,484
Equity investments designated at fair value through other comprehensive income	–	6,629	–	6,629
Restricted cash	–	–	1,893,421	1,893,421
Time deposits	–	–	544,945	544,945
Cash and cash equivalents	–	–	986,333	986,333
Total	116,721	6,629	5,207,758	5,331,108

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	4,895,122
Financial liabilities included in other payables and accruals	1,488,155
Interest-bearing bank borrowings	2,298,291
Total	8,681,568

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ACCOUNTANTS’ REPORT

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Debt investments	Equity investments		
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables	24,235	—	1,663,223	1,687,458
Financial assets included in prepayments, other receivables and other assets	—	—	154,705	154,705
Equity investments designated at fair value through other comprehensive income	—	6,728	—	6,728
Restricted cash	—	—	2,207,049	2,207,049
Time deposits	—	—	150,679	150,679
Cash and cash equivalents	—	—	1,321,676	1,321,676
Total	24,235	6,728	5,497,332	5,528,295

Financial liabilities

	Financial liabilities at amortised cost
	RMB’000
Trade and bills payables	5,678,936
Financial liabilities included in other payables and accruals	1,188,956
Interest-bearing bank borrowings	2,016,870
Total	8,884,762

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Mandatorily designated as such	Debt investments	Financial assets at amortised cost	
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables	—	141,564	1,776,549	1,918,113
Financial assets included in prepayments, other receivables and other assets	—	—	277,492	277,492
Financial assets at fair value through profit or loss	222,408	—	—	222,408
Restricted cash	—	—	1,991,178	1,991,178
Time deposits	—	—	2,896,793	2,896,793
Cash and cash equivalents	—	—	2,517,714	2,517,714
Total	222,408	141,564	9,459,726	9,823,698

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Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade and bills payables	5,500,251
Financial liabilities included in other payables and accruals	1,287,368
Interest-bearing bank borrowings	3,264,462
Total	<u>10,052,081</u>

47. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognised entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables due to such suppliers and discounted certain bank acceptance bills with commercial banks (collectively, the “**Derecognised Bills**”) with carrying amounts in aggregate of RMB2,587,364,000, RMB2,489,082,000 and RMB3,604,604,000 as at 31 December 2023, 2024 and 2025, respectively. The Derecognised Bills had a maturity ranging from 1 to 12 months at the end of each Relevant Periods. In accordance with the Law of Negotiable Instruments of Chinese Mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the “**Continuing Involvement**”). In the opinion of the Company’s directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

Transferred financial assets that are not derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the “**Endorsed Bills**”). In the opinion of the Company’s directors, the Group has retained substantially the risks and rewards, which include the default risks relating to those Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Group has not retained any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills as at the year ended 31 December 2023, 2024 and 2025 to which the suppliers have recourse were RMB217,652,000, RMB148,585,000 and RMB201,133,000, respectively.

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, financial assets measured at fair value through other comprehensive income, trade and bills payables, financial liabilities included in other payables and accruals, short-term interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. The non-current portion of interest-bearing bank and other borrowings approximates to their carrying amounts mainly due to the floating interest rate.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of investment properties is measured at the market value obtained at the end of the reporting period. The main valuation techniques adopted by the Company are income capitalisation method and market approach. Some of the Group’s investment properties have been leased out and entered into lease contracts. The rental market for similar properties in the surrounding areas is relatively developed, and a certain amount of market rental information similar to the investment properties being appraised can be collected in the nearby areas. Therefore, the Income capitalisation method is adopted for the appraisal of the above properties. Recent transaction information similar to the corresponding buildings can be collected in

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ACCOUNTANTS’ REPORT

the vicinity of other investment properties of the Group, which are eligible for market approach assessment. Therefore, the above properties are valued using the market comparison approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of trust measured at fair value through profit and loss have been estimated based on net asset value approach.

The fair values of unlisted equity investments measured at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to equity (“P/E”) multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investments measured at fair value through profit or loss				
Investment properties	Income capitalisation method	Pre-tax discount rate	31 December 2023: 6.0%	1% increase or decrease in pre-tax discount rate would result in decrease or increase in fair value by RMB362,890,000.
			31 December 2024: 6.0%	1% increase or decrease in pre-tax discount rate would result in decrease or increase in fair value by RMB346,510,000.
			31 December 2025: 5.5%-6.0%	1% increase or decrease in pre-tax discount rate would result in decrease or increase in fair value by RMB330,666,000.
Investments measured at fair value through other comprehensive income				
Unlisted equity investments	Market approach	Discounts for lack of marketability (“DLOM”)	31 December 2023: 35.4%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB68,000.
		DLOM	31 December 2024: 37.2%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB59,500.
Financial assets measured at fair value through profit and loss				
Trust, at fair value	Net asset value approach	Net asset value	NA	NA

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Investment properties	–	–	3,256,257	3,256,257
Bills receivable, at fair value . .	–	116,721	–	116,721
Unlisted equity investments, at fair value	–	–	6,629	6,629
Total	–	116,721	3,262,886	3,379,607

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Investment properties	–	–	3,160,670	3,160,670
Bills receivable, at fair value . .	–	24,235	–	24,235
Unlisted equity investments, at fair value	–	–	6,728	6,728
Total	–	24,235	3,167,398	3,191,633

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Investment properties	–	–	3,108,917	3,108,917
Bills receivable, at fair value . .	–	141,564	–	141,564
Trust, at fair value	–	–	222,408	222,408
Total	–	141,564	3,331,325	3,472,889

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The movements in fair value measurements within Level 3 during the year/period are as follows:

	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income			
At the beginning of the year	6,518	6,629	6,728
Total gains/(losses) recognised in the statements of profit or loss and comprehensive income	111	99	(1,341)
Disposal	—	—	(5,387)
At the end of the year	<u>6,629</u>	<u>6,728</u>	<u>—</u>
Financial assets at fair value through profit or loss			
At the beginning of the year	—	—	—
Transfer from investment in an associate.	—	—	175,945
Total gains recognised in the statements of profit or loss and comprehensive income	—	—	46,463
At the end of the year	<u>—</u>	<u>—</u>	<u>222,408</u>
Investment properties measured at fair value through profit or loss			
At the beginning of the year	3,245,573	3,256,257	3,160,670
Total gains/(losses) recognised in the statements of profit or loss	10,684	(95,587)	(51,753)
At the end of the year	<u>3,256,257</u>	<u>3,160,670</u>	<u>3,108,917</u>

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, comprise bank loans, other interest-bearing borrowings, and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long term debt obligations with a floating interest rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank and other borrowings had increased/decreased by 50 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB10,355,000, RMB6,989,000 and RMB5,287,000 for the years ended 31 December 2023, 2024 and 2025 respectively. This is mainly attributable to the Group’s exposure to variable interest rates on its bank loans.

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Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Group’s profit/loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in profit/loss before tax
	%	RMB’000
Year ended 31 December 2023		
If the RMB weakens against the USD	(5)	44,290
If the RMB strengthens against the USD	5	(44,290)
Year ended 31 December 2024		
If the RMB weakens against the USD	(5)	54,013
If the RMB strengthens against the USD	5	(54,013)
Year ended 31 December 2025		
If the RMB weakens against the USD	(5)	48,136
If the RMB strengthens against the USD	5	(48,136)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables*	–	–	2,803,446	2,803,446
Financial assets included in prepayments, other receivables and other assets.				
– Normal**	164,477	–	–	164,477
– Doubtful**	–	15,432	–	15,432
Restricted cash				
– Not yet past due	1,893,421	–	–	1,893,421
Time deposits				
– Not yet past due	544,945	–	–	544,945
Cash and cash equivalents				
– Not yet past due	986,333	–	–	986,333
Total	3,589,176	15,432	2,803,446	6,408,054

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	2,733,574	2,733,574
Financial assets included in prepayments, other receivables and other assets				
– Normal**	181,102	–	–	181,102
– Doubtful**	–	15,419	–	15,419
Restricted cash				
– Not yet past due	2,207,049	–	–	2,207,049
Time deposits				
– Not yet past due	150,679	–	–	150,679
Cash and cash equivalents				
– Not yet past due	1,321,676	–	–	1,321,676
Total	3,860,506	15,419	2,733,574	6,609,499

As at 31 December 2025

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	2,936,984	2,936,984
Financial assets included in prepayments, other receivables and other assets				
– Normal**	310,877	–	–	310,877
– Doubtful**	–	18,501	–	18,501
Restricted cash				
– Not yet past due	1,991,178	–	–	1,991,178
Time deposits				
– Not yet past due	2,896,793	–	–	2,896,793
Cash and cash equivalents				
– Not yet past due	2,517,714	–	–	2,517,714
Total	7,716,562	18,501	2,936,984	10,672,047

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

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Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing.

The maturity profile of the Group’s financial liabilities as at the end of the each of the Relevant Period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2023				
Interest-bearing bank and other borrowings	868,679	868,961	614,977	2,352,617
Trade and bills payables	4,895,122	–	–	4,895,122
Financial liabilities included in other payables	1,488,155	–	–	1,488,155
Total	<u>7,251,956</u>	<u>868,961</u>	<u>614,977</u>	<u>8,735,894</u>
Financial guarantee granted	<u>180,421</u>	<u>–</u>	<u>–</u>	<u>180,421</u>
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2024				
Interest-bearing bank and other borrowings	1,195,939	229,708	622,418	2,048,065
Trade and bills payables	5,678,936	–	–	5,678,936
Financial liabilities included in other payables	1,188,956	–	–	1,188,956
Total	<u>8,063,831</u>	<u>229,708</u>	<u>622,418</u>	<u>8,915,957</u>
Financial guarantee granted	<u>107,272</u>	<u>–</u>	<u>–</u>	<u>107,272</u>
	Less than 1 year	Between 1 and 2 years		Total
	<i>RMB’000</i>	<i>RMB’000</i>		<i>RMB’000</i>
31 December 2025				
Interest-bearing bank and other borrowings	2,337,469	962,219		3,299,688
Trade and bills payables	5,500,251	–		5,500,251
Financial liabilities included in other payables	1,287,368	–		1,287,368
Total	<u>9,125,088</u>	<u>962,219</u>		<u>10,087,307</u>
Financial guarantee granted	<u>45,712</u>	<u>–</u>		<u>45,712</u>

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ACCOUNTANTS’ REPORT

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity as of the end of the year or period. Total debt is defined to include interest-bearing bank and other borrowings and lease liabilities which are all interest-bearing borrowings. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest-bearing bank and other borrowings	2,298,291	2,016,870	3,264,462
Lease liabilities	8,574	903	22,570
Total debt	2,306,865	2,017,773	3,287,032
Total equity	11,961,170	11,665,242	17,413,947
Gearing ratio	19%	17%	19%

50. EVENTS AFTER THE RELEVANT PERIODS

There are no significant subsequent events undertaken by the Company or by the Group after 31 December 2025.

51. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 December 2025.

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this Document received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 28 February 2026 of the selected property interests held by the Group.



CONSULTING & APPRAISAL

亞太評估

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Hong Kong

2026

The Board of Directors
Chongqing Afari Technology Co., Ltd.
No. 2 Huanghuan North Road,
Jinshan Avenue,
Liangjiang New Area,
Chongqing Municipality,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions to value the selected property interests held by Chongqing Afari Technology Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the selected property interests as at 28 February 2026 (the “**Valuation Date**”).

The selected property interests form part of the Group’s property activities that have a carrying amount of 1% or more of the Group’s total assets and therefore the valuation report of these property interests is required to be included in this Document.

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

Methods of Valuation

We have valued property no. 1 by the income approach which is by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair values at an appropriate capitalization rate.

We have valued property no. 2 by the comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and

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pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the selected property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the selected property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the selected property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Valuation Standards

In valuing the selected property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including Real Estate Title Certificate and other official permits relating to the selected property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the selected property interests in the PRC and any material encumbrance that might be attached to the selected property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Fangda Partners concerning the validity of the selected property interests in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course

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of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in November 2025 by David Cheng, who is a member of Royal Institution of Chartered Surveyor and has over 20 years' experience in property valuation in the PRC.

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our valuation summary and certificates are attached below for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited
David G. D. Cheng
MRICS
Partner

Note: David G. D. Cheng is a Chartered Surveyor who has over 20 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

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SUMMARY OF VALUES

No.	Property	Market value in existing state as at the Valuation Date
		<i>RMB</i>
Group I — Property interests held for investment by the Group in the PRC		
1.	Aiqin Hai Shopping Mall No. 1003, Fu No. 1-128, No. 130-282, No. 284-338, No. 340-341, No. 343, Jinkai Avenue, Liangjiang New Area, Chongqing Municipality, The PRC	2,899,383,000
Group II — Property interests held for sale by the Group in the PRC		
2.	Hongxing Plaza No. 2, No. 26, No. 28, No. 30, No. 32, No. 34, No. 36, No. 38, No. 40, No. 42, No. 1001, No. 1003, No. 999, Jinkai Avenue and Jinzhou Avenue, Liangjiang New Area, and No. 1, No. 3, No. 5, No. 7, Long'an Road, Liangjiang New Area, Chongqing Municipality, The PRC	1,373,000,000
Sub-total:		4,272,383,000

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Property interests held for investment by the Group in the PRC

				Market value in existing state as at the Valuation Date										
No.	Property	Description and tenure	Particulars of occupancy	RMB										
1.	Aiqin Hai Shopping Mall No. 1003, Fu No. 1-128, No. 130-282, No. 284-338, No. 340-341, No. 343, Jinkai Avenue, Liangjiang New Area, Chongqing Municipality, The PRC	Aiqin Hai Shopping Mall is a development complex with retail, underground parking spaces and storage rooms components. The project was completed in 2018. It is well-served by public transportation. The property has a total gross floor area of approximately 236,024.67 sq.m. The details are set out as follows: <table><thead><tr><th>Usage</th><th>Gross Floor Area (GFA) (sq.m.)</th></tr></thead><tbody><tr><td>Commercial</td><td>110,380.45</td></tr><tr><td>Underground parking spaces</td><td>124,328.71 (3,290 lots)</td></tr><tr><td>Storage rooms</td><td>1,315.51 (23 lots)</td></tr><tr><td>Total:</td><td>236,024.67</td></tr></tbody></table> The land use rights of the property have been granted for a term of 40 years expiring on 31 March 2053 for commercial use.	Usage	Gross Floor Area (GFA) (sq.m.)	Commercial	110,380.45	Underground parking spaces	124,328.71 (3,290 lots)	Storage rooms	1,315.51 (23 lots)	Total:	236,024.67	As at the valuation date, some units of the property with a total gross floor area of approximately 110,380.45 sq.m. have been leased to multiple tenants for commercial purposes. Among the underground parking spaces of the property, 186 lots are for monthly rental, 3,104 lots are for temporary parking, and the storage rooms are currently vacant.	2,899,383,000 Please refer to the scope of valuation in Note 3.
Usage	Gross Floor Area (GFA) (sq.m.)													
Commercial	110,380.45													
Underground parking spaces	124,328.71 (3,290 lots)													
Storage rooms	1,315.51 (23 lots)													
Total:	236,024.67													

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PROPERTY VALUATION REPORT

Notes:

1. Chongqing Runtian Real Estate Development Co., Ltd. (the “**Chongqing Runtian**”) is a 50% subsidiary of the Company.
2. Pursuant to 4 Real Estate Title Certificates — Yu (2017) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 000396912, Yu (2024) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 001187840, Yu (2018) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 001187842 and Yu (2025) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 000242552, a building with a gross floor area of approximately 250,626.56 sq.m. has been granted to Chongqing Runtian for a term expiring on 31 March 2053 for commercial use (including the property).
3. According to the information provided by the Chongqing Runtian, part of the commercial units and underground parking spaces have been sold and handed over to the purchasers, they have been excluded from the scope of valuation. The scope of valuation for this property is as follows:

Buildings in Aiqin Hai Shopping Mall	Current Status	GFA	(Excluded from valuation) Sold GFA and Handed Over	(Scope of Valuation) Remaining GFA
		<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>
Commercial	Completed	124,253.33	13,872.88	110,380.45
Underground parking spaces	Completed	125,057.72	729.01	124,328.71
Storage rooms	Completed	1,315.51	—	1,315.51
Total		250,626.56	14,601.89	236,024.67

4. Pursuant to various Tenancy Agreements entered into between Chongqing Runtian and various third parties, portions of the property with a total gross floor area of approximately 110,380.45 sq.m. are leased to various independent third parties for retail and parking purposes with the expiry dates between 22 October 2016 and 17 July 2040 and the total monthly rent receivable as at the valuation date was approximately RMB6,154,167, exclusive of management fees, water and electricity charges.
5. As advised by the Company’s PRC Legal Adviser:
 - a. the Group has obtained the real estate title certificates of the aforementioned property;
 - b. the Group has mortgaged the portion of the building under Real Estate Title Certificates — Yu (2017) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 000396912 and Yu (2024) Liang Jiang Xin Qu Bu Dong Chan Quan Di No. 001187840.

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PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interests held for sale by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date
				RMB
2.	Hongxing Plaza No. 2, No. 26, No. 28, No. 30, No. 32, No. 34, No. 36, No. 38, No. 40, No. 42, No. 1001, No. 1003, No. 999, Jinkai Avenue and Jinzhou Avenue, Liangjiang New Area, and No. 1, No. 3, No. 5, No. 7, Long'an Road, Liangjiang New Area, Chongqing Municipality, The PRC	Hongxing Plaza is a commercial complex erected on 3 parcels of land with a total site area of approximately 215,210.80 sq.m. and was completed between 2016 and 2023. The property comprises unsold residential, commercial and office units, villa, hotel, supporting facilities units and 2,549 underground parking spaces of Hongxing Plaza with a total gross floor area of 206,599.84 sq.m. The details are set out in note 2. The land use rights of the property have been granted for terms of 40 years expiring on 31 March 2053 for commercial use and 50 years expiring on 31 March 2063 for residential use.	The property is vacant for sale.	1,373,000,000 Please refer to the scope of valuation in Note 2.

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Notes:

1. Pursuant to 22 Real Estate Title Certificates — the land use rights of 3 parcels of land with a total site area of approximately 215,210.80 sq.m., on which the property is situated, have been granted to Chongqing Runtian for terms of 40 years expiring on 31 March 2053 for commercial use and 50 years expiring on 31 March 2063 for residential use, and 12 buildings with a total saleable gross floor area of approximately 495,054.85 sq.m. are owned by the Company. The details are set out as follows:

No.	Certificate No.	Usage	Gross Floor Area (sq.m.)
1	Yu (2016) Liangjiang New Area No. 000474841	Residential	24,621.42
2	Yu (2016) Liangjiang New Area No. 000768493	Commercial	11,885.47
3	Yu (2016) Liangjiang New Area No. 000768608	Supporting facilities	9,502.23
4	Yu (2016) Liangjiang New Area No. 000768723	Commercial	11,620.51
5	Yu (2017) Liangjiang New Area No. 000396912	Commercial	116,023.32
6	Yu (2017) Liangjiang New Area No. 000813263	Underground Parking Spaces	22,504.49
7	Yu (2019) Liangjiang New Area No. 000593904	Underground Parking Spaces	8,076.39
8	Yu (2019) Liangjiang New Area No. 000221669	Underground Parking Spaces	26,517.11
9	Yu (2019) Liangjiang New Area No. 000289510	Office	37,372.40
10	Yu (2022) Liangjiang New Area No. 000073497	Underground Parking Spaces	1,568.35
11	Yu (2023) Liangjiang New Area No. 000167976	Underground Parking Spaces	6,229.16
12	Yu (2023) Liangjiang New Area No. 001216255	Residential	40,710.07
13	Yu (2024) Liangjiang New Area No. 000054359	Villa	3,793.63
14	Yu (2024) Liangjiang New Area No. 000054410	Villa	1,035.45
15	Yu (2024) Liangjiang New Area No. 000564599	Underground Parking Spaces	7,274.86
16	Yu (2024) Liangjiang New Area No. 000919556	Hotel	27,567.52
17	Yu (2024) Liangjiang New Area No. 000919567	Commercial	17,531.59
18	Yu (2025) Liangjiang New Area No. 000111311	Underground Parking Spaces	21,930.88
19	Yu (2025) Liangjiang New Area No. 000409001	Commercial	8,308.45
20	Yu (2025) Liangjiang New Area No. 000497221	Underground Parking Spaces	4,184.32
21	Yu (2025) Liangjiang New Area No. 000506143	Commercial/Underground Parking Spaces/ Supporting facilities	74,992.59
22	Yu (2017) Liangjiang New Area No. 000156641	Commercial	6,183.55
Total		Residential	489,443.76

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2. According to the information provided by the Chongqing Runtian, part of the residential units, commercial units, villa, office units and underground parking spaces have been sold and handed over to the purchasers, they have been excluded from the scope of valuation. The scope of valuation for this property is as follows:

Buildings in Hongxing Plaza	Current Status	GFA	Non- saleable GFA	Saleable GFA	(Excluded from valuation) Sold GFA and Handed Over	Pre-sold GFA	Unsold GFA	(Scope of Valuation) Remaining Saleable GFA
					<i>(sq.m.) a=b+c</i>			<i>(sq.m.) b</i>
Residential . . .	Completed	65,331.49	–	65,331.49	52,493.13	1,260.40	11,577.96	12,838.36
Commercial . . .	Completed	209,555.39	90.33	209,465.06	152,654.88	102.09	56,708.09	56,810.18
Villa	Completed	4,829.08	–	4,829.08	2,676.66	1,226.14	926.28	2,152.42
Hotel	Completed	27,567.52	–	27,567.52	–	–	27,567.52	27,567.52
Underground Parking Spaces	Completed	143,792.56	–	143,792.56	45,213.20	588.88	105,060.58	105,649.46
Office	Completed	37,372.40	–	37,372.40	36,775.82	–	596.58	596.58
Supporting facilities	Completed	985.32	–	985.32	–	–	985.32	985.32
Total		489,433.76	90.33	489,343.43	289,813.69	3,177.51	203,422.33	206,599.84

There are 137 car parking spaces with a total gross floor area of approximately 7,070.10 sq.m., we have not been provided with any title certificates.

3. As advised by the Group, portions of the property comprising various residential, commercial units, villa units, and underground parking spaces with a total gross floor area of approximately 3,177.51 sq.m. have been pre-sold to various independent third parties at a total consideration of RMB28,077,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of those portions of the property.
4. As advised by the Company’s PRC Legal Adviser:
- the Group has obtained the real estate title certificates of the aforementioned property except for a garage located at No. 7, Long’an Road;
 - the Group has mortgaged the buildings under Real Estate Title Certificates — Yu (2017) Liangjiang New Area No. 000396912, Yu (2025) Liangjiang New Area No. 000409001, Yu (2025) Liangjiang New Area No. 000497221 and Yu (2025) Liangjiang New Area No. 000506143.
5. As at the valuation date, 137 car parking spaces with a total gross floor area of approximately 7,070.10 sq.m have not obtained the real estate title certificates. Therefore, we have attributed no commercial value to the above portions. However, for reference purpose, we are of the opinion that the total reference value of the above portions as at the valuation date would be RMB9,060,000 assuming the property can be freely transferred, leased, mortgaged or otherwise disposed of by our Group.

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SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix contains the summary of the main provisions of the Company’s Articles of Association, which will come into effect on the date on which the Company’s H shares are [REDACTED] on the Hong Kong Stock Exchange. This Appendix is mainly intended to provide [REDACTED] with an overview of the Company’s Articles of Association, it may not contain all the information that is important to [REDACTED].

SHARE ISSUANCE

The Company’s shares are in the form of registered shares.

The issuance of the Company’s shares follows the principles of openness, fairness and justice. Each share of the same class has equal rights. For shares under the same class issued in the same offering, the issuance conditions and prices per share are the same; subscribers pay the same price for each share they subscribe for.

The A shares issued by the Company are centrally deposited with the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. The H shares [REDACTED] by the Company may, in accordance with the laws and the practices of securities registration and depository of the place where the H shares are [REDACTED], be mainly deposited with the nominee company under Hong Kong Securities Clearing Company Limited, and may also be held by shareholders under their own names.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Increase and Decrease of Shares

The Company may, in accordance with laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed, and upon a resolution passed by the shareholders’ meeting, increase its capital in the following ways based on the needs of its operation and development:

- (1) issuance of shares to unspecified parties;
- (2) issuance of shares to specified parties;
- (3) distribution of bonus shares to existing shareholders;
- (4) conversion of capital reserves into share capital;
- (5) any other methods as prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, the CSRC and other competent authorities.

The Company may reduce its registered capital. In the event that the Company reduce its registered capital, it shall do so in accordance with the Company Law and any other relevant regulations and the procedures stipulated in these Articles of Association.

Share Repurchase

The Company may not purchase its own shares except under the following circumstances:

- (1) reducing the Company’s registered capital;
- (2) merging with another company that holds the Company’s shares;
- (3) using the shares for employee stock ownership plans or equity incentives;
- (4) purchasing the shares held by the shareholders who object to the resolution on the Company’s merger or division passed by the shareholders’ meeting and demand the Company to buy back the shares held by them;
- (5) using the shares for the conversion of convertible corporate bonds issued by the Company;
- (6) maintaining the Company’s value and the rights and interests of shareholders as deemed necessary by the Company;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (7) any other circumstances permitted by laws, administrative regulations, and relevant regulatory rules of the place where the company's shares are listed.

The Company may purchase its own shares through public centralized trading or any other methods accepted by laws, administrative regulations, relevant regulatory rules of the place where the Company's shares are listed, and the CSRC.

When the Company purchases its own shares under the circumstances specified in sub-paragraphs (3), (5), and (6) above, it shall do so through public centralized trading.

When the Company purchases its own shares under the circumstances specified in sub-paragraphs (1) and (2) above, it shall be resolved by the shareholders' meeting; when the Company purchases its own shares under the circumstances specified in sub-paragraphs (3), (5), and (6) above, it shall, subject to the compliance with the securities regulatory rules of the place where the Company's shares are listed, be resolved by a board meeting attended by more than two-thirds of the directors.

Upon the purchase by the Company of its own shares in accordance with the above — mentioned provisions, and subject to the compliance with the securities regulatory rules of the place where the Company's shares are listed, for the circumstances under sub-paragraph (1), the shares have to be cancelled within ten days from the date of purchase; for the circumstances under sub-paragraphs (2) and (4), the shares have to be transferred or cancelled within six months; for the circumstances in sub-paragraphs (3), (5), and (6), the total number of the Company's own shares held by the Company is not allowed to exceed 10% of the total number of the Company's issued shares, and the shares have to be transferred or cancelled within three years.

SHARE TRANSFER

The Company's shares may be transferred in accordance with the law.

The shares issued prior to the Company's public offering of A shares may not be transferred within one year from the date on which the Company's shares are listed and traded on the stock exchange.

The Company's directors and senior management members shall report to the Company the shares of the Company they hold and the changes therein. During the term of office determined at the time of taking office, the number of shares transferred each year may not exceed 25% of the total number of the shares of the same class they hold in the Company; the shares of the Company they hold may not be transferred within one year from the date on which the Company's shares are listed and traded on the stock exchange. These personnel may not transfer the shares of the Company they hold within six months after leaving office. If laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, the CSRC, or any other competent authorities impose any provisions on the transfer of the Company's shares by shareholders, such provisions prevail.

Shareholders, directors, and senior management members who hold more than 5% of the Company's shares may not sell the Company's Shares or any other equity securities they hold within six months after purchase, or buy them back within six months after sale. The gain earned therefrom should belong to the Company, and the Company's board of directors shall recover such gain. However, this does not apply to securities companies that hold more than 5% of the shares due to the purchase of the remaining shares after underwriting, and not apply to any other circumstances specified by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, the CSRC, or any other competent authorities. The shares or any other equity securities held by directors, senior management members, and natural person shareholders mentioned herein include those held by their spouses, parents, children, and those held under other individuals' accounts.

If the Company's board of directors fails to act under the above — mentioned provision, shareholders have the right to demand the board of directors to act as such within 30 days. If the Company's board of directors fails to act as such within the above — mentioned time limit, shareholders have the right to directly file a lawsuit before the people's

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SUMMARY OF ARTICLES OF ASSOCIATION

court in their own name for the interests of the Company. If the Company’s board of directors still fails to act under the above — mentioned provision, the responsible directors is liable for joint and several liability in accordance with the law.

SHAREHOLDERS AND THE SHAREHOLDERS’ MEETING

General provisions on shareholders

The Company shall establish a shareholders’ register based on the supporting documents provided by the securities registration and clearing house. The shareholders’ register is a sufficient evidence to prove the shareholding in the Company of the shareholders. Shareholders enjoy rights and bear obligations under the class of shares they hold; shareholders holding the same class of shares enjoy equal rights and bear the same obligations. The Company shall keep a branch register of overseas — listed shares at its domicile; the entrusted overseas agency shall ensure the consistency of the principal and the branch(es) of the register(s) of overseas — listed shares at all times. The Hong Kong branch of the shareholders’ register must be available for shareholders for inspection, but the Company may, if necessary, close the register in accordance with the provisions equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

When the Company intends to convene a shareholders’ meeting, distribute dividends, conduct liquidation, or engage in any other activities that require the confirmation of shareholders’ identities, the board of directors or the convener of the shareholders’ meeting shall determine a record date. Shareholders registered in the register after the close of trading on the record date are the shareholders entitled to relevant rights and interests.

Shareholders of the Company enjoy the following rights:

- (1) to receive dividends and any other forms of profit distribution based on the number of shares they hold;
- (2) to request, convene, preside over, attend, or appoint a proxy to attend a shareholders’ meeting in accordance with the laws, and exercise the corresponding voting rights;
- (3) to supervise the Company’s operations, make suggestions, or raise enquiries;
- (4) to transfer, donate, or pledge the shares they hold subject to the provisions of laws, administrative regulations, and these Articles of Association;
- (5) to inspect and photocopy these Articles of Association, the register of shareholders, the minutes of shareholders’ meetings, the resolutions of the board of directors’ meetings, and the financial and accounting reports. Shareholders meeting relevant requirements may inspect the Company’s accounting books and vouchers;
- (6) to participate in the distribution of the Company’s remaining assets in proportion to the number of shares they hold when the Company is terminated or liquidated;
- (7) to demand the Company to purchase the shares they hold if such shareholders object to the resolution on the Company’s merger or division passed by the shareholders’ meeting;
- (8) to enjoy any other rights as provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed, or these Articles of Association.

If the contents of the resolutions of the Company’s shareholders’ meeting or the board of directors violate laws or administrative regulations, shareholders the right to request the people’s court to declare them invalid.

If the meeting procedures or voting methods of the shareholders’ meeting or the board of directors violate the laws, administrative regulations, or these Articles of Association, or if the contents of the resolutions violate these Articles of Association, shareholders have the

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SUMMARY OF ARTICLES OF ASSOCIATION

right to request the people's court to revoke the resolutions within 60 days from the date on which the resolutions are passed. However, this provision is not applicable if the meeting procedures or voting methods of the shareholders' meeting or the board of directors have only minor defects and have no substantial impact on the resolutions.

If there is a dispute among the board of directors, shareholders, and any other relevant parties regarding the validity of the resolutions of the shareholders' meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes any judgment or ruling to revoke the resolutions, the relevant parties shall implement the resolutions of the shareholders' meeting. The Company, its directors, and senior management members shall earnestly perform their duties to ensure the normal operation of the Company.

When the people's court makes a judgment or ruling on relevant matters, the Company shall fulfill its information disclosure obligations in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the CSRC, and the stock exchange, and fully explain the effect, and actively cooperate with the implementation after the judgment or ruling takes effect. If it involves the correction of previous matters, the Company shall handle them in a timely manner and fulfill the corresponding information disclosure obligations.

Shareholders of the Company shall assume the following obligations:

- (1) to abide by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association;
- (2) to pay the subscription money for the shares they subscribe for and on the way of capital contribution;
- (3) not to withdraw the capital they contributed except in cases provided by laws and regulations;
- (4) not to abuse their rights to harm the interests of the Company or other shareholders; or abuse the independent status of the Company as a legal person and the limited liability of shareholders to harm the interests of the Company's creditors;
- (5) to assume any other obligations as provided by laws, administrative regulations, the securities regulatory rules of the place where the Company's stocks are listed, and these Articles of Association.

If a shareholder of the Company abuses his/her rights and causes losses to the Company or other shareholders, he/she is liable for compensation in accordance with the laws. If a shareholder of the Company abuses the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously harms the interests of the Company's creditors, he/she is liable for joint and several liability for the Company's debts.

Controlling shareholder(s) and actual controller(s)

The controlling shareholder(s) and actual controller(s) of the Company exercise their rights and assume their obligations in accordance with laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed, and safeguard the interests of the Company.

The controlling shareholder(s) and actual controller(s) of the Company shall comply with the following provisions:

- (1) to exercise shareholder rights in accordance with the laws, and not to abuse their controlling power or use affiliated (connected) relationships to harm the legitimate rights and interests of the Company or other shareholders;
- (2) to strictly fulfill the public representations and various commitments made, and not to change or be exempted from them without authorization;
- (3) to strictly fulfill the obligation of information disclosure in accordance with relevant regulations, actively cooperate with the Company in information

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SUMMARY OF ARTICLES OF ASSOCIATION

disclosure, and promptly inform the Company of any major events that have occurred or are likely to occur;

- (4) not to appropriate the Company's funds in any way;
- (5) not to force, instruct, or demand the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to seek benefits by using the Company's unpublished material information, not to disclose the Company's unpublished material information in any way, and not to participate in any illegal activities or violations such as insider trading, short-term trading, and market manipulation;
- (7) not to harm the legitimate rights and interests of the Company and other shareholders through any means such as unfair affiliated (connected) transactions, profit distribution, asset restructuring, and external investment;
- (8) to ensure the integrity of the Company's assets, the independence of personnel, finance, corporation, and business, and not to affect the independence of the Company in any way;
- (9) to comply any other provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If the controlling shareholders or actual controllers of the Company do not serve as directors of the Company but actually handle the Company's affairs, the provisions of these Articles of Association regarding the directors' duties of fiduciary and diligence apply.

If the controlling shareholders or actual controllers of the Company instruct the directors or senior management members to engage in acts that harm the interests of the Company or shareholders, they shall bear joint and several liability with such directors and senior management members.

When the controlling shareholders or actual controllers pledge the Company's shares they hold or actually control, they shall maintain their controlling power and the stability of the production and operation of the Company.

When the controlling shareholders or the actual controllers transfer the shares they hold in the Company, they are required to comply with the restrictive provisions on share transfer under the laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed, as well as the commitments they have made regarding restriction on share transfer.

General provisions on the shareholders' meeting

The Company's shareholders' meeting is composed of all shareholders. The shareholders' meeting is the Company's authority and exercise the following powers in accordance with the laws:

- (1) to elect and replace directors who are not employee representatives and determine matters concerning the remuneration of directors;
- (2) to review and approve the reports of the board of directors;
- (3) to review and approve the Company's profit distribution plan and loss-making compensation plan;
- (4) to resolve on the increase or decrease of the Company's registered capital;
- (5) to resolve on the issuance of corporate bonds;
- (6) to resolve on the Company's merger, division, dissolution, liquidation or change of the Company's form;
- (7) to alter these Articles of Association;
- (8) to resolve on the engagement or dismissal of the accounting firm that undertakes the Company's audit business;

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- (9) to review and approve any guarantee that must be reviewed by the shareholders' meeting as stipulated in these Articles of Association;
- (10) to review any purchase or disposal by the Company of significant assets exceeding 30% of the Company's most recently audited total assets within one year;
- (11) to review and approve any matters regarding the change of the use of proceeds raised;
- (12) to review the equity incentive plan and the employee shareholding plan;
- (13) to review any other matters that have to be determined by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

The shareholders' meeting may authorize the board of directors to resolve on the issuance of corporate bonds.

The following external guarantees of the Company must be reviewed and approved by the shareholders' meeting:

- (1) any guarantee provided by the Company and its holding subsidiaries if the total amount of external guarantees exceeds 50% of the audited net assets of the immediate prior period;
- (2) any guarantee provided by the Company if the total amount of external guarantees exceeds 30% of the audited total assets of the immediate prior period;
- (3) any guarantees that the amount of the guarantees provided by the Company to others within one year exceeds 30% of the audited total assets of the immediate prior period;
- (4) any guarantees provided for the guaranteed party with a debt-to-asset ratio exceeding 70%;
- (5) any single guarantee with the amount exceeding 10% of the audited net assets of the immediate prior period;
- (6) any guarantees provided to shareholders, actual controllers and their affiliated (connected) parties;
- (7) any other guarantee that is required to be reviewed at the shareholders' meeting as stipulated by laws, regulations, securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

If the Company provides any guarantee for any affiliated (connected) parties, in addition to being reviewed and approved by the majority of all non-affiliated directors, the guarantee also requires to be reviewed and approved by more than two-thirds of the non-affiliated directors attending the board meeting and a resolution has to be passed, and the matter is required to be submitted to the shareholders' meeting for review. If the Company provides any guarantee for a controlling shareholder, an actual controller and their affiliated (connected) parties, the controlling shareholder, the actual controller and their affiliated (connected) parties are required to provide counter — guarantees.

The shareholders' meeting is divided into the annual shareholders' meeting and the extraordinary general meeting of shareholders. The annual shareholders' meeting is held once a year and held within six months after the end of the previous financial year.

In case of any of the following circumstances, the Company shall hold an extraordinary general meeting of shareholders within two months from the date on which the following event occurs:

- (1) when the number of directors is less than eight;

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- (2) when the accumulated losses of the Company reach one-third of its total share capital;
- (3) when the shareholders holding individually or in aggregate more than 10% of the Company's shares so request;
- (4) when the board of directors deems it necessary;
- (5) when the audit committee proposes to hold the meeting;
- (6) any other circumstances stipulated by laws, administrative regulations, departmental rules or these Articles of Association.

Convening of shareholders' meeting

The board of directors shall convene the shareholders' meeting within the prescribed time limit.

With the consent of more than half of all independent directors, the independent directors have the power to propose to the board of directors to convene an extraordinary general meeting of shareholders. Regarding the proposal of independent directors to convene an extraordinary general meeting of shareholders, the board of directors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the provisions of these Articles of Association, issue a written reply on whether to agree or disagree to convene an extraordinary general meeting of shareholders within ten days upon the receipt of the proposal. If the board of directors agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice to convene the shareholders' meeting within five days after the board resolution is passed; if the board of directors disagrees to convene the extraordinary general meeting of shareholders, it shall state the reasons and make an announcement.

The audit committee has the power to propose to the board of directors to convene an extraordinary general meeting of shareholders, and such proposal has to be submitted to the board of directors in writing. The board of directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the provisions of these Articles of Association, provide a written reply on whether to agree or disagree to convene an extraordinary general meeting of shareholders within ten days upon the receipt of the proposal.

If the board of directors agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice to convene the shareholders' meeting within five days after the board resolution is passed. Any changes to the original proposal in the notice have to be approved by the audit committee.

If the board of directors disagrees to convene an extraordinary general meeting of shareholders or fails to issue any reply within ten days upon the receipt of the proposal, the board of directors is deemed to have failed to perform or refuses to perform its duty of convening the shareholders' meeting, and the audit committee may convene and preside over the meeting on its own.

Shareholders who individually or jointly hold more than 10% of the Company's shares have the right to request the board of directors to convene an extraordinary general meeting of shareholders, and such request has to be submitted to the board of directors in writing. The board of directors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the provisions of these Articles of Association, provide a written reply on whether to agree or disagree to convene the extraordinary general meeting of shareholders within ten days upon the receipt of the request.

If the board of directors agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice to convene the shareholders' meeting within five days after the board resolution is passed. Any changes to the original request in the notice have to seek the approval by the relevant shareholders.

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If the board of directors disagrees to convene the extraordinary general meeting of shareholders or fails to issue a reply feedback within ten days upon the receipt of the request, shareholders who individually or jointly hold more than 10% of the Company's shares have the right to propose to the audit committee to convene an extraordinary general meeting of shareholders, and such request has to be submitted to the audit committee in writing.

If the audit committee agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice to convene the shareholders' meeting within five days upon the receipt of the request. Any changes to the original request in the notice have to seek the approval by the relevant shareholders.

If the audit committee fails to issue the notice of the shareholders' meeting within the prescribed time limit, the audit committee is deemed to have failed to convene and preside over the shareholders' meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares continuously for more than 90 days may convene and preside over the meeting on their own.

If the audit committee or shareholders decide to convene the shareholders' meeting on their own, they shall notify the board of directors in writing and file a record with the stock exchange at the same time.

When issuing the notice of the shareholders' meeting and the announcement of the resolution of the shareholders' meeting, the audit committee or the shareholder(s) who convene(s) the meeting shall submit relevant supporting documents to the stock exchange.

Before the announcement of the resolution of the shareholders' meeting, the shareholding ratio of the shareholder(s) who convene(s) the meeting may not be less than 10%.

Proposals and Notices for the General Meetings of Shareholders

The content of the proposals should fall within the ambit of authority of the shareholders' meeting, have clear agenda and specific matters for resolutions, and comply with relevant provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

When the Company convenes a general meeting of shareholders, the board of directors, the audit committee, and shareholders who individually or jointly hold more than 1% of the Company's shares have the right to submit proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener ten days before the convening of the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two days upon the receipt of the proposal to announce the content of the temporary proposal, and submit the temporary proposal to the shareholders' meeting for consideration, except for any temporary proposal which violates the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the provisions of these Articles of Association, or which falls outside the ambit of authority of the shareholders' meeting.

Except as otherwise provided in the preceding paragraph, once the notice and the announcement of the shareholders' meeting are issued, the convener is not allowed to modify the proposals set out in the notice of the shareholders' meeting or add new proposals.

Any proposal which is not set out in the notice of the shareholders' meeting or not in compliance with the provisions of these Articles of Association may not be put to vote and resolved at the shareholders' meeting.

The convener will notify each shareholder in writing (including announcements) 20 days before an annual shareholders' meeting, and the notice of an extraordinary general meeting of shareholders will be given to each shareholder by way of announcement 15 days before the meeting.

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The notice of a shareholders' meeting includes the following particulars:

- (1) the time, place and duration of the meeting;
- (2) the matters and proposals to be submitted to the meeting for consideration;
- (3) a clear written statement indicating that all shareholders have the right to attend the shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote on their behalf. The shareholder proxy does not have to be a shareholder of the Company;
- (4) the record date for the shareholders to determine the eligibility to attend the shareholders' meeting;
- (5) the name and telephone number of the standing contact person for the meeting;
- (6) the time and procedures for voting online or by other means;
- (7) any other contents required by relevant announcement format guidelines of the stock exchange and the securities regulatory rules of the place where the Company's shares are listed.

If the shareholders' meeting is held online or by other means, the notice of the shareholders' meeting is required to clearly state the time and procedures for voting online or by other means.

Holding of the shareholders' meeting

All shareholders registered on the record date or their proxies are entitled to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

Shareholders may attend the shareholders' meeting in person or appoint proxies to attend and vote on their behalf. The proxy does not need to be a shareholder of the Company. Shareholders have the right to speak and vote at the shareholders' meeting, unless such shareholders are required by applicable laws, administrative regulations, departmental rules, regulatory documents and the securities regulatory rules of the place where the Company's shares are listed to abstain from voting on a specific matters.

A shareholders' meeting is presided over by the chairman of the board. If the chairman is unable or fails to perform his/her duties, the meeting will be presided over by the vice-chairman (if there are two or more vice-chairmen in the Company, the vice-chairman jointly recommended by more than half of the directors or such vice-chairman designated by the Chairman). If the vice-chairman is unable or fails to perform his/her duties, the meeting will be presided over by a director jointly recommended by more than half of the directors.

The shareholders' meeting convened by the audit committee on its own initiative is presided over by the convener of the audit committee. If the convener of the audit committee is unable or fails to perform his/her duties, the meeting will be presided over by an audit committee member jointly recommended by more than half of the audit committee members.

The shareholders' meeting convened by shareholders on their own initiative is presided over by the convener or a representative recommended by the convener.

If the chairperson of the meeting violates the rules of procedure and makes it impossible for the shareholders' meeting to proceed, with the consent of more than half of the shareholders with voting rights present at the shareholders' meeting, the shareholders' meeting may elect a person to act as the meeting chairperson to continue the meeting.

The shareholders' meeting should have meeting minutes which are taken by the secretary of the board.

The meeting minutes record the following contents:

- (1) the time, place, agenda of the meeting and the name of the convener;
- (2) the name of the chairperson of the meeting and the directors and senior management members in attendance of the meeting;

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- (3) the number of shareholders and proxies attending the meeting, the total number of shares with voting rights they hold and the proportion of such shares to the total number of the Company's shares;
- (4) the consideration process, key points of speeches and voting results for each proposal;
- (5) the questions or suggestions raised by shareholders and the corresponding replies or explanations;
- (6) the names of the lawyer, the vote-counter(s) and the scrutineer(s);
- (7) any other contents that should be recorded in the meeting minutes as stipulated by the securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

Voting and Resolutions of the Shareholders' Meeting

Resolutions of the shareholders' meeting are categorized into ordinary resolutions and special resolutions.

Passing an ordinary resolution at the shareholders' meeting requires more than half of the votes being cast by the shareholders attending the shareholders' meeting.

Passing a special resolution at the shareholders' meeting requires more than two-thirds of the votes being cast by the shareholders attending the shareholders' meeting.

The following matters require an ordinary resolution to be passed at a shareholders' meeting:

- (1) the work report of the board of directors;
- (2) the profit distribution plan and loss-making compensation plan formulated by the board of directors;
- (3) appointment and removal of the members of the board of directors, their remuneration and payment methods;
- (4) resolution on the engagement and dismissal of an accounting firm by the Company and the determination of the audit fees of the accounting firm;
- (5) any other matters except those that require special resolution to be passed as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

The following matters require a special resolution to be passed at a shareholders' meeting:

- (1) increase or decrease of the company's registered capital;
- (2) division, spin-off, merger, dissolution and liquidation of the Company;
- (3) alteration of these Articles of Association;
- (4) purchase or sale of the Company's substantial assets or provision of guarantees to others within one year with the amount exceeding 30% of the Company's most recently audited total assets;
- (5) any equity incentive plan;
- (6) any other matters that are stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or these Articles of Association, and that are determined by an ordinary resolution of the shareholders' meeting as having a significant impact on the Company and requiring approval by a special resolution.

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If the Company's issued share capital comprises different classes of shares, any changes to the rights attached to the class shares must be approved by more than two-thirds of the votes of the shareholders present at the shareholders' meeting of that class of shares and having the right to vote.

Shareholders exercise their voting rights based on the number of voting shares they hold, and each share shall have one vote.

When a material matter affecting the interests of small and medium investors is considered at the shareholders' meeting, the votes of small and medium investors have to be counted separately. The results of the separate vote counting should be publicly disclosed in a timely manner.

The Company's shares held by the Company itself have no voting rights, and such shares are not counted in the total number of voting shares present at the shareholders' meeting.

If a shareholder violates the provisions of Paragraph 1 and Paragraph 2 of Article 63 of the Securities Law when purchasing the Company's voting shares, the voting rights under the shares which exceed the prescribed proportion are not allowed to be exercised within 36 months after the purchase, and are not counted in the total number of voting shares present at the shareholders' meeting.

The Company's board of directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection bodies established in accordance with laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed may publicly solicit shareholders' voting rights. When soliciting shareholders' voting rights, information such as the specific voting intentions shall be fully disclosed to the solicited persons. Soliciting shareholders' voting rights with consideration or any consideration in disguised form is prohibited. Except for legal requirements, the Company is not allowed to set a minimum shareholding ratio limit for the solicitation of voting rights.

The term "shareholders" mentioned above includes shareholders who attend the shareholders' meeting by proxies.

DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions on Directors

The Company's directors are natural persons. Any person under the following circumstances is not allowed to serve as a director of the Company:

- (1) those who have no capacity for civil conduct or have limited capacity for civil conduct;
- (2) those who have been sentenced to criminal penalty for embezzlement, bribery, encroachment or misappropriation of property, or disruption of the socialist market economic order, or have been deprived of political rights due to committing crime, and the expiration of the penalty period has not exceeded five years; for those who have been declared suspended sentence, the period since the expiration of the suspended sentence has not exceeded two years;
- (3) those who have served as directors, factory managers, or managers of a company or an enterprise which has bankrupted and been liquidated and are personally liable for the bankruptcy of such company or enterprise, and the period since the completion of the bankruptcy and liquidation of such company or enterprise has not exceeded three years;
- (4) those who have served as the legal representatives of a company or an enterprise whose business license has been revoked or which has been ordered to close down due to illegal acts and are personally liable for such, and the period since such company or enterprise had its business license revoked or was ordered to close down has not exceeded three years;
- (5) those who have large amount of debts that are overdue and have been listed as judgment debtors by the people's court;

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- (6) those who have been subject to a ban from the securities market by the CSRC or any other competent securities regulatory authorities and the period has not expired;
- (7) those who have been publicly announced by a stock exchange as unfit to serve as, among others, directors or senior management members of a listed company and the period has not expired;
- (8) any other circumstances stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, or departmental rules.

If a director is elected or appointed in violation of the above — mentioned provisions, such election, appointment, or engagement shall be invalid. If a director falls under the circumstances described in this Article during his term of office, the Company shall remove him/her from his/her position and terminate his/her duties.

Directors are elected or replaced by the shareholders’ meeting, and the shareholders’ meeting may remove them from their positions before the expiration of their terms of office. The term of office of a director is three years. Subject to compliance with laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the Company’s shares are listed, a director may be re-elected upon the expiration of his term.

The term of office of a director is calculated from the date of his/her assumption of office until the expiration of the term of the current board of directors. If a director’s term of office has expired and a replaced director has not been elected in a timely manner, the original director shall still perform his duties as a director in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed, and these Articles of Association of the Company before the newly-elected director assumes office.

A director may concurrently serve as a senior management member. However, the total number of directors who concurrently hold senior management positions and directors who are employee representatives may not exceed half of the total number of directors of the Company.

The members of the board of directors of the Company include a director who is an employee representative democratically elected by the employees of the Company through an employees’ representative meeting, a staff meeting, or by any other means, and such appointment does not need to be submitted to the shareholders’ meeting for consideration.

Directors shall abide by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and these Articles of Association of the Company, and have a duty of loyalty to the Company. They shall take measures to avoid conflict of interests between them and the Company and is not allowed to abuse their positions to seek improper benefits.

Directors shall abide by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and these Articles of Association of the Company, and have a duty of diligence to the Company. When performing their duties, they shall exercise the reasonable care that a manager usually should have for the maximum interests of the Company.

The Board of Directors

The Company has a board of directors, which comprises eleven directors, including four independent directors (at least one professional accounting practitioner) and one director who is an employee representative.

The board of directors has one chairman and three vice-chairmen. The chairman and vice-chairmen are elected by the board of directors by a majority of affirmative vote of all directors. Directors may comprise executive directors, non-executive directors, and independent directors (the meaning of “**independent directors**” is the same as “independent

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non-executive directors” as defined in the “Hong Kong Listing Rules”). Non-executive directors refer to the directors who do not hold management positions in the Company, and independent directors refer to those parties who meet the requirements of the regulatory rules of the stock exchange where the Company’s shares are listed.

The board of directors exercises the following powers:

- (1) to convene a shareholders’ meeting and report their work to the shareholders’ meeting;
- (2) to implement the resolutions of the shareholders’ meeting;
- (3) to determine the Company’s business plans and investment plans;
- (4) to formulate the Company’s profit distribution plan and loss-making compensation plan;
- (5) to formulate plans for the Company to increase or decrease its registered capital, issue bonds or other securities, and seek listing status;
- (6) to propose plans for the Company’s substantial acquisitions, repurchase of the Company’s shares, mergers, divisions, dissolution, and conversion of the Company’s status;
- (7) to decide on such matters as the Company’s external investment, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, affiliated (connected) transactions, and external donations within the ambit of the authorization granted by the shareholders’ meeting,;
- (8) to determine the establishment of the Company’s internal management bodies;
- (9) to decide on the appointment or dismissal of the Company’s president (general manager), co-president (co-general manager), board secretary, and any other senior management members, and determine their remuneration, rewards, and punishments; to decide on the appointment or dismissal of senior management members such as the Company’s vice-presidents and the officer in charge of finance based on the nominations of the president (general manager) and co-president (co-general manager), and determine their remuneration, rewards, and punishments;
- (10) to formulate the Company’s fundamental management systems;
- (11) to formulate a plan for the alteration of these Articles of Association;
- (12) to manage the Company’s information disclosure matters;
- (13) to propose to the shareholders’ meeting to engage or replace the accounting firm for the Company’s audit;
- (14) to listen to the work reports of the Company’s president (general manager) and co-president (co-general manager) and inspect their work;
- (15) to exercise any other powers granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed, these Articles of Association, or the shareholders’ meeting.

Matters beyond the ambit of the authorization grant by the shareholders’ meeting shall be submitted to the shareholders’ meeting for consideration.

The chairman of the board exercises the following powers:

- (1) to preside over the shareholders’ meeting and convene and preside over the board of directors’ meetings;
- (2) to supervise and inspect the implementation of board resolutions;
- (3) to exercise any other powers granted by the board of directors.

The vice-chairperson(s) of the Company assists the chairperson in his/her work. If the chairperson is unable or fails to perform his/her duties, the vice-chairperson shall perform

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such duties (if the Company has two or more than two vice-chairpersons, the vice-chairperson who is jointly recommended by more than half of the directors shall perform the duties, or the chairperson may designate one of the vice-chairpersons to perform the duties). If the vice-chairperson is unable or fails to perform his/her duties, a director jointly recommended by more than half of the directors shall perform the duties.

The board of directors shall hold at least four meetings each year, which shall be convened by the chairperson. All directors shall be notified in writing at least 14 days before a regular meetings.

Shareholders representing more than one - tenth of the voting rights, or more than one-third of the directors, or the audit committee may propose to hold an extraordinary board meeting. The chairperson shall convene and preside over the board meeting within 10 days upon the receipt of the proposal.

A board meeting may not be held until more than half of the directors are present. Resolutions of the board of directors must be passed by more than half of all the directors. If there are any other provisions in these Articles of Association, relevant laws, regulations, regulatory documents, or the securities regulatory rules of the place where the Company's shares are listed, such provisions prevail.

Each director has one vote when voting on board resolutions.

Independent Directors

Independent directors shall earnestly perform their duties in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association. They shall participate in decision – making process of, perform supervision and provide check and balance on, and give professional advice to, the board of directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

To serve as an independent director of the Company, the party must meet the following conditions:

- (1) to be qualified to serve as a director of a listed company in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and any other relevant provisions;
- (2) to satisfy the independence requirements stipulated in these Articles of Association;
- (3) to have a basic knowledge of the operation of a listed company and be familiar with relevant laws, regulations, and rules;
- (4) to have more than five years of work experience in law, accounting, or economics, which is necessary for performing the duties of an independent director;
- (5) to have good personal moral character and no major negative records such as default;
- (6) to meet any other conditions stipulated in laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

As members of the board of directors, independent directors owe a duty of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (1) to participate in the decision-making process of the board of directors and express clear opinions on the matters under discussion;
- (2) to supervise any potential substantial conflicts of interest between the Company and its controlling shareholders, actual controllers, directors, and senior management to protect the legitimate rights and interests of minority shareholders;

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- (3) to provide professional and objective suggestions for the Company's business development to promote the improvement of the quality of the board of directors' decision-making;
- (4) to perform any other duties stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Independent directors exercise the following special powers:

- (1) to independently engage intermediaries to audit, provide consultation on or verify specific matters of the Company;
- (2) to propose to the board of directors to convene an extraordinary general meeting of shareholders;
- (3) to propose to convene a board meeting;
- (4) to legally solicit shareholders' rights from shareholders publicly;
- (5) to express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (6) to exercise any other powers stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

When independent directors exercise the powers set out in the first to third sub-paragraphs above, they shall obtain the consent of more than half of all independent directors. When independent directors exercise the powers set out above, the Company shall disclose the information in a timely manner. If the above powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

Special committees of the board of directors

The Company's board of directors shall establish an audit committee to exercise the powers of the board of supervisors stipulated in the Company Law and any other powers stipulated by the securities regulatory rules of the place where the Company's shares are listed.

The audit committee comprises five members who are the directors not serving as senior management members of the Company, including three independent directors. The convener is an professional accounting practitioner among the independent directors.

The audit committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters should be submitted to the board of directors for consideration after obtaining the consent from more than half of all members of the audit committee:

- (1) the disclosure of the financial information in the financial and accounting reports and the periodic reports, and the internal control evaluation report;
- (2) engagement or dismissal of the accounting firm that undertakes the Company's audit;
- (3) appointment or dismissal of the officer in charge of the Company's finance;
- (4) the changes to accounting policies or accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;
- (5) any other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

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The Company’s board of directors shall establish other special committees, such as the Strategy and ESG (Environment, Social and Governance) Committee, Nomination Committee, and Compensation and Appraisal Committee. These committees perform their duties in accordance with the securities regulatory rules of the place where the Company’s shares are listed, these Articles of Association, and the authorization of the board of directors. Proposals from the special committees shall be submitted to the board of directors for consideration and decision. The working procedures of the special committees are formulated by the board of directors.

The Strategy and ESG Committee comprises three members, and the chairman of the Company serves as the convener.

The main duties and powers of the Strategy and ESG Committee are as follows:

- (1) to conduct research and provide suggestions on the Company’s medium- and long- term development strategic plan;
- (2) to conduct research and provide suggestions on substantial investment and financing plans that require the approval of the board of directors as stipulated in these Articles of Association;
- (3) to conduct research and provide suggestions on major capital operation and asset operation projects that require the approval of the board of directors as stipulated in these Articles of Association;
- (4) to conduct research on the Company’s ESG strategy, goals, and major issues, identify ESG risks and opportunities related to the Company, review the Company’s ESG-related reports, and provide suggestions;
- (5) to conduct research and provide suggestions on other major issues affecting the Company’s development;
- (6) to inspect the implementation of the above matters;
- (7) to conduct any other matters authorized by the board of directors and any other matters indicated in relevant laws, regulations, securities regulatory rules of the place where the Company’s shares are listed, and regulatory documents.

The Nomination Committee comprises five members, including three independent directors. An independent director serves as the convener.

The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management members, selecting and reviewing candidates for directors and senior management members and their qualifications, and providing recommendations to the board of directors on the following matters:

- (1) to nominate, appoint or remove any director;
- (2) to appoint or dismiss any senior management member;
- (3) to conduct any other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and these Articles of Association.

The Remuneration and Appraisal Committee comprises five members, including three independent directors. An independent director serves as the convener.

The Remuneration and Appraisal Committee is responsible for formulating the appraisal criteria for directors and senior management members and conducting appraisals, and formulating and reviewing the remuneration policies and plans for directors and senior management members, including the remuneration determination mechanism, decision-making process, payment, and claw-back arrangements, and provides recommendations to the board of directors on the following matters:

- (1) the remuneration of directors and senior management members;
- (2) the formulation or amendment of equity incentive plans and employee shareholding plans, and the conditions that the incentive recipients must fulfil for the grant and exercise of their rights;

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- (3) the arrangement of shareholding plans for directors and senior management members in the proposed spin-off subsidiaries;
- (4) any other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

SENIOR MANAGEMENT

The Company has one president (general manager) and one co-president (co-general manager), and the decisions on their appointments and dismissals rest with the board of directors.

The Company has vice-presidents (deputy general managers) and an officer in charge of finance, and the decisions on their appointments and dismissals rest with the board of directors.

The provisions herein regarding the circumstances under which an individual is not allowed to serve as a director and the management system for resignation and removal also apply to senior management members.

The provisions herein regarding the duties of fiduciary and diligence of directors also apply to senior management members.

Any individual who holds administrative positions other than director or supervisor in the Company's controlling shareholder entity may not serve as a senior management member of the Company.

The Company's senior management members receive their remuneration only from the Company, and the controlling shareholder may not pay any remuneration to them on behalf of the Company.

The term of office of the president (general manager) and co-presidents (co-general managers) is three years each. They may be re-appointed upon expiration of their terms of office.

The president (general manager) and co-president (co-general manager) is responsible to the board of directors and exercise the following duties and functions:

- (1) to be in charge of the Company's production, operation, and management, organize the implementation of the resolutions of the board of directors, and report their work to the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to formulate plans for the establishment of the Company's internal management bodies;
- (4) to formulate the Company's fundamental management systems;
- (5) to formulate the Company's detailed rules and regulations;
- (6) to make recommendation to the board of directors on the appointment or dismissal of the Company's vice presidents (deputy general managers) and the officer in charge of finance;
- (7) to decide on the appointment or dismissal of any management members other than those whose appointments or dismissals rest with the board of directors;
- (8) to perform any other duties and functions stipulated by the securities regulatory rules of the place where the Company's shares are listed, these Articles of Association or the board of directors.

The president (general manager) and the co-presidents (co-general managers) sit in on the board of directors' meetings.

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The Company has a secretary to the board of directors, who is responsible for, among others, the preparation of the Company's shareholders' meetings and the board meetings, document storage, management of the Company's shareholders' information, and handling of information disclosure.

If a senior management member causes damage to others while performing their duties for the Company, the Company is liable for compensation; if such the senior management member is found to have acted knowingly and willfully or with gross negligence, he/she is also liable for compensation.

If a senior management member violates the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the provisions of these Articles of Association while performing his/her duties for the Company and cause losses to the Company, he/she is liable for compensation.

The Company's senior management members shall faithfully perform their duties and safeguard the maximum interests of the Company and the shareholders as a whole.

If a senior management member of the Company fails to perform his/her duties faithfully or breaches the duty of integrity and cause damage to the interests of the Company and the public shareholders, he/she is liable for compensation in accordance with the law.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and accounting systems

The Company is required to formulate its financial and accounting systems in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the requirements of relevant state departments.

The Company is required to submit and disclose its annual reports to the local offices of the CSRC and the stock exchange where the Company's shares are listed within 4 months after the end of each financial year, and submit and disclose its interim reports to the local offices of the CSRC and the stock exchange where the Company's shares are listed within 2 months after the end of the first half of each financial year.

The above-mentioned annual reports and interim reports are prepared in accordance with relevant laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed.

In addition to the statutory accounting books, the Company may not keep any separate accounting books. The Company's funds are not allowed to be deposited in any accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company's statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund reaches 50% or more of the Company's registered capital, no further allocation is required.

If the Company's statutory reserve fund is insufficient to make up for the losses of previous years, the current year's profits are used to make up for the losses before allocating them to the statutory reserve fund in accordance with the provisions of the previous paragraph.

After the Company allocates the after-tax profits to the statutory reserve fund, upon the resolution of the shareholders' meeting, it may also allocate the after-tax profits to other surplus reserve.

After the Company uses the after-tax profits to make up for the losses and allocates them to the reserve funds, the remaining after-tax profits may be distributed in proportion to the shares held by the shareholders, except as otherwise provided in these Articles of Association.

If the shareholders' meeting distributes profits to the shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the law to

APPENDIX IV

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the Company; if losses are caused to the Company, the shareholders and the responsible directors and senior management member are liable for compensation.

The Company's shares held by the Company may not be used for profit distribution.

The aim of the Company's cash dividend policy is to maintain a continuous and stable profit distribution. For the profit distribution of the Company, emphasis should be placed on bringing reasonable investment returns to the investors, but the amount of distribution may not exceed the amount of the cumulative distributable profits and the distribution may not harm the Company's continuous operation as a going concern.

If the audit report of the Company for latest year contains modified opinion or an unqualified opinion with a paragraph on material uncertainties related to going concern, the Company is allowed not to distribute profits.

The Company's reserve funds are used to make up for the Company's losses, expand the Company's production and operation, or increase the Company's registered capital.

When using the reserve funds to make up for the Company's losses, other surplus reserve fund and the statutory reserve fund shall be used first; if they are still insufficient, the capital reserve fund may be used in accordance with the regulations.

If the statutory reserve fund is converted to increase the capital, the balance in such reserve should be no less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement an internal audit system, clarifying its leadership system, its functions and powers, personnel deployment, its funding, use of the audit results, and accountability for the internal audit work.

The Company's internal audit system shall be implemented after being approved by the board of directors and disclosed to the public.

The Company's internal audit body shall supervise and inspect the Company's business activities, risk management, internal control, financial information and other matters.

The internal audit body is responsible to the board of directors.

Engagement of an accounting firm

The Company shall engage an accounting firm that complies with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed to provide auditing of accounting statements, verification of net assets, and any other related consulting services. The engagement term shall be one year and may be renewed.

The Company may, by an ordinary resolution passed at a shareholders' meeting, engage or dismiss an accounting firm. The board of directors may not appoint any accounting firm before a decision is made by the shareholders' meeting.

The Company shall ensure the provision of true and complete accounting vouchers, accounting books, financial and accounting reports, and any other accounting materials to the engaged accounting firm, and is not allowed to withhold or conceal such documents, or make any false reports.

The audit fees of the accounting firm is decided by the shareholders' meeting.

When the Company dismisses or decides not to renew the engagement of an accounting firm, it shall notify the accounting firm thirty days in advance. When the shareholders' meeting of the Company votes on the dismissal of the accounting firm, the accounting firm shall be allowed to express its opinions. If the accounting firm resigns, it shall explain to the shareholders' meeting whether there are any improper circumstances of the Company.

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MERGER, DIVISION, CAPITAL INCREASE OR REDUCTION, DISSOLUTION, AND LIQUIDATION

Merger, division, capital increase, and capital reduction

The Company may effect a merger by way of absorption or formation of a new company.

When a company absorbs another company, it is an absorption merger, and the absorbed company is dissolved. When two or more companies merge to form a new company, it is a merger by formation of new company, and all the merging parties are dissolved.

If the consideration paid by the Company for a merger does not exceed 10% of the Company's net assets, the merger may be carried out without a resolution of the shareholders' meeting, unless otherwise provided in these Articles of Association.

If the Company effects a merger in accordance with the preceding paragraph without a resolution of the shareholders' meeting, the merger is subject to a resolution of the board of directors.

When the Company is divided, its property is be divided accordingly.

When the Company is divided, it shall prepare a balance sheet and a detailed list of property. The Company shall notify its creditors within ten days, and make an announcement on the designated media or on the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within thirty days, from the date of approval of the resolution on division. If the securities regulatory rules of the place where the Company's shares are listed provide otherwise, the relevant provisions must also be complied with.

When the Company reduces its registered capital, it shall prepare a balance sheet and a detailed list of property.

The Company shall notify its creditors within ten days, and make an announcement on the designated media or on the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within thirty days, from the date of the resolution of the shareholders' meeting on reducing the registered capital. Creditors who receive the notice have the right to require the Company to settle its debts or provide corresponding guarantees within thirty days from the date of receiving the notice. Creditors who do not receive the notice have the right to do so within forty-five days from the date of the announcement.

When the Company reduces its registered capital, it shall reduce the amount of capital contributions or shares accordingly in proportion to the shares held by the shareholders, unless otherwise provided by laws, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

If the Company reduces its registered capital in violation of the Company Law and other relevant regulations, the shareholders shall return the funds they have received, and the reduced amount of the shareholders' capital contributions should be restored to the original amount. If losses are caused to the Company, the shareholders and the responsible directors and senior management member(s) are liable for compensation.

When the Company issues new shares to increase its registered capital, the shareholders do not have the pre-emptive rights, unless otherwise provided in these Articles of Association or decided by a resolution of the shareholders' meeting that the shareholders should have the pre-emptive rights.

Dissolution and Liquidation

The Company may be dissolved for the following reasons:

- (1) The business term stipulated in these Articles of Association expires or other dissolution events stipulated in these Articles of Association occur;

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- (2) The Company is dissolved by a resolution of the shareholders' meeting;
- (3) The Company has to be dissolved as a result of merger or division;
- (4) The Company's business license is revoked, or the Company is ordered to close or deregistered in accordance with the laws;
- (5) If the Company encounters serious problems in its business operation and management, and continuing its existence will cause significant losses to the shareholders' interests and such problems cannot be resolved through any other means, the shareholders holding more than 10% of the voting rights of the Company may request the people's court to dissolve the Company.

When the Company encounters a dissolution event set out in the preceding paragraph, it shall inform the public of the dissolution event through the National Enterprise Credit Information Publicity System within ten days.

If the Company is under such circumstance as set out in sub-paragraphs (1) and (2) above and has not distributed its property to the shareholders, it may continue to exist by alteration of these Articles of Association or by a resolution of the shareholders' meeting.

To alter these Articles of Association or make a resolution by the shareholders' meeting in accordance with the preceding paragraph, it must be passed by more than two-thirds of the vote cast by the shareholders with voting rights present at the shareholders' meeting.

If the Company is dissolved due to the reasons set out in sub-paragraphs (1), (2), (4) and (5) above, the Company has to be liquidated. The directors are the liquidation obligors of the Company and shall form a liquidation group for liquidation within fifteen days from the date when the dissolution event occurs.

The liquidation group comprises the directors, unless otherwise provided in these Articles of Association, the securities regulatory rules of the place where the Company's shares are listed, or a resolution of the shareholders' meeting to select other parties.

If the liquidation obligors fail to perform their liquidation obligations in a timely manner, which causes losses to the Company or creditors, they are liable for compensation.

The liquidation group shall notify the creditors within ten days, and make an announcement in the designated media or on the National Enterprise Credit Information Publicity System within sixty days, from the date of its formation. Creditors are required to declare their claims to the liquidation group within thirty days from the date of receiving the notice, and those creditors who have not received the notice may declare their claims within forty-five days from the date of the announcement.

When creditors declare their claims, they shall state the relevant matters of the claims and provide supporting materials. The liquidation group shall register the claims.

During the period that the creditors are claiming their rights, the liquidation team shall not make any payment to creditors.

After completion of the asset inventory for the Company, and preparation of the statement of assets and liabilities and the inventory of property, the liquidation team shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

After the Company's property has been used to pay the liquidation expenses, employees' salaries, social insurance premiums and statutory compensation, and overdue taxes, and settle the Company's debts, the remaining property is distributed among the shareholders in proportion to their shareholdings.

During the liquidation period, the Company continues to exist, but may not engage in any business activities unrelated to the liquidation.

The Company's property may not be distributed to the shareholders before settlement of its payment obligations in accordance with the provisions of the preceding paragraph.

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After completion of the asset inventory for the Company, and preparation of the statement of assets and liabilities and the inventory of property, if the liquidation team finds that the Company's property is insufficient to settle its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the laws.

After the people's court accepts the bankruptcy application, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator appointed by the people's court.

After the Company's liquidation is completed, the liquidation team shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and submit it to the Company registration authority to apply for deregistration of the Company.

ALTERATION OF THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

- (1) After the Company Law or relevant laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed are revised, any matters set out in these Articles of Association conflict with the provisions of the revised laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed;
- (2) The occurrence of any changes to the Company results in any inconsistency with the matters set out in these Articles of Association;
- (3) The shareholders' meeting decides to alter these Articles of Association.

If the alteration of these Articles of Association, which is passed by the resolution of the shareholders' meeting, is subject to the approval of the competent authority, such alteration is required to be submitted to the competent authority for approval; if the alteration involves the registration of the Company, the change of registration shall be handled in accordance with the laws.

The board of directors shall alter these Articles of Association in accordance with the resolution of the shareholders' meeting on alteration of these Articles of Association and the approval opinion of relevant competent authorities.

If the provisions hereunder to be altered are information required to be disclosed by laws and regulations, such alteration is subject to announcement as required.

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STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR COMPANY

Establishment of our Company

Our Company was established as a limited liability company in the PRC on December 1, 1997 and was converted into a joint stock limited company with limited liability on December 28, 2007 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB4,521,100,071.

Our Company has established a place of business in Hong Kong at Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on October 3, 2025. Mr. Chu Lok Him Matthew, one of our joint company secretaries, has been appointed as the authorized representative in Hong Kong and our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association” in Appendix IV to this Document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in the section headed “Regulatory Overview” in this Document.

Changes in Share Capital of Our Company

Save as disclosed in the section headed “History, Development and Corporate Structure — Corporate Development and Major Changes in Share Capital and Shareholdings,” there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants’ Report in Appendix I.

The following subsidiaries have been incorporated within the two years immediately preceding the date of this Document:

<u>Name of Subsidiary</u>	<u>Place of Incorporation</u>	<u>Date of Incorporation</u>
Chongqing Jianghe Qixing Corporate Management Partnership Enterprise (Limited Partnership)* (重慶江河啟興企業管理合夥企業(有限合夥)) . .	PRC	June 27, 2025
Chongqing Afari Intelligent Drive Technology Co., Ltd.* (重慶千里智駕科技有限公司)	PRC	June 27, 2025
Chongqing Zhiqi Xinwang Enterprise Management Co., Ltd.* (重慶智騏鑫旺企業管理有限公司)	PRC	June 3, 2025
Ningbo Qianli Zhichuang Corporate Management Consulting Co., Ltd.* (寧波千里智創企業管理諮詢有限公司)	PRC	May 6, 2025
Chongqing LIVAN Automobile Trade Co., Ltd.* (重慶睿藍汽車貿易有限公司)	PRC	December 30, 2024
Ningbo Qianli Haohan Technology Co., Ltd.* (寧波千里浩瀚科技有限公司)	PRC	October 14, 2025

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We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of the particulars of any alternation in the capital of our subsidiaries which are not Major Subsidiaries within two years immediately preceding the date of this Document. For details, see “Waivers and Exemptions — Particulars of Information of Our Subsidiaries.”

The following alterations in the share capital of our Major Subsidiaries have taken place within the two years immediately preceding the date of this Document:

On June 27, 2025, Afari Intelligent Drive was established as a limited liability company with a share capital of RMB10.5 million. On July 3, 2025, it increased its registered capital from RMB10.5 million to RMB140 million, and further increased its registered capital to RMB200 million on July 4, 2025.

On September 29, 2025, Chongqing Lifan Ruichi Motorcycle Co., Ltd. * (重慶力帆瑞馳摩托車有限公司) increased its registered capital from RMB20 million to RMB200 million.

On September 30, 2025, Chongqing Lifan Industry (Group) IMP. & EXP. Co., Ltd.* (重慶力帆實業(集團)進出口有限公司) increased its registered capital from RMB2,000 million to RMB2,500 million.

Resolutions of our Shareholders

At the extraordinary general meeting of our Company held on September 29, 2025, the following resolutions, among other things, were duly passed:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the above number of H Shares to be [REDACTED];
- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on [REDACTED]; and
- (d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of H Shares on the Hong Kong Stock Exchange.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

We have entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that is or may be material:

- (a) [REDACTED].

Intellectual Property Rights

As of the date of this Document, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group’s business.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Trademarks

As of date of this Document, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration Number	Category	Owner	Place of Registration	Date of Registration	Expiry date
1 . . .	HONLEI	3181522	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 7, 2003	June 6, 2033
2 . . .		47622426	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	December 7, 2021	December 6, 2031
3 . . .	LIFAN	3224615	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 28, 2003	June 27, 2033
4 . . .	LIFAN	3851874	7	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 21, 2006	June 20, 2036
5 . . .	LIFAN	868501	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	September 7, 1996	September 6, 2036
6 . . .		3249402	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	August 7, 2003	August 6, 2033
7 . . .	轰轰烈 HONLEI	1191129	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	July 14, 1998	July 13, 2028
8 . . .		3224611	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 28, 2003	June 27, 2033
9 . . .	力帆 LIFAN	3037886	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	June 28, 2004	June 27, 2034
10 . .		3949330	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	April 14, 2006	April 13, 2036
11 . .	力帆	868524	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	September 7, 1996	September 6, 2036
12 . .	力帆	3006318	7	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	July 21, 2004	July 20, 2034
13 . .		69052246	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	September 7, 2024	September 6, 2034
14 . .	派方泰坦	64619743	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	November 7, 2022	November 6, 2032
15 . .	派方星环	64700364	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	October 28, 2022	October 27, 2032
16 . .	派方星舰	64597049	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	November 7, 2022	November 6, 2032

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No.	Trademark	Registration Number	Category	Owner	Place of Registration	Date of Registration	Expiry date
17	派方星雷	64722764	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	November 7, 2022	November 6, 2032
18	派方引力	64605413	12	Chongqing Lifan Ruichi Motorcycle Co., Ltd.	PRC	November 7, 2022	November 6, 2032
19		7306892	35	The Company	PRC	October 7, 2010	October 6, 2030
20		1725738	12	The Company	PRC	March 7, 2002	March 6, 2032
21		1191131	12	The Company	PRC	July 14, 1998	July 13, 2028
22		37794252	12	The Company	PRC	March 21, 2020	March 20, 2030
23		73428025	12	Beijing Maichi Zhixing Technology Co.,Ltd. (北京邁馳智行科技有限公司)	PRC	March 7, 2024	March 6, 2034
24		73421020	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	March 7, 2024	March 6, 2034
25		73409239	09	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	February 28, 2024	February 27, 2034
26		68074935	09	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	May 7, 2024	August 20, 2033
27	MACH-DRIVE	67346815	09	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	June 28, 2023	June 27, 2033
28	MACH-DRIVE	67335974	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	June 28, 2023	June 27, 2033
29	MACH-DRIVE	67329345	35	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	June 28, 2023	June 27, 2033
30	迈驰智行	66120271	12	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	April 28, 2025	April 27, 2035
31	微驰智行	65768169	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	March 28, 2023	March 27, 2033
32	微驰	65765010	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	February 28, 2023	February 27, 2033
33	迈驰智行	65764993	42	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	March 28, 2024	March 27, 2034
34	迈驰智行	65743404	09	Beijing Maichi Zhixing Technology Co.,Ltd.	PRC	April 28, 2025	April 27, 2035

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As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Category	Applicant	Place of Registration	Application number	Application date
1 . . .		9, 12, 42	The Company	Hong Kong	307021953	8/9/2025
2 . . .	千里科技	9, 12, 42	The Company	Hong Kong	307022718	9/9/2025
3 . . .	Λ F Λ R I	9, 12, 42	The Company	Hong Kong	307022727	9/9/2025

Patents

As of the date of this Document, we have registered the following patents which we consider to be or may be material to our business:

No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
1 . . .	An engine lubrication oil circulation system (一種發動機潤滑油循環系統)	The Company	Invention	2018109235195	PRC
2 . . .	A valve timing mechanism with small intake and exhaust manifolds angle arranged in a staggered distribution (一種錯位分佈小進排氣夾角的配氣機構)	The Company	Invention	2019108851936	PRC
3 . . .	A small internal combustion dual-power generator structure (一種小型內燃機雙電源發電機結構)	The Company	Utility model	2021233785978	PRC
4 . . .	Motorcycle gasoline-electric hybrid engine (摩托車油電混合動力發動機)	The Company	Invention	2016111967953	PRC
5 . . .	Motorcycle oil-cooled electric drive device (摩托車油冷電驅動裝置)	The Company	Utility model	2022217523919	PRC
6 . . .	Motorcycle CVT transmission air guide structure (摩托車CVT變速箱導風結構)	The Company	Utility model	2022229988368	PRC
7 . . .	Battery cells of battery pack for electric vehicles (電動汽車電池包的電芯單元)	The Company	Invention	2017112771649	PRC
8 . . .	Wireless communication-based distributed battery power supply control system and method for vehicles (基於無線通訊的汽車分佈式電池供電控制系統及方法)	The Company	Invention	2018100234958	PRC

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STATUTORY AND GENERAL INFORMATION

No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
9 . . .	A calibration site and calibration method for a 360° panoramic system (一種360°全景系統的標定場地和標定方法)	The Company	Invention	2018100314469	PRC
10 . . .	Load-bearing structure of quick-swap battery packs for new energy vehicles (新能源汽車快換電池包受力結構)	The Company	Invention	2017112785355	PRC
11 . . .	An electronic fuel injection throttle for general engines (一種用於通機的電噴節氣門)	The Company	Utility model	2023218056792	PRC
12 . . .	Crankcase and crankcase end cover (曲軸箱及曲軸箱端蓋)	The Company	Invention	2017107581061	PRC
13 . . .	A charging case and modular charging station (一種充電盒及模組化充電站)	The Company	Invention	2017114472285	PRC
14 . . .	Motorcycle engine cooling passage structure (摩托車發動機冷卻水道結構)	The Company	Invention	2021113255009	PRC
15 . . .	Motorcycle engine (摩托車發動機)	The Company	Invention	2021116001409	PRC
16 . . .	Motorcycle water-cooled engine (摩托車水冷發動機)	The Company	Invention	2017108688297	PRC
17 . . .	Inline twin-cylinder motorcycle engine (直列雙缸摩托車發動機)	The Company	Invention	2021114030587	PRC
18 . . .	Intake manifold installation structure for motorcycle v-twin engines (適用於摩托車V缸發動機的進氣歧管安裝結構)	The Company	Invention	2022101839259	PRC
19 . . .	Engine and its ignition system (發動機及其點火系統)	The Company	Invention	2017109655479	PRC
20 . . .	Motorcycle (LF400) (摩托車(LF400))	The Company	Appearance design	2024300524124	PRC
21 . . .	All-terrain vehicle power battery installation structure (全地形車動力電池安裝結構)	The Company	Invention	202210668079X	PRC
22 . . .	Automatic clutch main body assembly, right crankshaft and clutch main body assembly and motorcycle (自動離合器主體組合、右曲軸與離合器主體組合及摩托車)	Chongqing Lifan Ruichi Motorcycle Co. Ltd. (重慶力帆瑞馳摩托車有限公司)	Utility model	2016209140558	PRC
23 . . .	Motorcycle crankcases that help suppress noise (有助於抑制噪音的摩托車曲軸箱)	Chongqing Lifan Ruichi Motorcycle Co. Ltd	Utility model	2021227516705	PRC
24 . . .	Motorcycle engine lubricating oil channel structure (摩托車發動機潤滑油道結構)	Chongqing Lifan Ruichi Motorcycle Co. Ltd	Invention	2021113251597	PRC

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No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
25 . .	Two-wheeled motorcycle (LF125-2E upgrade) (兩輪摩托車(LF125-2E升級))	Chongqing Lifan Ruichi Motorcycle Co. Ltd	Appearance design	2024302552260	PRC
26 . .	Two-wheeled motorcycles (LF2000DT/LF4000DT) (兩輪摩托車 (LF2000DT/LF4000DT))	Chongqing Lifan Ruichi Motorcycle Co. Ltd	Appearance design	2024302552966	PRC
27 . .	Gasoline engine air filter (汽油機空濾器)	Chongqing Lifan Power Co. Ltd. (重慶力帆內燃機有限公司)	Utility model	2019218238417	PRC
28 . .	Adjustable internal combustion engine air filter and engine structure (可調式內燃機空濾器及發動機 結構)	Chongqing Lifan Power Co. Ltd.	Utility model	2019218238421	PRC
29 . .	A complete oil circuit device and flow direction control method (一種整機油路裝置及流向 控制方法)	Chongqing Lifan Power Co. Ltd.	Invention	2018103293500	PRC
30 . .	A sealing cover structure for the cylinder head of a silent variable frequency generator set engine (一種靜音變頻發電機組發動機 氣缸頭密封罩結構)	Chongqing Lifan Power Co. Ltd.	Utility model	2024211076465	PRC
31 . .	An integrated radiator assembly (一種集成式散熱器組件)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2018116492470	PRC
32 . .	Motor heating control method, controller and system based on table lookup and closed-loop control (基於查表和閉環控制的電機發 熱控制方法、控制器及系統)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2019113601199	PRC
33 . .	A vehicle projection method, device, equipment and terminal (一種車輛投影方法、裝置、設 備及終端)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2019103751838	PRC
34 . .	A vehicle monitoring method, device and vehicle (一種車輛監控方法、裝置及車 輛)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.; LIVAN Auto	Invention	2020110891099	PRC
35 . .	A heat pump system and battery thermal management method (一種熱泵系統及電池熱管理方 法)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2021100935061	PRC

APPENDIX V STATUTORY AND GENERAL INFORMATION

No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
36 . .	A vehicle-mounted projection device, vehicle, and vehicle projection control method (一種車載投影裝置、車輛及車輛的投影控制方法)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	202011131051X	PRC
37 . .	A battery charging mechanism (一種電池充電機構)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2019106826431	PRC
38 . .	A vehicle-mounted audio and video control system and method (一種車載影音控制系統及方法)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2020111310613	PRC
39 . .	A method, device, equipment and storage medium for determining battery health status (一種電池健康狀態的確定方法、裝置、設備及存儲介質)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2020106877582	PRC
40 . .	A heat exchanger assembly for vehicles and vehicle (一種車輛的換熱器總成及車輛)	Geely Holding; Chongqing LIVAN Automobile Research Institute Co., Ltd.	Invention	2022103594078	PRC
41 . .	Graphical user interface for vehicle terminal (用於車載終端的圖形用戶界面)	Afari Intelligent Drive	Appearance design	2019300112354	PRC
42 . .	Automotive simulation cockpit (汽車模擬駕駛艙)	Afari Intelligent Drive	Utility model	2019209423029	PRC
43 . .	Attention determination method, model training method and corresponding device (注意力判定方法、模型訓練方法及對應裝置)	Afari Intelligent Drive	Invention	2021105683758	PRC
44 . .	Lane line detection method, electronic device, storage medium and computer program product (車道線檢測方法、電子設備、存儲介質及計算機程序產品)	Afari Intelligent Drive	Invention	2023101263022	PRC
45 . .	Real-time road condition detection method, device, system and storage medium (路況的實時檢測方法、裝置、系統和存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019103251555	PRC
46 . .	Expression recognition method, device and system (表情識別方法、裝置及系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019100901636	PRC
47 . .	Adaptive gaze tracking method, device, system and storage medium (一種自適應視線追蹤方法、裝置、系統及存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019101653192	PRC

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No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
48 . .	Automotive user identification method, device, system and storage medium (一種汽車用戶識別方法、裝置、系統及存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019104240878	PRC
49 . .	Method and device for obtaining camera parameters of in-vehicle multi-camera surround view system (一種車載多攝像機環視系統的攝像機參數獲得方法及裝置)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	201811307429X	PRC
50 . .	Object monitoring method and device, electronic equipment, storage medium (對象監控方法及裝置、電子設備、存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019106208082	PRC
51 . .	Image data processing method and device for automotive simulation cockpit (汽車模擬駕駛艙圖像數據處理方法及裝置)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019105425284	PRC
52 . .	Lane line recognition method, device, equipment and storage medium (車道線識別方法、裝置、設備和存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019111474288	PRC
53 . .	Matching method of traffic light and lane, device and electronic equipment (交通燈與車道的匹配方法、裝置及電子設備)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2019113054110	PRC
54 . .	Behavior recognition method, device and computer storage medium (行為識別的方法、裝置及計算機存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2020101734008	PRC
55 . .	Method, device, system and storage medium for determining multiple object trajectories in video (用於確定視頻中多目標軌跡的方法、裝置、系統及存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	202110839348X	PRC
56 . .	Target detection method, computer program product and electronic device (目標檢測方法、計算機程序產品和電子設備)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2022102603915	PRC
57 . .	Image annotation method and image annotation device (圖像標注方法和圖像標注裝置)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2022102033432	PRC

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No.	Patent description	Owner	Patent Category	Patent Number	Place of Registration
58 . . .	Obstacle detection method, electronic device, storage medium and program product (一種障礙物檢測方法、電子設備、存儲介質及程序產品)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2022112029151	PRC
59 . . .	Target detection method, electronic device and storage medium (目標檢測方法、電子設備及存儲介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	202211214510X	PRC
60 . . .	3D target detection method, device, equipment and medium (一種3D目標檢測方法、裝置、設備和介質)	Beijing Maichi Zhixing Technology Co.,Ltd.	Invention	2023100789346	PRC

For material patents and patent applications of our Group as of the Latest Practicable Date, see the paragraph headed “Business — Intellectual Property” for more details.

Copyrights

As of the date of this Document, we have registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
1 . . .	Thermal System Simulation System	The Company	2017SR088733	March 23, 2017	PRC
2 . . .	Lifan Group Quality Inspection Form Entry System (力帆集團質檢單錄入系統)	The Company	2011SR017110	April 1, 2011	PRC
3 . . .	Lifan Engine Production Management System (力帆發動機生產管理系統)	The Company	2003SR6678	June 24, 2003	PRC
4 . . .	Motorcycle engine electronic fuel injection control system (摩托車發動機電子燃油噴射控制系統)	The Company	31-2001-軟件-421號	January 19, 2001	PRC
5 . . .	Lifan Group Website Software (力帆集團網站軟件)	The Company	31-2002-軟件-799	January 22, 2002	PRC
6 . . .	Lifan Diagnostic Software (力帆診斷軟件)	Chongqing Lifan EFI Software Co., Ltd. (重慶力帆電噴軟件有限公司)	2024SR0249195	February 7, 2024	PRC
7 . . .	Lifan Motorcycle OBD Diagnostic Tool (力帆摩托車OBD診斷工具)	Chongqing Lifan EFI Software Co., Ltd.	2021SR0039315	February 2, 2021	PRC
8 . . .	Lifan Electronic Fuel Injection Control System (力帆電子燃油噴射控制系統)	Chongqing Lifan EFI Software Co., Ltd.	2010SR016801	April 15, 2010	PRC

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No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
9 . . .	Lifan Motorcycle APP-Android Software (力帆摩托APP-Android 軟件)	China Mobile IOT Company Limited (中移物聯網有限公司); Chongqing Lifan Xishenghuo Motorcycle Sales Co., Ltd. (重慶力帆喜生活摩托車銷售有限公司)	2020SR0822420	July 24, 2020	PRC
10 . . .	LIVAN Auto APP	LIVAN Auto	2022SRA001375	March 8, 2022	PRC
11 . . .	Developer Community Backend Management System (開發者社區後台管理系統)	Chongqing Livan Automobile Research Institute Co., Ltd.	2025SR0230859	February 10, 2025	PRC
12 . . .	Vehicle Diagnostic Equipment Management System (車輛診斷設備管理系統)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1835145	November 19, 2024	PRC
13 . . .	Vehicle Asset Management Platform (車輛資產管理平台)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1835146	November 19, 2024	PRC
14 . . .	Ruilan AI Office Platform (睿藍AI辦公平台)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1835143	November 19, 2024	PRC
15 . . .	LIVAN Auto Remote Monitoring Platform (睿藍汽車遠程監控平台)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1835144	November 19, 2024	PRC
16 . . .	Automotive Thermal System Refrigerant Estimation Software (汽車熱系統製冷劑估算軟件)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1762568	November 12, 2024	PRC
17 . . .	Abnormal Pressure Self-Recovery Software for Automobile Heat Pump Air Conditioning System (汽車熱泵空調系統壓力異常自恢復軟件)	Chongqing Livan Automobile Research Institute Co., Ltd.	2024SR1763485	November 12, 2024	PRC
18 . . .	Closed-loop Management System (閉環管理系統)	Chongqing Livan Automobile Research Institute Co., Ltd.	2023SR1764815	December 26, 2023	PRC
19 . . .	Automotive Thermal Management Full-function Testing Software (汽車熱管理全功能檢測軟件)	Chongqing Livan Automobile Research Institute Co., Ltd.	2023SR1752222	December 25, 2023	PRC
20 . . .	Virtual Digital Work Platform (虛擬數字化工作平台)	Chongqing Livan Automobile Research Institute Co., Ltd.	2023SR1727239	December 22, 2023	PRC
21 . . .	Driver Status Monitoring System (駕駛員狀態監測系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239428	February 11, 2025	PRC

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No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
22 . .	Driving Monitoring Software System (駕駛監控軟件系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239413	February 11, 2025	PRC
23 . .	XIWEI Monocular Panoramic Parking System(西緯單目全景泊車系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239423	February 11, 2025	PRC
24 . .	Vehicle Driver Status Monitoring Software (車輛駕駛員狀態監測軟件)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239416	February 11, 2025	PRC
25 . .	Monocular Panoramic Parking Software (單目全景泊車軟件)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239432	February 11, 2025	PRC
26 . .	Vehicle Driving Monitoring System (車輛駕駛監控系統)	Beijing Maichi Zhixing Technology Co.,Ltd.	2025SR0239411	February 11, 2025	PRC

Domain Names

As of the date of this Document, we have registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain name
1. . . .	afari.com
2. . . .	afari.cn
3. . . .	lifan.cn
4. . . .	lifan.com
5. . . .	qianli-ai.com
6. . . .	lifancheeye.com
7. . . .	runtian.cq.cn
8. . . .	livanauto.com
9	ql-drive.com
10 . . .	qianli-drive.com
11 . . .	qianli-drive-inc.com
12 . . .	machauto.cn
13 . . .	machdrive.cn
14 . . .	mach-drive.cn
15 . . .	mach-drive.com
16 . . .	mach-drive-inc.com
17 . . .	match-ai.com
18 . . .	mczx-inc.com
19 . . .	mczx-tech.com
20 . . .	迈驰智行.com

Save as the above, as of the date of this Document, there were no other intellectual property rights which were material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

Interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Save as disclosed in the section headed “Substantial Shareholders”, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors and chief executive has

APPENDIX V

STATUTORY AND GENERAL INFORMATION

any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests of the substantial shareholders in the Shares

Save as disclosed in “Substantial Shareholders”, immediately following the completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Interests of the substantial shareholders in Major Subsidiaries of our Group

We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with the requirements of paragraph 45(2) of Appendix D1A to the Listing Rules in relation to the disclosure of the name of each person (other than Directors or chief executive of our Company), who is directly or indirectly interested in 10% or more of the issued voting shares of our subsidiaries which are not Major Subsidiaries and the amount of each of such person’s interest in such securities. For details, see “Waivers and Exemptions — Particulars of Information of Our Subsidiaries.”

So far as the Directors are aware, the following persons (other than our Company, and any subsidiaries of our Group) are entitled to exercise, or control the exercise of, 10% or more of voting power at the general meetings of our Major Subsidiaries:

Name of the Major Subsidiary	Name of the shareholder	Percentage of shareholding in the Major Subsidiary
LIVAN Auto	Zhejiang Geely Qizheng Automotive Technology Co., Ltd.* (浙江吉利啟征汽車科技有限公司)	45%
Chongqing Afari Intelligent Drive Technology Co., Ltd.* (重慶千里智駕科技有限公司)	Maichi Zhixing (Chongqing) Technology Co., Ltd.* (邁馳智行(重慶)科技有限公司) Zhejiang Jirun Automobile Co., Ltd.* (浙江吉潤汽車有限公司)	30% 30%
Chongqing Runtian Real Estate Development Co., Ltd.* (重慶潤田房地產開發有限公司)	Chongqing Yuqinke Commercial Management Partnership (Limited Partnership)* (重慶渝擎科商業管理合夥企業(有限合夥)) Chongqing Zhuxin Investment Co., Ltd.* (重慶竹心投資有限公司)	35% 15%

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Particulars of Directors’ Service Contracts

Each of the Directors [has] entered into a service contract or a letter of appointment with our Company. The principal particulars of these service contracts and letters of appointment include (a) the term of service, (b) subject to termination in accordance with their respective term, and (c) a dispute resolution provision. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Disclaimers

Save as disclosed in this Document:

- (a) none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED] on the Hong Kong Stock Exchange;
- (b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group;
- (d) none of our Directors or any of the parties listed in “— Qualifications of Experts” in this Appendix is:
 - i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or
 - ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business;
- (e) save in connection with the [REDACTED], none of the persons listed in “— Qualifications of Experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

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A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME

Our Company adopted the 2025 Employee Stock Ownership Scheme (the “**Scheme**”) on October 15, 2025, which were outstanding as of the date of this Document. The terms of the Scheme are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules regarding share schemes involving issue of new shares. Save as otherwise disclosed, the principal terms of the Scheme are summarized below.

(i) Purpose of the Scheme

The purpose of this Scheme is to further establish and improve long-term incentive mechanisms, attract and retain outstanding talents, fully motivate the core management team and key employees, effectively align the interests of shareholders, the company, and the core team, and ensure that all parties jointly focus on the long-term development of the company, thereby securing the achievement of the company’s development strategy and business objectives.

(ii) Participants of the Scheme

The participants of the Scheme include directors (excluding independent directors), senior management, middle-level managers and key employees of the members of the Group who are existing employee of the Group and play an important role in and have significant impact on the overall performance and long-term development of the Group as set out in the Scheme.

(iii) Funding and Source of the Shares for the Scheme

The Scheme is funded by the Company’s self-owned funds, employees’ lawful remuneration or self-owned funds, or other funds as permitted by laws and administrative regulations. The source of the underlying Shares of the Scheme shall be the A Shares of the Company repurchased from the open market at market price by the Company. The A Shares repurchased under this Scheme will be transferred to an account (the “**Scheme Account**”) designated for the Scheme.

(iv) Term of the Scheme

The Scheme is valid for a period of 30 months, commencing from the date when the Scheme is reviewed and approved at the general meeting of the Company and publication of the announcement of the Company in respect of the completion of the final tranche of purchases of the underlying A Shares by the Company (the “**Announcement Date**”).

(v) Administration

The Scheme is subject to the approval of the Shareholders. The Scheme is administered by a committee (the “**Scheme Management Committee**”), the members of which are elected by the participants of the Scheme. The Scheme Management Committee oversees the day-to-day management of the Scheme and exercise shareholders’ rights on behalf of the participants.

(vi) Lock-up and Vesting of the Shares

The underlying A Shares allocated to the participant under the Scheme shall be vested in two tranches with 50% each tranche, upon expiry of 12 months and 24 months from the Announcement Date, respectively. The vesting of the underlying A Shares shall be subject to attainment of performance target at the Group level and results of the yearly personal evaluation of each participant at individual level. The vested A Shares will either be sold by the Scheme Management Committee and the proceeds will be distributed to the participants proportionately, or be transferred to the personal account of the participants.

(vii) Other details under the Scheme

Pursuant to the Scheme, the total fund to be raised thereunder shall not exceed RMB250 million, and the final number of Shares involved will be contingent upon the actual

APPENDIX V

STATUTORY AND GENERAL INFORMATION

trading results. To ensure the Company’s sustainable development and to attract and retain talents, a portion of Shares will be set aside as a reserve for future allocations.

Pursuant to the Scheme and relevant authorizations approved by the Shareholders of the Company at the general meeting, As of the date of this Document, the Scheme Account of the Company has repurchased 19,717,500 Shares in aggregate, representing approximately 0.44% of the total issued Shares, under the Scheme.

The Board resolved to implement (i) the initial grant on December 22, 2026 which involved 118 eligible participants consisting of core management and key business personnel of the Company but excluding Directors or senior management of the Company and (ii) the secondary grant on April 11, 2026 which including seven eligible participants consisting of core management and key business personnel of the Company but excluding Directors or senior management of the Company.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group’s results of operations or financial conditions, taken as a whole.

Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive US\$500,000 for acting as sponsor for the [REDACTED].

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoter

The promoters of the Company are all of the six then shareholders of our Company as of December 27, 2007 immediately before our conversion into a joint stock limited liability company.

Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [REDACTED] and the related transactions described in this Document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report set out in Appendix I to this Document, and there had been no event since December 31, 2025, that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

Restriction on Share Repurchase

For details of the restrictions on share repurchases by our Company, please refer to “Summary of Articles of Association — Increase, Decrease and Repurchase of Shares — Share Repurchase” in Appendix IV to this Document.

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STATUTORY AND GENERAL INFORMATION

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo . .	International Sanctions Legal Adviser to our Company
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Ernst & Young (China) Advisory Limited	Transfer pricing advisor to our Company
Fangda Partners	PRC legal adviser
China Insights Industry Consultancy Limited . . .	Independent industry consultant
Asia-Pacific Consulting and Appraisal Limited . .	Independent property valuer

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to “— Qualifications of Experts” in this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respectively included.

Binding Effect

This Document shall have the effect, if an [REDACTED] is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Miscellaneous

Save as otherwise disclosed in this Document:

- (a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (i) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be [REDACTED] in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is [REDACTED] or dealt with in any other stock exchange nor is any [REDACTED] or permission to deal being or proposed to be sought;
- (j) our Company has no outstanding convertible debt securities or debentures;
- (k) our Company is a joint stock limited company and is subject to the PRC Company Law; and
- (l) our Company has adopted a code of conduct regarding Directors’ securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the material contract[s] referred to in “Appendix V — Statutory and General Information — Further Information about our Business — Summary of Material Contract”; and
- (b) the written consents referred to in “Appendix V — Statutory and General Information — Other Information — Consents of Experts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Hong Kong Stock Exchange’s website at www.hkexnews.hk and the Company’s website at <https://qianli-ai.com/> during a period of 14 days from the date of this Document:

- (a) the Articles of Association;
- (b) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (c) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this Document;
- (d) the Accountants’ Report of Afari Intelligent Drive Group from Ernst & Young, the text of which is set out in Appendix IB to this Document;
- (e) the report from Ernst & Young on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix IIA to this Document;
- (f) the report on the unaudited [REDACTED] financial information of the enlarged Group from Ernst & Young, the text of which is set out in Appendix IIB to this Document;
- (g) the letters relating to the [REDACTED] received from Ernst & Young and the Sole Sponsor, the text of which is set out in Appendix IIC to this Document;
- (h) the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by Asia-Pacific Consulting and Appraisal Limited, the text of which is set out in Appendix III to this Document;
- (i) the report issued by Ernst & Young (China) Advisory Limited in respect of the transfer pricing assessment;
- (j) the material contracts referred to in “Appendix V — Statutory and General Information — Further Information about our Business — Summary of Material Contract”;
- (k) the written consents referred to in “Appendix V — Statutory and General Information — Other Information — Consents of Experts”;
- (l) the service contracts and letters of appointment referred to in “Appendix V — Statutory and General Information — Further Information about our Directors, Senior Management and Substantial Shareholders — Particulars of Directors’ Service Contracts”;
- (m) the legal memorandum issued by Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo in respect of certain International Sanctions matters of Our Group;
- (n) the legal opinions issued by Fangda Partners, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;
- (o) the industry report issued by CIC referred to in “Industry Overview”; and
- (p) a copy of the PRC Company Law, PRC Securities Law, the Overseas Listing Trial Measures and the Shanghai Stock Exchange Listing Rules, together with unofficial English translations.