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Application Proof of



Suzhou Calmcar Electronics Technology Co., Limited

蘇州天瞳威視電子科技股份有限公司

(the “Company”)

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

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Suzhou Calmcar Electronics Technology Co., Limited

蘇州天瞳威視電子科技股份有限公司

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

[REDACTED]

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

*Joint Sponsors, [REDACTED], [REDACTED],
[REDACTED] and [REDACTED]
(In alphabetical order)*



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[The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, where considered appropriate and with the consent of our Company, reduce the number of [REDACTED] and/or the indicative [REDACTED] below that is stated in this document (being HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] will be published on the website of our Company at www.calmcar.com and on the website of the Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For further details, see the sections headed “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.]

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. For further details, see the section headed “[REDACTED]” in this document.

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

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

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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 invest in our H Shares. There are risks associated with any investment. Some of the particular risks in investing in our H Shares are set out in the section headed “Risk Factors” in this Document. You should read that section carefully before you decide to invest in our H Shares. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this Document.

WHO WE ARE

We are a leading software-focused L2-L2+ and L4 driving solutions provider in China, with a track record of commercialization at each of these automation levels. The chart below illustrates the classifications and definitions of each level of vehicle automation:

Definition of Vehicle Automation

	No Automation	Driver Assistance	Partial Automation		Conditional Automation	High Automation	Full Automation
	Level 0	Level 1	Level 2	Level 2+	Level 3	Level 4	Level 5
Driving & Supervising Responsibility	Drivers are responsible for driving and supervising the support feature as needed to maintain safety				Drivers are required to intervene only when requested by system in limited circumstances	Truly driver-less vehicles freeing human drivers from the need to perform driving tasks	
Feature Functionality	Limited to warnings and momentary assistance	Provide steering OR speed control to the driver	Provide steering AND brake/acceleration support to the driver	Drive vehicles under limited conditions with human supervision	Can drive under limited conditions and will not operate unless all required conditions are met		Drive vehicles under all conditions
Example Features	Primary features mainly provide warnings	Lane centering OR Cruise control	Lane centering AND Adaptive cruise control	Highway NOA City NOA	Highway chauffeur	May achieve driving without pedal or steering wheels in certain circumstances	Drive everywhere in all conditions

Source: SAE, news, expert interviews, industry publications, CIC

For L2-L2+ solutions, we offer driving and parking solutions as well as intelligent cockpit solutions with active safety features such as Driver Monitoring Systems (“DMS”). We are the second largest software-focused L2-L2+ solutions provider in China that provides both driving and parking solutions in terms of installation volume in 2024, according to CIC. We are committed to serving the mass-market and making vehicle automation solution accessible to a broader population. Our L2-L2+ solutions help original equipment manufacturers (“OEMs”) accelerate product iteration and improve R&D cost efficiency in an increasingly competitive environment. As of the Latest Practicable Date, we had obtained design wins for 198 vehicle models of 23 vehicle brands, and achieved mass-production for 105 vehicle models of six vehicle brands. In addition, 87 out of the 198 vehicle models for which we have obtained design wins cover overseas markets, and 59 of them have achieved mass-production. We have completed deliveries for mass-production in both domestic and overseas markets. We were the first Chinese provider that delivered L2-L2+ solutions in the overseas market, according to CIC.

We are also a leading L4 solutions provider in China. We offer safe and reliable L4 solutions to help fleet operators accelerate commercialization across a variety of application scenarios. In 2025, we generated revenue of RMB374.5 million from our L4 solutions, which contributed to 68.4% of our total revenue, with the majority of such revenue from L4 software solutions. As of the Latest Practicable Date, we had obtained indicative orders for L4 solutions covering over 2,500 Robobuses, Robotaxis and Robotrucks with aggregate contract value of over RMB1 billion to be delivered in the next three to five years, which demonstrated customer recognition of our ability to commercialize L4 solutions in scale.

SUMMARY

We have successfully commercialized both L2-L2+ and L4 solutions and adopt a dual-track approach to develop our L2-L2+ and L4 solutions. We accumulate experience in research and development, engineering, verification and validation through L2-L2+ solutions, which lays the foundation for our L4 solutions developed on the same system architecture. At the same time, our L4 solutions generate high-quality data that are free from human bias and collected under real-world operating scenarios, which in turn facilitate the iteration and optimization of our L2-L2+ solutions.

Our Approach to Technology Development

We have adopted a mass-production-oriented strategy underpinned by a forward-looking approach to technology development that is responsive to evolving regulatory frameworks, supply chain dynamics and market demand. Since our founding in 2016, we have been devoted to advancing core technologies in the field of L2-L2+ solutions and built a comprehensive technology portfolio, which includes multi-sensor fusion perception that combines data from cameras, radars and other vehicle-mounted sensors to form an accurate picture of the road environment, end-to-end driving systems that directly convert environmental input into driving decisions, and Vision-Language-Model/Vision-Language-Action (VLM/VLA) models that enable vehicles to interpret visual road scenes and language instructions before executing relevant driving actions.

Our technology development is based on CalmVolution, our proprietary, data-driven AI development platform, which includes three core subsystems: (1) the data closed-loop subsystem DataTurbo, (2) the model training and development platform CalmForge, and (3) the automated system integration platform CalmVergence, which together create a closed-loop workflow that spans the entire R&D cycle from data collection, data cleansing and data labelling to model training, system deployment, verification and validation, and data upload.

We adopt a modular approach to develop our AI models and software modules in our solutions. This framework breaks down system functions into independent, reusable components, which effectively shortens the adaptation cycle of our driving systems to different SoC platforms and the associated marginal R&D costs. In addition, our vehicle-to-cloud collaborative architecture supports two-way data interaction between vehicles and cloud servers. Through this architecture, data generated during the operation of authorized vehicles are automatically transmitted back to our DataTurbo system, creating a cycle that links data, models and application scenarios. We also apply multimodal AI large models across our workflows to further enhance R&D efficiency. For engineering and deliveries, we have established an engineering process and verification and validation standards that are in compliance with the requirements across major markets globally, including China, Southeast Asia, the Middle East, Central Asia, the European Union and North America. Our proprietary L2-L2+ and L4 driving solutions have passed multiple international regulatory and industry requirements.

Our Operational Highlights

With a mass-production-oriented strategy, we have established a leading market position in China’s vehicle automation industry and achieved solid operational performance during the Track Record Period, as illustrated in the chart below.

Industry Leadership	Global Footprint	Software-Focused	L4 Commercialization	Financial Performance
2nd Largest <i>Software-focused L2-L2+ and L4 driving solutions provider in China that provides both driving and parking solutions (in terms of installation volume in 2024)¹</i>	87 <i>design wins we secured that cover overseas markets</i>	65.0% <i>Revenue contribution from software solutions in 2025</i>	> 2,500 <i>L4 vehicles covered in indicative orders obtained as of the Latest Practicable Date</i>	31.4% <i>Gross profit margin in 2025</i>
First <i>The first company to achieve mass production of an L2-L2+ software solution outside China¹</i>	35 <i>Countries and regions to which vehicles equipped with our solutions have been delivered</i>	61.9% <i>2023-2025 CAGR of royalty revenue</i>	615.1% <i>2023-2025 CAGR of L4 revenue</i>	64.0% <i>2023-2025 CAGR of total revenue</i>

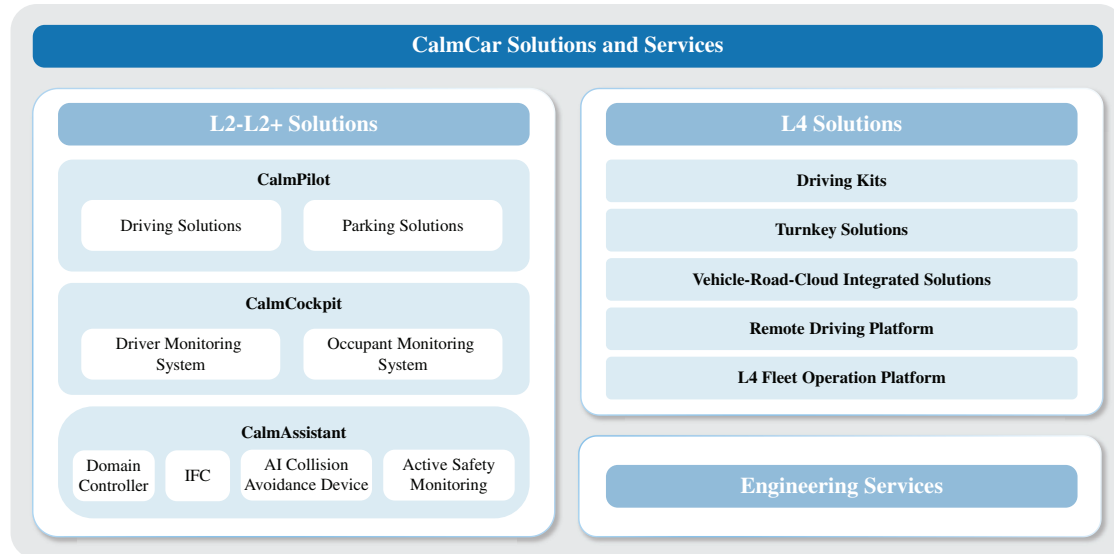
Note:

1. According to CIC.

SUMMARY

Our Solutions and Services

Our offerings include software-only and software-and-hardware integrated solutions and span the automation levels of L2-L2+ and L4. We mainly provide software solutions for mass-produced passenger vehicles, and we do not engage in vehicle manufacturing.



OUR STRENGTHS

We believe the following competitive strengths contributed to our historical success and will drive our future growth:

- We are a leading software-focused L2-L2+ and L4 driving solutions provider in China.
- We have advanced AI large model capabilities to deliver high-performance solutions.
- Our proprietary one-stop AI development platform enables high R&D efficiency and superior adaptability to SoC platforms.
- Our engineering capabilities ensure successful delivery and system reliability and flexibility.
- Synergistic reinforcement between our L2-L2+ mass-production experience and L4 commercialization drives efficient iteration of our technologies.
- We have established strategic collaborations with key players that offer complementary capabilities.
- Our management team possesses deep insights and extensive mass-production experience.

OUR STRATEGIES

Our development strategy will focus on four key dimensions — technology, products, market and ecosystem. Specifically, we will continue to (i) enhance the performance of our proprietary AI algorithms and strengthen our systematic R&D capabilities; (ii) accelerate the expansion of our diversified product portfolio and broaden the application scenarios of our L4 solutions; (iii) maintain long-term, stable competitiveness in the domestic market while extending our global presence; and (iv) develop diversified business models and build a more diverse and differentiated intelligent mobility service ecosystem to enhance our brand influence and industry synergies.

SUMMARY

OUR MARKET OPPORTUNITIES

Vehicle automation has become one of the core trends re-shaping the global automotive industry. In 2024, the global market for mass-produced L2-L2+ and L4 solutions reached RMB80.5 billion, and is projected to increase to RMB279.5 billion by 2030. With the declining cost of and increasing demand for basic hardware such as domain controllers and chips, L2-L2+ solutions are expected to emerge as the most important market segment. The global market for L2-L2+ solutions is expected to reach approximately RMB245.2 billion by 2030 at a CAGR of over 13.0% from 2025 to 2030. At the same time, as hardware technologies continue to mature, the importance of software solutions will further increase in the future. According to the CIC Report, the global and China’s mass-produced vehicle automation software solutions markets are expected to grow from RMB23.1 billion and RMB9.1 billion in 2024 to RMB81.1 billion and RMB31.5 billion by 2030, representing CAGRs of 17.1% and 18.9% from 2025 to 2030, respectively. As a cost-competitive player with accumulated mass-production experience in this sector, we are able to capture these emerging opportunities both domestically and globally.

China leads the global industry development of L4 driving solutions. The global market size of L4 driving solutions reached RMB8.6 billion in 2024, with China accounting for RMB4.8 billion, making it the world’s largest L4 market. The global and China’s L4 markets are expected to grow to RMB505.6 billion and RMB324.0 billion by 2030, respectively. We believe that, as market demand continues to grow and regulatory framework becomes clearer, we — as an L4 driving solutions provider with proven commercialization experience — will be able to secure a meaningful position in the future global market competition.

OUR CUSTOMERS AND SUPPLIERS

Our customers mainly include leading OEMs that install our L2-L2+ and L4 driving solutions on their vehicles, Tier-1 Suppliers that are direct suppliers to OEMs, and fleet operators. Revenue from our five largest customers in each year of the Track Record Period amounted to RMB186.1 million, RMB215.4 million and RMB193.5 million, representing 91.4%, 44.6% and 35.3% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Revenue from our largest customer in each year of the Track Record Period amounted to RMB126.5 million, RMB73.5 million and RMB57.1 million, representing 62.1%, 15.2% and 10.4% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. See “Business — Our Customers.”

Our major suppliers are primarily suppliers of ancillary technology services, chips and sensors. While we self-develop core components of our L2-L2+ and L4 driving solutions based on our CalmVolution platform, we outsource the development of ancillary components of our solutions, such as data collection, to third party software service providers to increase efficiency and reduce overall development costs. Purchases from our five largest suppliers in each year of the Track Record Period amounted to RMB114.9 million, RMB116.0 million and RMB140.4 million, representing 72.6%, 34.9% and 23.6% of our total purchases for the years ended December 31, 2023, 2024 and 2025, respectively. Purchases from our largest supplier in each year of the Track Record Period amounted to RMB60.7 million, RMB35.6 million and RMB41.6, representing 38.4%, 10.7% and 7.0% of our total purchases for the years ended December 31, 2023, 2024 and 2025, respectively. See “Business — Our Suppliers.”

SEASONALITY

Our results of operations are subject to seasonal fluctuations, primarily driven by the seasonality of the automotive industry. In particular, our revenue typically increases in the fourth quarter as OEMs generally record higher vehicle sales and accelerate vehicle model launches toward year end, and is relatively lower in the first quarter, particularly around the Chinese New Year holiday. Such seasonality is not indicative of our full-year results, and we expect its impact to continue in the future. See “Financial Information — Key Factors Affecting Our Results of Operations — Seasonality.”

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our historical financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I to this Document. The summary historical 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 historical 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, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
<i>(in thousands, except for percentages and per share data)</i>						
Revenue	203,604	100.0	482,949	100.0	547,910	100.0
Cost of revenues	(131,723)	(64.7)	(338,267)	(70.0)	(375,684)	(68.6)
Gross profit	71,881	35.3	144,682	30.0	172,226	31.4
Other income	4,020	2.0	7,852	1.6	2,572	0.5
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets	(290)	(0.1)	1,363	0.3	(4,835)	(0.9)
Loss on fair value changes of financial liabilities at FVTPL	(143,082)	(70.3)	(458,398)	(94.9)	(176,905)	(32.3)
Other gains and losses	(416)	(0.2)	(267)	(0.1)	(8,280)	(1.5)
Selling and marketing expenses	(8,547)	(4.2)	(5,534)	(1.1)	(12,627)	(2.3)
Administrative expenses	(42,600)	(20.9)	(29,292)	(6.1)	(49,159)	(9.0)
Research and development expenses .	(105,538)	(51.8)	(117,186)	(24.3)	(92,314)	(16.8)
[REDACTED] expenses	—	—	—	—	[REDACTED]	[REDACTED]
Finance costs	(6,607)	(3.2)	(5,996)	(1.2)	(18,438)	(3.4)
Loss before tax	(231,179)	(113.5)	(462,776)	(95.8)	(207,887)	(37.9)
Income tax expense	—	—	—	—	—	—
Loss and total comprehensive expense for the year	(231,179)	(113.5)	(462,776)	(95.8)	(207,887)	(37.9)

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we use adjusted loss for the year (non-IFRS measure) as an additional financial measure, which is defined as loss and total comprehensive expense for such year adjusted by adding back (i) loss on fair value changes of financial liabilities at fair value through profit or losses, and (ii) [REDACTED]. The loss on fair value changes of financial liabilities at FVTPL is mainly affected by fair value of underlying equity and preferential rights. The preferential rights were terminated on June 30, 2025. This non-IFRS measure is not required by, or presented in accordance with, IFRS Accounting Standards, may not be comparable to similarly titled measures presented by other companies and should not be considered in isolation from, or as a substitute for, our IFRS results.

SUMMARY

The following table reconciles our adjusted loss for the year (non-IFRS measure) in the periods presented to the nearest measure prepared in accordance with IFRS Accounting Standards:

	Year ended December 31,		
	2023	2024	2025
	<i>(in thousands)</i>		
Loss and total comprehensive expense for the year	(231,179)	(462,776)	(207,887)
Add:			
– Loss on fair value changes of financial liabilities at fair value through profit or losses	143,082	458,398	176,905
– [REDACTED]	–	–	[REDACTED]
Adjusted loss for the year (non-IFRS measure)	(88,097)	(4,378)	(10,855)

Our adjusted loss for the year (non-IFRS measure) decreased significantly by 95.0% from RMB88.1 million in 2023 to RMB4.4 million in 2024 and increased to RMB10.9 million in 2025. The increase from 2024 to 2025 was primarily attributable to the increase in operating expenses as we conducted more frequent marketing activities to support customer engagement, business development and commercialization of our solutions.

Revenue

The following table sets forth a breakdown of our revenue by solutions in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>% of revenue</i>	<i>RMB</i>	<i>% of revenue</i>	<i>RMB</i>	<i>% of revenue</i>
	<i>(in thousands, except for percentages)</i>					
Revenue						
L2-L2+ solutions	183,672	90.2	187,280	38.8	139,167	25.4
Software development and engineering services	152,328	74.8	152,699	31.6	95,118	17.4
Software royalty	12,090	5.9	21,071	4.4	31,693	5.8
Software and hardware integrated solution	19,254	9.5	13,510	2.8	12,356	2.3
L4 solutions	7,325	3.6	242,758	50.2	374,532	68.4
Software solution	82	0.0	185,606	38.4	229,177	41.8
Software and hardware integrated solution	7,243	3.6	57,152	11.8	145,355	26.5
Engineering services	12,607	6.2	52,511	10.9	33,693	6.1
Others	–	–	400	0.1	518	0.1
Total	203,604	100.0	482,949	100.0	547,910	100.0

Our revenue was RMB203.6 million, RMB482.9 million and RMB547.9 million in 2023, 2024 and 2025. In 2023, our revenue grew primarily due to the completion of several large-scale L2-L2+ software development projects in 2023. In 2024, our revenue achieved significant growth, mainly driven by a significant increase in our L4 revenue.

SUMMARY

Our revenue increased from RMB482.9 million in 2024 to RMB547.9 million in 2025, primarily driven by the rapid expansion of our L4 business, especially the increase in installation volume of software and hardware integrated solutions in 2025, which have higher unit prices.

Cost of Revenues

Our cost of revenues consists of (i) outsourced technical services expenses, (ii) employee benefit expenses, (iii) raw materials, (iv) travel expenses and (v) others, primarily consisting of surcharges and maintenance costs.

The following table sets forth a breakdown of our cost of revenues by nature in absolute amounts and as percentages of our total cost of revenues for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Cost of Revenues						
Outsourced technical services expenses . .	77,241	58.6	183,363	54.2	204,372	54.4
Employee benefit expenses	28,075	21.3	95,449	28.2	43,860	11.7
Raw materials	22,260	16.9	58,402	17.3	126,278	33.6
Travel expenses	1,147	0.9	691	0.2	775	0.2
Others	3,000	2.3	362	0.1	399	0.1
Total	131,723	100.0	338,267	100.0	375,684	100.0

For the years ended December 31, 2023, 2024 and 2025, our cost of revenues amounted to RMB131.7 million, RMB338.3 million and RMB375.7 million, respectively, accounting for 64.7%, 70.0% and 68.6% of our total revenue for the same years, respectively. The increase in our cost of revenues during the Track Record Period was in line with the growth of our business.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by solutions for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in thousands, except for percentages)					
L2-L2+ solutions	66,877	36.4	60,616	32.4	61,014	43.8
Software development and engineering . .	59,665	39.2	41,479	27.2	33,733	35.5
Software royalty	5,598	46.3	16,934	80.4	25,883	81.7
Software and hardware integrated solution	1,614	8.4	2,203	16.3	1,398	11.3
L4 solutions	2,591	35.4	63,159	26.0	101,011	27.0
Software solution	74	90.2	56,298	30.3	78,648	34.3
Software and hardware integrated solution	2,517	34.8	6,861	12.0	22,363	15.4
Engineering services	2,830	22.4	20,685	39.4	10,025	29.8

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	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
		%		%		%
<i>(in thousands, except for percentages)</i>						
Tax surcharge	(417)	N/A	(178)	N/A	(342)	N/A
Others	—	—	400	100.0	518	100.0
Total	71,881	35.3	144,682	30.0	172,226	31.4

For the years ended December 31, 2023, 2024 and 2025, our gross profit margin was 35.3%, 30.0% and 31.4%, respectively. The slight fluctuations in our gross profit margin was primarily due to the change in mix of our solutions. The decrease in our gross profit margin from 2023 to 2024 was primarily due to the increased revenue contribution of our L4 solutions which required higher software development cost and thus a relatively lower gross profit margin compared with the gross profit margins of our L2-L2+ solutions during the respective years. The increase in our gross profit margin from 30.0% in 2024 to 31.4% in 2025 was primarily driven by the significant improvement in our L2-L2+ gross profit margin from 32.4% in 2024 to 43.8% in 2025, as we continued to accumulate project execution experience which accelerated our development speed and in turn improved cost efficiency.

For details, see “Financial Information — Description of Major Components of Results of Operations” and “Financial Information — Discussion of Historical 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 historical financial information included in Appendix I to this Document.

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
		<i>(in thousands)</i>	
Total non-current assets	67,295	80,801	278,870
Total current assets	391,660	514,134	900,243
Total assets	458,955	594,935	1,179,113
Total non-current liabilities	72	71,541	7,788
Total current liabilities	1,354,198	1,881,485	633,465
Total liabilities	1,354,270	1,953,026	641,253
Net (liabilities) assets	(895,315)	(1,358,091)	537,860
Net current (liabilities) assets	(962,538)	(1,367,351)	266,778

During the Track Record Period, we recorded net liabilities of RMB895.3 million and RMB1,358.1 million as of December 31, 2023 and 2024, respectively, and net assets of RMB537.9 million as of December 31, 2025. Our net liabilities increased from RMB895.3 million as of December 31, 2023 to RMB1,358.1 million as of December 31, 2024 primarily because we recorded loss and total comprehensive expense of RMB462.8 million in 2024. We recorded a turnaround from net liabilities of RMB1,358.1 million as of December 31, 2024 to net assets of RMB537.9 million

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as of December 31, 2025, primarily due to the derecognition and reclassification of financial liabilities at FVTPL as equity upon the waiver of shareholders’ preferential rights, and capital injections from new investors during the year.

Our net current liabilities increased from RMB962.5 million as of December 31, 2023 to RMB1,367.4 million as of December 31, 2024, primarily due to (i) an increase in financial liabilities at FVTPL of RMB426.4 million in relation to the fluctuation reflecting the fair value change in redeemable preferred equity, which is mainly affected by fair value of underlying equity and preferential rights, and (ii) an increase in current borrowings of RMB151.0 million, partially offset by (i) an increase in trade and other receivables and prepayment of RMB251.9 million, which was in line with the expansion of our business scale, and (ii) a decrease in contract liabilities of RMB67.8 million, primarily due to the receipt of certain advance payments for our projects in 2023.

We recorded a turnaround from net current liabilities of RMB1,367.4 million as of December 31, 2024 to net current assets of RMB266.8 million as of December 31, 2025, primarily due to (i) the derecognition of financial liabilities at FVTPL of RMB1,300.0 million upon the waiver of shareholders’ preferential rights and their reclassification as equity, (ii) an increase in trade and other receivables and prepayment of RMB251.0 million in line with our revenue growth, and (iii) an increase in cash and cash equivalents of RMB193.9 million resulting from equity financing, partially offset by an increase in borrowings of RMB77.7 million.

For a detailed discussion of our current assets and current liabilities during the Track Record Period, see “Financial Information — Liquidity and Capital Resources — Current Assets/Liabilities.”

Summary of Consolidated Statements of Cash Flows

The following table sets out a summary of our cash flows for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Net cash generated from (used in) operating activities	114,554	(189,180)	(293,191)
Net cash generated from (used in) investing activities	10,751	(54,734)	(124,661)
Net cash (used in) generated from financing activities	(28,993)	181,615	611,743
Net increase (decrease) in cash and cash equivalents	96,312	(62,299)	193,891
Cash and cash equivalents at beginning of year	7,003	103,315	41,016
Total cash and cash equivalents at end of year	103,315	41,016	234,907

We recorded net cash inflow from operating activities of RMB114.6 million in 2023, and net cash used in operating activities of RMB189.2 million and RMB293.2 million in 2024 and 2025, respectively. Our net operating cash outflows in 2024 and 2025 were primarily attributable to a significant increase in trade receivables driven by the rapid growth of our revenue with pronounced seasonality, where a substantial portion of our revenue was recognized in the fourth quarter of each year while customer payments were typically received in the first half of the following year. Specifically, our trade and other receivables and prepayment increased by RMB250.9 million in

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2024 and a further RMB252.4 million in 2025. In 2025, the operating cash outflow was further impacted by a decrease in trade, bills and other payables of RMB34.3 million as we proactively settled certain historical outstanding balances with suppliers following the improvement of our liquidity position.

For a detailed discussion of our consolidated cash flow data during the Track Record Period, see “Financial Information — Liquidity and Capital Resources — Cash Flows.”

Key Financial Ratios

The table below sets forth our key financial ratios for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Revenue growth	18.5%	137.2%	13.5%
Gross profit margin ⁽¹⁾	35.3%	30.0%	31.4%
Loss and total comprehensive expense (RMB in million)	231.2	462.8	207.9

Note:

- (1) Gross profit margin represents gross profit for the period divided by revenue for the period and multiplied by 100%.

OUR FINANCIAL PERFORMANCE AND PATH TO PROFITABILITY

We have achieved rapid revenue growth, and recorded gross profit margins that were above industry average according to CIC, during the Track Record Period. Our revenue grew from RMB203.6 million in 2023 to RMB547.9 million in 2025 at a CAGR of 64.0%. Our gross profit margin was 35.3%, 30.0% and 31.4% in 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, we had loss and total comprehensive expense of RMB231.2 million, RMB462.8 million and RMB207.9 million, respectively. Our loss and total comprehensive expense decreased significantly by 55.1% from RMB462.8 million in 2024 to RMB207.9 million in 2025, and our adjusted loss for the year (non-IFRS measure) decreased significantly from RMB88.1 million in 2023 to RMB10.9 million in 2025, reflecting the continued improvement in our underlying operating performance.

We believe our path to profitability is supported by our asset-light, software-focused strategy, our software royalty model with higher gross profit margin, our customer base and project pipeline, and our R&D activities. Further detailed discussions, see “Business — Our Financial Performance and Path to Profitability.”

RISK FACTORS

Our business and the [REDACTED] involve risks as set out in “Risk Factors” in this Document. You should read that section in its entirety carefully before you decide to invest in our H Shares. Some of the major risks we face include:

- We operate in an industry that is new and rapidly evolving, and our future growth is subject to significant uncertainty.
- We operate in highly competitive markets. We may not be able to compete effectively against our existing or potential competitors.

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- We have a limited operating history, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.
- We have incurred net losses during the Track Record Period and may not be able to achieve or subsequently maintain profitability in the future. Our new business initiatives may further impact our profitability.
- We cannot assure you that our business strategies will succeed and bring sufficient growth.
- If the market acceptance of our solutions and related technologies fails to sustain or grow, it could have an adverse impact on our business, financial condition and results of operations.
- If we are unable to develop, introduce and commercialize new solutions and improve existing solutions in a cost-effective and timely manner, our competitive position, business, results of operations and financial condition would be adversely affected.
- The loss of, or a significant reduction in sales to, one or more of our major customers or failure to attract new customers could materially and adversely affect our business, results of operations and financial condition.
- We invest significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations, and financial condition would be adversely affected.
- There can be no assurance that our efforts can secure design wins for our products and solutions.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders include Mr. Wang, Qingyuan Tiantong, Ningbo Tiantong and WX Technology. Mr. Wang was interested in approximately 40.83% of our share capital through (i) his direct interest of approximately 27.86%; (ii) his indirect interest of approximately 8.62% through Qingyuan Tiantong, an Employees Shareholding Platform, of which Mr. Wang held as to 99% of Ningbo Tiantong, the general partner of Qingyuan Tiantong; (iii) his indirect interest of approximately 4.36% through WX Technology, an Employees Shareholding Platform, where Mr. Wang controls the management decisions of WX Technology. For details, see “Relationship with our Controlling Shareholders”.

[REDACTED] INVESTORS

Our [REDACTED] Investments consist of several rounds of investments from the [REDACTED] Investors by way of transfer of equity interests and/or subscription of our Shares. For details see “History, Development and Corporate Structure — [REDACTED] Investments”.

DIVIDEND

We did not declare or pay dividends on our Shares during and after the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Shareholders and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings and financial condition, operating requirements, capital requirements and any other

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conditions that our Shareholders may deem relevant. As confirmed by our PRC Legal Advisor, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In addition, according to our dividend policy, any distribution of dividends shall be subject to (i) our remaining after-tax profit after making up losses and allocation of common reserve fund being positive, and our belief that our cash flow is adequate and such distribution would not affect our business sustainability, (ii) our auditors issuing a standard unqualified audit report for the year of the distribution, and (iii) the absence of major investment plans or significant capital expenditures (except for investment projects with raised funds) in the next 12 months. Currently, our Company does not have any pre-determined dividend distribution ratio.

[REDACTED] EXPENSES

Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] expenses in connection with the [REDACTED] (based on the Maximum [REDACTED] and assuming that the [REDACTED] is not exercised) are approximately [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED] from the [REDACTED]. Of such amount, approximately [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED] from the [REDACTED], is expected to be charged to our consolidated statement of profit or loss, and the remaining amount of approximately [REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED].

FUTURE PLANS AND [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 an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document, and assuming no exercise of the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for enhancing our R&D capabilities for our solutions and products.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for capital expenditure in relation to expanding and enhancing our production capabilities for software-and-hardware integrated products and R&D infrastructure as well as investments in high-quality enterprises in the vehicle automation solution ecosystem.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for expanding our global sales network.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

For further details, see the section headed “Future Plans and [REDACTED].”

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[REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 per Share ⁽²⁾	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation of the [REDACTED] is based on [REDACTED] H Shares expected to be in issue immediately after completion of the [REDACTED], and assuming [REDACTED] is not exercised.
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share has been arrived at after adjustments referred to “Appendix II – Unaudited [REDACTED] Financial Information” to this document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of [REDACTED], and permission to deal in, our H Shares to be converted from the Domestic Unlisted Shares, and our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the [REDACTED]). Our [REDACTED] application is made on the basis that, among other things, we satisfy the [REDACTED] test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2025, being RMB547.9 million (equivalent to approximately HK\$626.8 million), which is over HK\$500 million; and (ii) our expected [REDACTED] at the time of [REDACTED], which, based on the low-end of the indicative [REDACTED] range, exceeds HK\$4 billion.

[REDACTED] in the H Shares on the Hong Kong Stock Exchange are expected to commence on [REDACTED]. No part of our H Shares is [REDACTED] on or dealt in on any other stock exchange, and no such [REDACTED] or permission to [REDACTED] is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the [REDACTED] of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

RECENT REGULATORY DEVELOPMENT

Tariffs

We are closely monitoring potential changes in tariff policy and assessing the potential impact of such policy changes on our business operations and financial performance. For example, recently, the United States proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China, and China responded with retaliatory tariffs. As advised by DLA Piper, our legal advisor as to international regulatory matters, U.S. import tariffs only apply to export of physical goods to the United States. Although we had historically exported

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certain products to the United States, the transaction amounts were minimal. During the Track Record Period, we completed a small number of export transactions with an aggregate contract value of approximately RMB68,300, primarily relating to camera equipment and related accessories. Such exports were immaterial and did not represent a significant portion of our revenue, and we have not had any exports of products to the United States since March 2025. On this basis, while such U.S. tariffs might impact global and regional economy in general and therefore might have an indirect impact on us, our Directors are of the view that such U.S. tariffs currently in force have had limited direct impact on our business, operations and financial performance during the Track Record Period and up to the Latest Practicable Date. In addition, the majority of our customers and suppliers are based in the PRC, and, we currently do not have any planned exports of goods to the United States. On this basis, the Directors are of the view that the U.S. tariffs are not expected to have any material adverse effect on the Group’s business, operations or financial performance in the near future. However, given the current volatility in U.S.–China trade policy, the risk of further escalation or abrupt policy changes remains significant. As relevant policies are rapidly evolving, forecasting future implications remains challenging.

Separately, effective from October 30, 2024, the European Commission imposed countervailing duties on battery electric vehicles manufactured in China, resulting in total tariff rates ranging from 17.8% to 45.3% across the European Union, depending on the OEM with the lowest 17.8% rate applying for Tesla. During the Track Record Period and up to the Latest Practicable Date, we did not directly export any ADAS or ADS products to the European Union and did not record any revenue from the European Union in respect of such products. Accordingly, the EU countervailing duties did not have any direct impact on our products during such period. In addition, we currently have no plan to directly export ADAS or ADS products to the European Union in the near term. On this basis, the Directors are of the view that the EU countervailing duties have not had, and are not expected to have, any material adverse effect on the Group’s business, operations or financial performance during the Track Record Period and up to the Latest Practicable Date, or in the near future.

U.S. Export Control Laws and Regulations

In recent years, the United States has expanded export controls restrictions on China through the Export Administration Regulations (the “EAR”), administered by the Bureau of Industry and Security of the United States Department of Commerce (the “BIS”). The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. In addition to naming additional persons to these lists, BIS has imposed complex and restrictive rules applicable to doing business with persons on them. We are not designated on the Entity List or any other export control or sanctions list maintained by the U.S. government. As advised by DLA Piper, our legal advisor as to international regulatory matters, our products are not subject to the EAR and our dealings with customers and suppliers are not subject to applicable U.S. export controls restrictions. We are not aware of any instances in which we have failed to comply with applicable U.S. export control or sanction laws during the Track Record Period and up to the Latest Practicable Date. In particular, during the Track Record Period and up to the Latest Practicable Date, we did not rely, and in the near term does not plan to rely, on any U.S.-origin items subject to heightened U.S. export controls or licensing requirements, such as high-performance GPUs imported from the United States, in our product pipeline. We have also established internal control procedures and policies designed to ensure compliance with applicable export control and sanctions laws and regulations, which have been reviewed and advised on by DLA Piper, as our legal advisor as to international regulatory matters. Based on the above and as advised by DLA Piper, our legal advisor as to international regulatory matters, our Directors are of the view that the current U.S. export control and sanction laws and regulations have not had, and are not expected to have any material adverse impact on our operations, financial performance or expansion plans. However, there can be no assurance that the current and/or future restrictions or regulations implemented by the U.S. government, or authorities in other jurisdictions, and related developments, will not have a negative impact on our business operations or reputation.

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Global Shortage of Semiconductor Chips

Key components of our products include DRAM/NAND chips, microprocessors and other semiconductors. There has been a global shortage in the supply of DRAM/NAND chips due to a surge in demand from artificial intelligence data centers which require substantially greater memory capacity and processing bandwidth, and competition from other industries that require manufacturing capacity from the same suppliers. As a result, memory suppliers have, from time to time, prioritized allocations to artificial intelligence and data-center customers, reducing the supply available to the automotive sector. Any such disruptions could, among other things, lead suppliers to increase chip prices, thereby putting pressure on the Group’s profit margins, require the Group to devote additional resources to negotiations with customers, or impact the Group’s delivery schedules, any of which could in turn have an adverse effect on the Group’s business, operations and financial performance. We therefore continue to monitor supply conditions closely and maintain relationships with multiple chip suppliers to mitigate potential supply chain risks.

U.S. Outbound Investment Rule

Effective on January 2, 2025, the final rule issued by Treasury to implement the executive order of August 9, 2023 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) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) AI 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,” and include acquisitions of equity interests (including contingent equity interests), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. As advised by DLA Piper, our legal advisor as to international regulatory matters, our Directors are of the view that the Company, Suzhou Calmcar Electronics Technology Co., Limited, is not a “covered foreign person” as defined in the Outbound Investment Rule because the Company, Suzhou Calmcar Electronics Technology Co., Limited, does not engage in any “covered activity” as defined in the Outbound Investment Rule or otherwise meet the definition of a “covered foreign person” provided in the Outbound Investment Rule. Specifically, although two subsidiaries of the Company may be viewed as engaging in the “development” of “AI systems”, and therefore may themselves constitute “covered foreign persons” under the Outbound Investment Rule, the Company itself (Suzhou Calmcar Electronics Technology Co., Limited) does not engage in any “covered activities” and does not derive or incur more than 50 percent of its revenue, net income, capital expenditures, or operating expenses from or through such subsidiaries. Accordingly, as advised by DLA Piper, our legal advisor as to international regulatory matters, the Directors are of the view that the Company, Suzhou Calmcar Electronics Technology Co., Limited, would not constitute a “covered foreign person” under the Outbound Investment Rule. However, there is no assurance that Treasury will take the same view. If we were to be deemed a covered foreign person due to changes in our business operations, amendments to relevant laws and regulations or other factors, our ability to raise capital would be significantly and negatively affected.

See “Risk Factors — Risks Relating to the Jurisdiction in Which We Operate — Changes in international trade policies, geopolitics and trade protection measures, export control, economic or trade sanctions and tariffs may materially and adversely affect our business, financial condition and results of operations.”

The Regulations of the Assisted-driving Solutions in the PRC

In February 2026, the Ministry of Industry and Information Technology (MIIT) released the mandatory national standard “Intelligent and Connected Vehicles — Safety Requirements for Automated Driving Systems (Draft for Comments)” (智能网联汽车自动驾驶系统安全要求(征求意见稿)), explicitly stipulating for the first time that L3 and above systems must meet the highest level of ASIL-D functional safety requirements. The standard also incorporates core modules such as Safety Lifecycle Management and Safety of the Intended Functionality (SOTIF) into the rigorous management system for automotive safety components. Concurrently, two mandatory national

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standards — “Technical Requirements for Vehicle Information Security” (汽車整車信息安全技術要求) and “Intelligent and Connected Vehicles — Data Recording System for Automated Driving” (智能網聯汽車自動駕駛數據記錄系統) — came into effect on January 1, 2026. The former establishes that when an L3 system is properly activated and has not issued a request to intervene, the vehicle manufacturer shall bear the relevant liability in accordance with the law in the event of an accident, while the latter mandates that L3 and above vehicles must be equipped with an event data recorder (often referred to as a “black box”) to completely retain key data from before and after an accident. In parallel, regions including Shanghai, Beijing, and Tianjin have introduced relevant local regulations, carrying out institutional explorations regarding autonomous driving testing, demonstration, and commercial application. On February 28, 2026, the Ministry of Public Security (MPS) issued the “Safety Traffic Regulations for Road Testing and Demonstration Application of Intelligent Connected Vehicles” (智能網聯汽車道路測試與示範應用安全通行規範), which will take effect on July 1, 2026. The regulations stipulate the traffic rules, driving standards, safety requirements, and principles for emergency response and accident liability determination for intelligent connected vehicles conducting road testing and demonstration applications on public roads.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We have obtained 50 additional design wins from nine vehicle brands subsequent to the Track Record Period. We have made steady progress in the commercialization of our L4 business across Robotaxi, Robobus and Robotruck projects. We have recently continued to advance the commercialization of our L4 solutions and obtained relevant road testing and demonstration application permits or notices for selected L4 projects. For Robotaxi, ConnectOne passed Guangzhou’s Intelligent Connected Vehicle Road Test Examination in October 2025, and its commercial operation in Guangzhou is expected to commence in the second half of 2026. We are also delivering 1,000 Robotaxis to Lenovo Connect over a two-year period for operation across approximately 15 cities. For Robobus, after the Track Record Period, we launched a new autonomous Robobus operation route in Suzhou, connecting the University of Chinese Academy of Chinese Medical Sciences in Suzhou with Suzhou Rail Transit Line 7. We have also obtained relevant road testing and demonstration application notices in Suzhou for certain L4 projects, which support our continued testing, demonstration application and operational preparation for L4 solutions in approved scenarios. The obtaining and renewal of the above permits are subject to the approval process of relevant authorities and changes in the regulatory environment. We are also aware of recent media reports regarding the suspension of new autonomous driving permits in the PRC. Our existing approved L4 activities have not been ordered to suspend or cease, and our mass-production business relating to L2-L2+ solutions is not directly affected by such developments. However, changes in laws, regulations or approval practices, prolonged approval delays, heightened regulatory scrutiny or suspension of new permits could affect the timing and pace of road testing, demonstration applications, commercial pilot operations and overall commercialization of our L4 solutions. See “Business — Licenses, Permits and Approvals”, “Regulatory Overview” and “Risk Factors — We operate in a highly regulated and evolving industry, and any adverse regulatory changes, non-compliance or failure to obtain or maintain necessary approvals, licenses and permits in a timely manner may adversely affect our business” for details.

In addition, we expect to incur net loss in 2026 because we are still in the ramp-up stage and expect to continue to make significant R&D investment, and we also expect to incur one-off share-based payment expenses in 2026. However, we expect our net operating cash flow to turn positive in 2026, primarily driven by the collection of a substantial portion of our outstanding trade receivables, resulting in an overall improvement in our cash flow position. For details of the reasons for our losses, see “Business — Business Sustainability.”

After due and careful consideration, our Directors confirm that, up to the date of this document, there has not been any material adverse change in our financial or trading position or prospects since December 31, 2025, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

“Accountants’ Report”	the accountants’ report of our Company, the text of which is set out in Appendix I to this document
“affiliate”	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”	Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company adopted on October 25, 2025, with effect upon [REDACTED] (as amended from time to time), a summary of which is set out in Appendix V to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	the board of Directors
“Business Day” or “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, Macau Special Administrative Region of the PRC and Taiwan
“CIC”	China Insights Industry Consultancy Limited, our industry consultant, which is an independent third party
“CIC Report”	an independent market research report commissioned by us and prepared by China Insights Industry Consultancy Limited, a summary of which is set forth in the section headed “Industry Overview” for the purpose of this document
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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
“Company”, “our Company”, “Group”, “our Group”, “we”, “our” or “us”	Suzhou Calmcar Electronics Technology Co., Limited (蘇州天瞳威視電子科技股份有限公司), a limited liability company incorporated in the PRC on March 7, 2016, and converted into a joint stock company with limited liability on October 22, 2025 and, where the context requires, its subsidiaries and in respect of the period before the Company became the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang, Qingyuan Tiantong, Ningbo Tiantong and WX Technology
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Domestic Unlisted Shares”	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are not [REDACTED] on any stock exchange, and each share will be [REDACTED] into [REDACTED] of RMB[REDACTED] each immediately upon [REDACTED]
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法)
“Employees Shareholding Platform(s)”	include Qingyuan Tiantong and WX Technology
	[REDACTED]
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

DEFINITIONS

[REDACTED]

“Guide” the Guide for New Listing Applicants as published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

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

[REDACTED]

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“IFRS”	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board
“Independent Third Party(ies)” or “independent third party(ies)”	any entity(ies) or person(s) which/who, to the best knowledge of our Directors having made due and careful enquiries, is/are not a connected person(s) of our Company within the meaning of the Listing Rules

[REDACTED]

DEFINITIONS

[REDACTED]

“Joint Sponsors”	the joint sponsors as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document
“Latest Practicable Date”	May 18, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
“Lenovo Connect”	Lenovo Connect (廣東聯想懂的通信有限公司), our customer and business partner

[REDACTED]

“Listing Committee”	the listing committee of the 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
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Wang”	Mr. Wang Xi, chairman of our Board, executive Director, our chief executive officer and one of our Controlling Shareholders
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board

DEFINITIONS

“Ningbo Tiantong” Ningbo Tiantong Weishi Investment Management Co., Ltd* (寧波天瞳威勢投資管理有限公司), a limited liability company established in the PRC on January 19, 2018 and one of our Controlling Shareholders

[REDACTED]

“Overseas Listing Trial Measures” the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023

“PBOC” People’s Bank of China (中國人民銀行), the central bank of the PRC

“PRC Company Law” the Company Law of the People’s Republic of China (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 of the PRC

“PRC Government” or “State” the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them

“PRC Legal Adviser” Jingtian & Gongcheng, our legal adviser as to PRC laws

DEFINITIONS

“[REDACTED] Investments”	the [REDACTED] investments in our Company undertaken by the [REDACTED] Investors, as set out in “History, Development and Corporate Structure — [REDACTED] Investments”
“[REDACTED] Investors(s)”	the investor(s) who participated in our [REDACTED] Investments, as set out in “History, Development and Corporate Structure — [REDACTED] Investments”
 [REDACTED]	
“Qingyuan Tiantong”	Qingyuan Tiantong Enterprise Management Partnership (Limited Partnership)* (慶元天瞳企業管理合夥企業(有限合夥)) a limited liability partnership established in the PRC on September 25, 2025, a Controlling Shareholder and an Employees Shareholding Platform
“Remuneration Committee”	the remuneration committee of our Board
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	Domestic Unlisted Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)

[REDACTED]

DEFINITIONS

“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“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
“Track Record Period”	the financial years ended December 31, 2023, 2024 and 2025

[REDACTED]

“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. dollar”, “US\$” or “USD”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“WX Technology”	WX Technology Limited, a company established in the BVI on December 1, 2022, an Employees Shareholding Platform and a Controlling Shareholder
“ZF”	ZF Friedrichshafen AG, a private company in Germany founded in 1915 that engages in automotive systems, industrial technology and mobility solutions
“ZF ADAS BU”	the business unit that owns and operates ADAS-related business of ZF, which is being sold by ZF to Harman International Inc., an in-cabin electronics leader in the U.S.
“%”	per cent

Certain amounts and percentage figures included in this document have been subject to rounding. 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 PRC laws and regulations, governmental authorities, institutions, nature 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 such terms are marked with “*” and 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 in connection with us and our business. As such, some of these terms and their meanings may not correspond to standard industry definitions or usage of these terms and may not be comparable to similar terms adopted by other companies.

“ACC”	adaptive cruise control
“ADAS”	advanced driver assistance systems
“ADDW”	advanced driver distraction warning
“AEB”	automatic emergency braking
“AI”	artificial intelligence
“AMP”	automatic mixed precision
“APA”	automated parking assist
“AR-HUD”	augmented-reality head-up display
“ASPICE”	automotive system process improvement and capability determination
“AVP”	automated valet parking
“BEV”	bird’s eye view
“CAGR”	compound annual growth rate
“CIL”	contrastive imitation learning
“CFAP”	cross-floor autonomous parking
“CNCAP”	the China New Car Assessment Program
“CPU-NPU”	central processing unit — neural processing unit
“CVPR”	computer vision and pattern recognition
“DDAW”	driver drowsiness and attention warning systems
“DMS”	driver monitoring systems
“ELK”	emergency lane keeping
“ENCAP”	the European New Car Assessment Programme

GLOSSARY OF TECHNICAL TERMS

“E2E”	end-to-end
“EPS”	electric power steering
“EU GSR”	General Safety Regulation (EU)
“FSD”	full self-driving
“GazeDPTR”	dual-stream gaze pyramid transformer
“GB”	guobiao, means official, mandatory standards set by the PRC government
“GNSS”	global navigation satellite system
“GPU”	graphics processing units
“highway NOA”	navigate on autopilot on highways
“HIL”	hardware-in-the-loop
“HLB”	high low beam
“HMI”	human-machine interface
“HUD”	head-up display
“IC”	intelligent collision avoidance
“ICE”	internal combustion engine
“IFC”	integrated front camera
“IoT”	Internet of Things, a network of devices, vehicles, appliances and other physical objects that are embedded with sensors, software and network connectivity
“IoV”	Internet of vehicles, a network of vehicles equipped with sensors, software, and the technologies that mediate between these with the aim of connecting and exchanging data over the Internet according to agreed standards
“ISO”	the International Organization for Standardization
“i-VISTA”	Intelligent Vehicle Integration Systems Test Area, a public service platform for intelligent vehicle and intelligent transportation application demo project and product engineering jointly built by MIIT and Chongqing Municipality

GLOSSARY OF TECHNICAL TERMS

“LCC”	lane centering control
“LDW”	lane departure warning
“LKA”	lane keeping assist
“LSS”	lane support systems
“LiDAR”	light detection and ranging, a method for determining ranges by targeting an object or a surface with a laser and measuring the time for the reflected light to return to the receiver
“L2/L2+/L4”	means different levels of driving automation as defined by the Society of Automotive Engineers (“SAE”). According to the SAE classification, driving automation ranges from Level 0 (“L0”) to Level 5 (“L5”). At Level 2 (“L2”), the system can control both steering and acceleration or braking simultaneously, but the driver must remain fully responsible and attentive. “L2+” refers to enhanced Level 2 systems with more advanced assisted-driving functions while still requiring active driver supervision. Level 4 (“L4”) represents a high level of automation under which the vehicle can operate without human intervention within defined conditions, freeing the driver from performing driving tasks
“Mass Production”	refers to the large-scale, standardized delivery and deployment of L2-L2+ and L4 driving solutions
“MPA”	memory parking assist
“NEV”	new energy vehicles
“NOA”	navigate on autopilot
“OD”	obstacle detection
“OEM”	original equipment manufacturer
“OMS”	occupant monitoring systems
“OTA”	over-the-air
“PDAQ”	perception data acquisition
“PDC”	parking distance control
“PSD”	parking space detection
“RAEB”	rear automatic emergency braking

GLOSSARY OF TECHNICAL TERMS

“RL”	reinforcement learning
“RP”	remote parking assist
“R&D”	research and development
“SIL”	software-in-the-loop
“SoC”	system-on-chip, programmable integrated circuits that integrates CPU, memory interfaces, on-chip input/output devices, input/output interfaces, and secondary storage interfaces, often alongside other components such as radio modems and a graphics processing unit, all on a single substrate or microchip
“SoP”	start of production
“TBA”	tracking back assist
“TFL”	traffic light recognition
“Tier-1 Supplier(s)”	automotive system integrator(s), company(ies) that supply(ies) assembled components or systems directly to OEMs; Tier-1 Suppliers need to work closely with OEMs during the design and development stages of vehicles, ensuring the integration of their components into the final product
“Tier-2 Supplier(s)”	company(ies) that supply(ies) parts or materials directly to Tier-1 Suppliers, such as raw materials, smaller subcomponents that are then incorporated into the components supplied by Tier-1 Suppliers
“TSR”	traffic sign recognition
“urban NOA”	navigate on autopilot in urban areas
“VLM/VLA”	vision-language-model/vision-language-action model
“V-model”	a V-shape software development framework with one arm focusing on system design and the other arm focusing on verification and validation
“V2X”	vehicle-to-everything, describes wireless communication between a vehicle and any entity that may affect, or may be affected by, the vehicle

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements relating to our Company and our subsidiaries 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” and the negative of these words and other similar expressions, as they relate to our Group 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 other 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, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers’ demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, know-how, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate;
- developments in technology and our ability to successfully keep up with technological advancement;
- our ability to attract and retain experienced professionals and other qualified employees and key personnel;
- changes in currency exchange rates; and
- the other risk factors discussed in this document as well as other factors beyond our control.

FORWARD-LOOKING STATEMENTS

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. Nonetheless, due to the 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. Further, 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.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement, 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 were made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, prospects, financial condition, results of operations, cash flows and ability to pay dividends. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your investment.

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 RELATING TO OUR BUSINESS AND INDUSTRY

We operate in an industry that is new and rapidly evolving, and our future growth is subject to significant uncertainty.

We are pursuing opportunities in markets that are undergoing rapid changes, including technological and regulatory changes, and it is difficult to predict the timing, business and financial implication of the opportunities. For example, L2-L2+ and L4 driving solutions rely on complex technology and the scale and growth rate of such solutions are subject to considerable uncertainties with respect to, among other things, the rate of consumer acceptance and the impact of current or future regulations. The automotive systems require technological collaboration of different parties such as software solutions providers and chip platforms, as a result the commercialization of some L2-L2+ and L4 driving solutions could be delayed or impaired if certain technological components of ours or others’ are not ready to be deployed in vehicles. Regulatory development, safety requirements or any issues with regards to reliability, which are sometimes out of our control, could also cause delays or otherwise impair commercial adoption of these new technologies and adversely affect our growth. As a result, our business, results of operations and financial condition may be adversely affected.

We operate in highly competitive markets. We may not be able to compete effectively against our existing or potential competitors.

We primarily operate in the highly competitive vehicle automation industry which will continue to undergo intensified competition, according to CIC. According to CIC, there were over 40 players offering L2 to L2+ software solutions in China, including OEMs developing solutions in-house and independent solution providers, that are competing with us in this market.

In addition to the existing competitors, we also encounter challenges from new market entrants. We face competition from existing players and new entrants, including technology companies and OEMs that develop proprietary driving solutions. Our current or former customers may choose to develop competing solutions in-house or source alternative technologies from other providers, which could reduce demand for our offerings and intensify competition.

RISK FACTORS

We have a limited operating history, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

We commenced our operations in 2016. As a result of our limited operating history, our ability to accurately forecast our future results of operations is subject to uncertainties such as our ability to plan for and model future growth. We have experienced rapid growth since the inception of our business. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in the future. Our revenue growth may slow down or decline due to factors including lower demand, intensified competition, changes in technology, a declining growth rate of our addressable market, or our failure to enhance existing offerings and develop and commercialise new solutions. If our assumptions prove incorrect or we do not respond effectively to these uncertainties and challenges, our operating and financial results could differ from our forecast and could be materially and adversely affected.

We have incurred net losses during the Track Record Period and may not be able to achieve or subsequently maintain profitability in the future. Our new business initiatives may further impact our profitability.

In 2023, 2024 and 2025, we incurred loss and total comprehensive expense of RMB231.2 million, RMB462.8 million and RMB207.9 million, respectively. We may continue to incur losses due to increases in costs and expenses along with our business expansion, as well as our continuous investment in research and development. If we are unable to generate sufficient revenue and effectively manage our expenses, we may continue to experience significant losses and may not achieve or sustain profitability.

We may also launch new business initiatives, which may in the future impact our profitability. We plan to consistently invest in developing new technologies, improving user experience, implementing effective commercialization strategies, and introducing new products and solutions, which are considered crucial for our sustainable growth. However, we cannot guarantee that we will achieve profitability as a result of such new business initiatives in the future.

We had incurred net liabilities and net current liabilities in the past and may continue to do so in the future.

We recorded net liabilities of RMB895.3 million and RMB1,358.1 million as of December 31, 2023 and 2024, respectively, and net current liabilities of RMB962.5 million and RMB1,367.4 million as of the respective dates, primarily attributable to our financial liabilities at FVTPL in connection with the redeemable preferred equity issued to investors. Following the termination of the relevant preferential rights and their reclassification as equity, together with capital injections from new investors, we recorded a turnaround to net assets of RMB537.9 million and net current assets of RMB266.8 million as of December 31, 2025. Although our net liability and net current liability positions have been resolved as of December 31, 2025, there can be no assurance that we will be able to maintain a net asset or net current asset position in the future. We may incur net liabilities or net current liabilities again due to, among other things, operating losses, increased borrowings, business expansion requirements or other factors beyond our control. Any recurrence of a net liability or net current liability position may expose us to liquidity risks, constrain our operational flexibility and adversely affect our ability to expand our business. In such circumstances, we may need to seek additional external financing, which may not be available on

RISK FACTORS

favorable terms or at all, or resort to equity financing that could result in dilution of your interests. Any difficulty or failure to meet our liquidity needs could have a material adverse effect on our business, financial condition and results of operations.

We cannot assure you that our business strategies will succeed and bring sufficient growth.

Our business success depends heavily on implementing strategies that remain aligned with market and industry developments. Changes in economic conditions, customer demand for automobiles and L2-L2+ and L4 driving solutions, and laws, regulations, rules and policies applicable to the vehicle automation industry could cause our strategies to be less effective and adversely affect our business, financial condition and results of operations.

If the market acceptance of our solutions and related technologies fails to sustain or grow, it could have an adverse impact on our business, financial condition and results of operations.

We offer L2-L2+ and L4 driving solutions primarily as tailored software that OEMs and Tier-1 Suppliers integrate into vehicles. Market acceptance depends on factors beyond our control, including regulatory and safety requirements, cost considerations, end-user preferences, and the industry's ability to address technical challenges cost-effectively. Safety incidents involving similar technologies (even if unrelated to our solutions) may also affect perceptions. If acceptance of L2-L2+ and L4 driving solutions does not sustain or grow, demand for our offerings could decline and our business, financial condition and results of operations could be adversely affected.

If we are unable to develop, introduce and commercialize new solutions and improve existing solutions in a cost-effective and timely manner, our competitive position, business, results of operations and financial condition would be adversely affected.

Our ability to introduce and commercialize new L2-L2+ and L4 driving solutions, as well as enhance our existing offerings, is crucial to our business, financial condition and results of operations. During the Track Record Period, we have achieved mass production of 195 solutions and completed 120 projects. However, there is no assurance that our assessments, introduction and commercialization of new solutions, or enhancement of existing offerings will turn out to be successful in a cost-effective and timely manner and generate the expected returns.

We have been devoting our resources and efforts in the development of new solutions, which requires significant investments in research and development, and may not always yield the expected results. See "— We invest significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations, and financial condition would be adversely affected." Furthermore, even if we successfully develop new technologies and solutions, there is no guarantee that these will sufficiently differentiate our offerings from those of our competitors in terms of accuracy, safety, and comfort-enhancing features.

Failure to develop and deliver new solutions or challenges in enhancing our existing offerings could impede our ability to meet customer expectations, secure additional design wins, obtain new purchase orders, and achieve broader market acceptance. Such setbacks could materially and adversely impact our business, financial condition, and operational results.

RISK FACTORS

The loss of, or a significant reduction in sales to, one or more of our major customers or failure to attract new customers could materially and adversely affect our business, results of operations and financial condition.

A large portion of our revenue is derived from a relatively small group of customers. Revenue from our five largest customers in each year of the Track Record Period represented 91.4%, 44.6% and 35.3% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Revenue from our largest customer in each year of the Track Record Period represented 62.1%, 15.2% and 10.4% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. The sales of our solutions for mass-produced vehicle models heavily depend on the popularity of these models, which is influenced by changing consumer preferences and technological advancements.

Relationship with our major customers and our ability to attract new customers are crucial to our business performance. There is no assurance that our current customers will continue their relationships with us, maintain their business levels, or preserve their market standing and reputation. If our major customers reduce, terminate or insource their purchases, or if we cannot maintain relationships, negotiate favorable contracts or win new customers, our revenues and results of operations could be materially and adversely affected. In addition, OEM production volumes and vehicle model performance are influenced by factors beyond our control (including supply-chain and market conditions), which could further reduce demand for our solutions.

We invest significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations, and financial condition would be adversely affected.

Our long-term success in the competitive environment depends on our ability to continually develop new technologies and solutions, for example, end-to-end systems, which enable direct conversion of raw environmental data into vehicle control commands, and enhance our existing offerings. In 2023, 2024 and 2025, we incurred research and development expenses of RMB105.5 million, RMB117.2 million and RMB92.3 million, respectively. We anticipate to incur significant R&D expenses as part of our efforts to design, develop and commercialize new solutions and enhance existing offerings.

Moreover, we view our technological advantages as our core competence to enhance our market competitiveness. We focus our R&D efforts across several key technologies, including our proprietary algorithms and closed-loop data analytics capacity, to empower our L2-L2+ and L4 driving solutions. As the vehicle automation industry is rapidly evolving, we cannot be certain that our choices of technologies to focus on will lead to profitability or that we can accurately anticipate the way these markets will evolve. We cannot assure you that our R&D efforts will result in profitable or commercially viable solutions, or that our solutions will be adopted by the market or homologated as expected. In addition, new technologies in the vehicle automation industry could render our existing or planned solutions obsolete, limiting our ability to recover related development costs. If our R&D efforts fail to achieve successful commercialization, our business, results of operations, financial condition and prospects could be materially and adversely affected.

RISK FACTORS

There can be no assurance that our efforts can secure design wins for our products and solutions.

Securing a "design win" typically requires significant time and resources from initial engagement through customer selection and integration. We had secured design wins for 198 vehicle models as of the Latest Practicable Date. However, we cannot guarantee success in our efforts to secure design wins for our solutions, which we regard as critical milestones in our relationships with Tier-1 Suppliers and OEMs. Achieving a design win is pivotal for expanding collaboration opportunities and is integral to the commercialization of our solutions.

Despite our significant efforts, there is a risk that we may not secure a design win for our L2-L2+ and L4 driving solutions. Failure to obtain a design win could hinder development and commercialization and reduce revenue. In addition, not winning design competitions with a given OEM may reduce our ability to win future competitions with that OEM. According to CIC, OEMs generally do not replace complex integrated technologies until a vehicle model is overhauled, so losing design wins can have long-lasting effects on our business, financial condition and results of operations.

There is no guarantee that our customers will purchase our solutions in any certain quantity or at certain prices.

Our sales may fall short of forecasts if a vehicle model for which we have achieved a design win is commercially unsuccessful, including for reasons unrelated to our solutions, if an OEM discontinues or reduces production of a vehicle model or ceases to incorporate our solutions in such model, or if we face downward pricing pressure. Accordingly, design wins do not guarantee future revenue, and our sales may not correlate with the number of design wins achieved.

Moreover, pricing estimates are made at the time of a request for quotation by an OEM or Tier-1 Supplier and are adjusted from time to time. Worsening market or other conditions between the time of a request for quotation and an order for our solutions may require us to sell our solutions for a lower price than we initially expected. In addition, the price may be adjusted on an annual basis. We may also face pricing pressures from our customers as a result of their cost-cutting initiatives, increased competition and their strong bargaining power. As a particular solution matures and unit volumes increase, we also generally expect its average selling price to decline. In 2025, the average revenue per customer of our L2-L2+ business decreased by approximately 24% as compared with 2024, while the average revenue per customer of our L4 business decreased by approximately 3% as compared with 2024. Such pricing pressures may further intensify as a result of growing competition among established players and new market entrants, automotive OEMs pursuing restructuring, consolidation and cost-cutting initiatives, and general step-downs in pricing as volumes ramp up, which could adversely affect our business, results of operations and financial condition.

The implementation and validation processes of our solutions could be lengthy and unpredictable, and are subject to risks of contract cancellation, postponement or unsuccessful solution implementation.

OEM customers typically must devote significant time and resources to test and validate our solutions before implementation. Even after selection, implementation and validation processes of L2-L2+ and L4 driving solutions with new OEM customers can be lengthy (for example, our L2-L2+ solutions development cycle is around 11 months on average after a design win, depending on the OEM and solution complexity). We may incur substantial costs before generating revenue,

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and customers may cancel or postpone implementation due to strategy shifts, validation outcomes or other factors beyond our control. If implemented vehicle models have weak sales, demand for our solutions may also decline, which could materially and adversely affect our business, results of operations and financial condition.

We recorded negative operating cashflow historically and there can be no assurance that we will have net cash inflow from operating activities in the future.

We recorded net cash from operating activities of RMB114.6 million in 2023 and net cash outflow from operating activities of RMB189.2 million and RMB293.2 million in 2024 and 2025, respectively. See “Financial Information — Liquidity and Capital Resources — Cash Flow — Cash Flows from Operating Activities.” We cannot assure you that we will generate positive operating cash flows in the future. If negative operating cashflow continues, our working capital may be constrained and we may need external financing, which may not be available on favorable terms or at all, and any default under borrowing agreements could adversely affect our business, results of operations and financial condition.

We face certain risks relating to our collaboration with business partners.

We have engaged and plan to continue engaging in collaborations with other companies in the vehicle automation industry to enhance our technology, commercialize our solutions, and drive market acceptance. There is no guarantee that we will successfully secure definitive agreements with these business partners on attractive terms, and collaborations may be subject to termination, scope limitations, exclusivity restrictions, delays, capacity constraints and disputes (including intellectual property disputes). Any of these factors could delay or hinder R&D and commercialization and could adversely affect our business, results of operations and financial condition.

In addition, certain of our business partners may undergo corporate restructuring, business reorganization, divestiture or change of control, including the sale or transfer of the business division or unit with which we primarily collaborate with. Such restructuring, business reorganization, divestiture or change of control could affect the scope, terms or continuity of our collaboration with the relevant partners, which in turn could influence our upstream and downstream options in conducting our business, cause uncertainties on our future business plans and as a result, affect our business, results of operations and financial condition.

We have a limited number of key third-party suppliers that contributed to a significant portion of our purchases during the Track Record Period. Failure to effectively maintain business relationships with third-party suppliers may adversely affect our business or results of operations.

We work closely with certain major suppliers. In 2023, 2024 and 2025, purchases from our five largest suppliers accounted for 72.6%, 34.9% and 23.6% of our total purchases for the same periods, respectively, and purchases from our single largest supplier accounted for 38.4%, 10.7% and 7.0% of our total purchases for the same periods, respectively.

Disruptions in supply, inability to identify alternatives at reasonable prices, geopolitical tensions or health epidemics, or chip supply constraints could impair our ability to meet customer expectations and fulfill orders, resulting in lower sales and loss of customers.

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We are exposed to credit risk from our customers, and any failure to collect our trade and other receivables in a timely manner may adversely affect our financial condition and results of operations.

We are subject to credit risk of our customers and our profitability and cash flow are dependent on timely receipt of payments from our customers. If there is any delay in payment by our customers, our profitability, working capital and cash flow may be adversely affected. There is no assurance that we will be able to collect all or any of our trade receivable in a timely manner, or at all. As of December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB88.7 million, RMB340.8 million and RMB547.8 million, respectively, and our average trade receivables turnover days were approximately 191 days, 166 days and 300 days, respectively. Fluctuations of trade and bills receivables turnover days from major customers may have significant impact on our cash flow.

We also made allowance for impairment loss on trade receivables of RMB5.8 million, RMB4.6 million and RMB8.2 million as of December 31, 2023, 2024 and 2025, respectively. If any of our customers experience financial difficulties, deterioration in creditworthiness or payment defaults, we may be unable to collect receivables in full or on time, which could materially and adversely affect our financial position, profitability and cash flow.

Our operating cash flows may deteriorate due to the mismatch in time between receipt of payments from our customers and payments to our suppliers.

Our financial stability is closely tied to the creditworthiness of our customers, and our liquidity hinges on their timely remittance. During the production and delivery process, our customers typically make payments to us in installment. The interval between the receipt of customer payments and the settlement of supplier invoices can lead to potential cash flow discrepancies. Although we strive to mitigate such risks, we cannot guarantee the complete avoidance of significant cash flow imbalances in the future. Additionally, our operations are vulnerable to the risk of delayed or unfulfilled contractual commitments by our customers, and the collection of such payments is not guaranteed. Should we encounter substantial difficulties in debt recovery or defaults by our clients, it could have a material adverse effect on our financial condition, results of operations, and cash flow sustainability.

Our results of operations may be affected from period to period due to the seasonality of our business.

Our results of operations may be affected from period to period due to many factors, including seasonal factors that may affect the demand for our product solutions as impacted by the market trends of the automotive industry. We usually experience higher revenue in the fourth quarter of the year because OEMs typically launch new vehicle models in the fourth quarter and tend to validate functionalities of solutions in the fourth quarter and L4 customers also prefer to pilot test L4 projects in the fourth quarter. Sales of software royalty and software-and-hardware integration solutions tend to increase in the second half of the year, which is generally in line with the overall automotive industry in China. Our results of operations could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenue. Due to the foregoing factors, our financial condition and results of operations for future periods may continue to fluctuate and our historical periodical results may not be comparable to future periods. See “Financial Information — Key Factors Affecting Our Results of Operations — Seasonality.”

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We may need to raise additional funds to pursue business objectives and respond to business opportunities, challenges or unforeseen circumstances, and financing may not be available on terms acceptable to us, or at all. If we cannot raise additional funds on attractive terms when we need them, our business, financial condition and results of operations could be negatively affected.

The development of our solutions imposes cash requirements and we need to make regular operating expenditures. We expect our cash and operating expenditure requirements will primarily relate to research and development expenses to maintain and upgrade our L2-L2+ and L4 driving solutions to serve our customers and remain competitive. If we are unable to fund any such investment or otherwise fail to invest in our research and operations, our business, results of operations or financial condition could be adversely affected. Our cash and operating expense requirements will depend on many factors, including, but not limited to:

- technological advancements;
- market acceptance of our solutions, and the overall level of sales of our solutions;
- research and development expenses;
- our relationships with OEMs and other customers and our ability to control costs;
- sales and marketing expenses;
- enhancements to our platform and systems and any capital improvements to our facilities;
- potential acquisitions of businesses and solution/service lines; and
- general economic conditions, including the effects of international conflicts and their impact on the automotive industry in particular.

Furthermore, if our cash requirements are materially different from those currently planned, we may need additional funds sooner than anticipated. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our solutions, expand our sales and marketing programs, take advantage of future opportunities or respond to competitive pressures.

Our business and prospects depend on our ability to build our brand and reputation. Any negative publicity with respect to our industry, brands, solutions, Company, Directors, employees or business partners, whether warranted or not, could materially and adversely affect our business, financial condition and results of operations.

Our continued success and growth depend on market perceptions of our technological capabilities and the quality and reliability of our solutions. Our reputation could be harmed by product defects, liability claims, incident reports or negative publicity relating to us or the vehicle automation industry (even if not directly related to us), which could reduce confidence in vehicle automation technologies and decrease demand for our offerings.

To safeguard and enhance our brand image, we have implemented several measures, including quality control, customer service, after-sales support, and strategic marketing to boost brand awareness. Despite these efforts, we cannot guarantee that they will always be successful. Failure to promptly address negative publicity could result in reputational damage, divert management's focus and resources from other critical business activities, and potentially lead to a decline in product sales.

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Our solutions may contain certain defects that expose us to product liability and other claims, which could damage our reputation, incur significant expenses, reduce market demand and attract increased regulatory scrutiny.

Our L2-L2+ and L4 solutions are technically complex for which we have established quality control protocols, which include key metrics, qualifications, certifications, and a comprehensive traceability system to uphold high standards. Nonetheless, we cannot guarantee that our solutions will be free from defects, errors, or reliability issues during various development stages. There may be challenges in effectively addressing these issues to meet customer expectations, potentially harming our reputation and limiting future collaboration opportunities with other customers/potential customers. Moreover, undetected errors, defects, or security vulnerabilities, particularly with new solutions or iterations, could lead to severe injuries or fatalities.

Issues with our solutions might only become apparent after they have been tested, commercialized, and deployed by customers, potentially incurring significant development costs and expenses related to recalls, repairs, or replacements. This could also lead to legal claims, including class actions, which would further damage our reputation and brand.

Furthermore, the quality of components manufactured by third-party suppliers is largely dependent on the suppliers, although we implement quality control measurements, conduct random inspections and engage quality audit on such components procured from third-party suppliers. We cannot assure you that the components we procure from our suppliers are safe and free of defects or can meet the relevant quality standards. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our suppliers. Any such issues may materially and adversely affect our business, results of operations and financial condition.

We operate in a highly regulated and evolving industry, and any adverse regulatory changes, non-compliance or failure to obtain or maintain necessary approvals, licenses and permits in a timely manner may adversely affect our business.

We operate in a highly regulated and evolving industry and are required to comply with the applicable laws, rules and regulations. We may also be required to obtain and maintain various licenses, permits and approvals for our operations. Any non-compliance, or failure to obtain or renew required licenses, permits or approvals in a timely manner, could result in fines or other penalties and could materially and adversely affect our business, financial condition and results of operations.

The laws and regulations governing the industries we operate in are subject to constant evolution and interpretation by competent authorities. We may face more stringent requirements due to changes in policies or interpretations. Governments may also levy fines, confiscate income, revoke business licenses, require discontinuation of business or impose restrictions if we are deemed to be operating without proper licenses or permits, or if new rules impose additional requirements. In particular, our L4 solutions involve autonomous driving road testing, demonstration applications and commercial pilot operations, which require specific permits from relevant local authorities typically limited to defined routes, areas, vehicle types and validity periods, and subject to periodic renewal. There have been recent media reports regarding the suspension of new autonomous driving permits in the PRC. Our existing approved L4 activities have not been ordered to suspend or cease, and our L2-L2+ business is not directly affected by such developments. However, changes in laws, regulations or approval practices, prolonged approval delays, heightened regulatory scrutiny or suspension of new permits could affect the timing and

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pace of road testing, demonstration applications, commercial pilot operations and overall commercialization of our L4 solutions. Any such actions could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations, and financial condition.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. However, we may from time to time be involved in litigation, arbitration, regulatory proceedings, labor-related disputes and other matters in the ordinary course of business, which may result in damages claims, asset freezes or proceedings against our Directors, officers or employees. Any unfavorable resolution of such matters, including substantial liabilities, could materially and adversely affect our business, results of operations and financial condition.

Our expansion into international markets may not achieve commercial success, and may be adversely affected by legal, regulatory, political and economic risks.

We are actively exploring expansion of our business operations overseas. During the Track Record Period, our revenue generated from overseas markets were RMB126.7 million, RMB34.0 million and RMB11.0 million for the years ended December 31, 2023 and 2024 and 2025, respectively, representing 62.2%, 7.0% and 2.0% of our total revenue during the same periods. However, the expansion towards international markets is a complex process with inherent risks and uncertainties. The occurrence of any of the following risks could negatively affect our international business thus materially and adversely affecting our financial condition and results of operations.

- difficulties of compliance with import and export laws and the impact of tariffs;
- exchange rate fluctuations and changes in local tax and customs duty laws or the enforcement, application or interpretation of such laws;
- different regulations regarding autonomous driving or other systems using our solutions, data security, consumer protection and product compliance as compared to domestic regulations;
- preference for locally branded products, and laws and business practices favoring local competition;
- changes in local tax and customs duty laws or changes in the enforcement, application or interpretation of such laws;
- less effective protection of intellectual property;
- difficulties and costs of staffing and managing foreign operations.

Increases in costs of the materials and other components that we use in our solutions would adversely affect our business, results of operations and financial condition.

During the Track Record Period, our cost of raw materials were RMB22.3 million, RMB58.4 million and RMB125.3 million for the years ended December 31, 2023, 2024 and 2025, respectively. Significant changes in the markets in which we purchase materials, components, and supplies for the production of our solutions, especially L4 solutions, may adversely affect our profitability. Our contracts with our suppliers do not provide us with long-term pricing or quantity guarantees. We have experienced and may continue to experience increases in the cost of our

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inventories. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers, and, even where we are able to achieve price increases that would offset such increased costs, in some cases there may be a delay before we are able to do so. The inability to pass on price increases of raw materials or components to our customers would adversely affect our business, results of operations, and financial condition.

From time to time, we may evaluate and potentially consummate strategic alliances, investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results, and we may not be able to achieve the benefits we expect from the alliances, investments or acquisitions.

We have entered into, and may in the future enter into, strategic alliances, investments, financings or acquisitions with third parties to support our business development. These transactions may involve substantial costs and uncertainties, require regulatory, shareholder or board approvals, divert management attention and expose us to risks relating to third-party non-performance, sharing of proprietary information, reputational harm, integration difficulties, potential dilution, impairment charges and unknown liabilities. We may not be able to complete such transactions on favorable terms, or at all, or successfully integrate acquired assets, technologies or businesses or realize their anticipated benefits. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Security breaches and other disruptions of our in-vehicle systems and related data could impact the safety of our end users and harm our business.

Our L2-L2+ and L4 driving solutions, which are integrated into vehicles and used by end-users, rely on complex technologies and information technology systems. While we do not store personal data of end users, these systems interact with critical vehicle functions such as the engine/motor, steering, and braking. We have implemented security measures to address cybersecurity risks. For details, see “Business — Data Privacy and Security.” Cybersecurity attacks targeting vehicle systems, especially those related to automotive safety and sensitive data, could potentially cause bodily harm or even fatalities. Unauthorized access or control of vehicles using our solutions could compromise their safety, lead to legal or regulatory claims, and result in liability or regulatory penalties.

Any failures, whether actual or perceived, to comply with evolving privacy and data protection requirements could subject us to liability, damage our reputation, and negatively impact our business.

During the Track Record Period, we did not store personal information from our business entity customers or end users. However, we stored limited personal information of R&D employees with their prior written consent. Our perception system may also inadvertently capture personal information during road testing, such as license plates and faces, which we proactively desensitize and anonymize. Consequently, our operations are subject to stringent and evolving PRC regulatory frameworks, including the Data Security Law, the Cybersecurity Law, the Personal Information Protection Law, the Network Data Security Management Regulations, and the Several Provisions on the Management of Automobile Data Security. Furthermore, under the Measures for Cybersecurity Review, we may be subject to regulatory scrutiny that could impact our operations or future capital markets activities. The interpretation and application of these regimes are constantly evolving, and any actual or perceived non-compliance may require disruptive changes to our operations and subject us to severe regulatory penalties or legal proceedings.

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Any significant failure, weakness, interruption, or breach of our operational systems, integrated software or third-party vendor systems could hinder the availability and effectiveness of our solutions.

We rely on information technologies and are exposed to the risk of interruptions, outages, and rewrite breaches in various operational systems. Additionally, our facility security systems, in-product technology, and operational data are susceptible to cyber incidents. We cannot guarantee the effective implementation, maintenance, or expansion of the operational systems we rely on, including those of our third-party vendors. Any cyber incidents or failure to successfully maintain our operational infrastructure could jeopardize facility security and critically impact the performance of our solutions.

Our business depends substantially on the continuing efforts of our management and key employees.

Our success and future growth depend largely upon the continued services of our management team and other key employees in the areas of research and development, manufacturing, marketing, sales, services, and general and administrative functions.

We do not have employment agreements requiring executive officers or key personnel to remain for any specified period, and they may resign at any time. The loss of key personnel, or failure to develop an effective succession plan, could adversely affect our business and results of operations. In particular, our ability to attract, recruit and retain experienced R&D talent is critical; failure to do so could delay R&D projects, weaken competitiveness and materially and adversely affect our business, financial condition and results of operations.

Any misconduct or non-compliance with relevant laws and regulations of our employees, affiliates, customers, suppliers and other business partners could disrupt our business, damage our reputation, and materially and adversely affect our business, financial condition and results of operations.

Our business operations and reputation are significantly influenced by the conduct of our employees, affiliates, customers, suppliers and other business partners. Despite our efforts to implement oversight mechanisms and ethical guidelines, we cannot assure you that our employees, affiliates, customers, suppliers and other business partners will not incur liabilities or suffer losses due to any misconduct or non-compliance, including violations of anti-corruption, anti-bribery or other applicable laws and regulations. We cannot guarantee that we maintain compliance with all applicable laws and regulations at all times or across all jurisdictions where we operate our business.

If we fail to identify misconduct or non-compliance in the business practices of our employees, affiliates, customers, suppliers and other business partners, or any other third parties we conduct business with, or if such misconduct or non-compliance is not corrected in a prompt and proper manner, our business activities and reputation could be harmed. If we, our employees, affiliates or business partners violate applicable laws, rules or regulations, we could be subject to fines, penalties or other sanctions. In addition, actions by PRC regulatory authorities or courts to adopt interpretations of PRC laws and regulations that differ from our understanding, or to introduce additional compliance-related regulations, could require us to make changes to our operations. Any of the foregoing, or any resulting negative publicity, could have a material adverse effect on our business, financial condition, results of operations and prospects.

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Any failure to effectively obtain, maintain, protect, defend or enforce our intellectual property rights may materially and adversely affect our business, financial condition and results of operations.

Our success partially relies on our capabilities to obtain patents and other intellectual property rights to maintain adequate legal protection for our technologies and solutions in the jurisdictions where we commercialize our solutions. Currently, we rely on a combination of patent, trademark, copyright and other intellectual property protection laws in the jurisdictions where we operate, fair trade practices, contractual arrangements and confidentiality procedures to establish and protect our proprietary technologies, know-how and other intellectual property rights. As of the Latest Practicable Date, we had registered one domain name relating to our business, which is used for our website, 93 software copyrights, 51 patents (including 35 inventions, three utility models and 13 designs) and 53 trademarks in the PRC. See “Business — Intellectual Property.” However, those measures only provide limited protection. We may encounter challenges in filing and prosecuting all necessary or desired patent applications within reasonable costs and timeframes. A failure to timely identify patentable innovations from our R&D activities could lead to a loss of patent protection.

Furthermore, despite our efforts, there is a risk that unauthorized parties may copy, reverse engineer, disclose, obtain, or use our technologies and solutions. Such activities could materially and adversely affect our competitive position. Engaging in legal proceedings to defend our intellectual property could result in substantial costs and adversely affect our business, financial condition and results of operations.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that our employees or third parties have wrongfully used or disclosed alleged trade secrets owned by others.

We rely on trade secrets, including unpatented know-how, technology and other proprietary information in addition to our existing patents and pending patent applications to protect our solutions, enabling us to maintain a competitive position in the market. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or including such undertakings in the agreements with employees and business partners. We also seek to enter into agreements with our employees that obligate them to assign any inventions created during their work for us to us. See “Business — Intellectual Property.”

Despite our efforts, there is no guarantee that intentional or inadvertent unauthorized use or disclosure of our proprietary confidential information will not occur. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement, or misappropriation of our proprietary information, may be limited as to their term, and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. Despite taking legal action against those responsible for unauthorized disclosures, it is possible that a competitor may utilize such disclosure and gain access to our confidential information and exploit it, compromising our competitive position.

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We may be subject to third-party claims on intellectual property which may incur liabilities including financial penalties or injunctions, resulting in significant cost and materially and adversely impact our business operations.

In the competitive vehicle automation industry, third parties may independently develop similar technologies. If we fail to secure intellectual property protection, or a third party files or registers similar technology before us, we could face intellectual property claims that involve substantial legal expenses, divert management attention, damage our reputation, and require us to cease selling, integrating or using products or services involving disputed intellectual property, which could have a material and adverse impact on our business, financial condition, and operational results.

We utilize certain open source software and data, which could pose risks relating to intellectual property and IT vulnerabilities.

Although we develop our core modules in-house to ensure safety and reliability, certain of our software and data, as well as that of our customers and vendors, may be derived from or otherwise incorporate so-called “open source” software and data that is generally made available to the public by its authors and/or other third parties. Some open-source software is made available under licenses that impose certain obligations on us regarding modifications or derivative works we create based upon the open-source software. In the event that the copyright holder of, or other third party that distributes, open-source software alleges that we have not complied with the terms of an open-source license, we could incur significant legal costs defending ourselves against such allegations.

Additionally, we also engage third-party software providers for our operations. During the Track Record Period, the fees we paid to such third-party software providers were RMB1.0 million, RMB0.5 million and RMB2.0 million for the years ended December 31, 2023, 2024 and 2025, respectively. If a third-party software provider has incorporated certain types of open source software into software we license from such third party for our solutions, processes, or technology, we could, under certain circumstances, be required to disclose the source code to our solutions, processes, or technology. This could harm our intellectual property position and adversely affect our business, results of operations, and financial condition.

Further, the use of open-source software can also create vulnerabilities and may require remedial actions that divert resources, materially adversely affecting our business, financial condition and operating results.

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

As global initiatives focus on low-carbon transitions and the PRC moves toward carbon neutrality, the PRC government may introduce new regulations and policies enforcing stricter environmental standards. Such regulations may have a potential impact on us. We have implemented internal policies for environmental, social and governance (ESG) matters, including policies to facilitate compliance with applicable regulations. See “Business – Environmental, Social and Governance.” Despite these efforts, we cannot guarantee the effective implementation of ESG governance protocols, including the identification and mitigation of ESG-related risks. Failure to comply with ESG requirements in a timely manner could materially and adversely affect our business operations, results, and financial condition.

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Our future share-based payments may have a material and adverse effect on our financial performance.

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees. As a result, to incentivize our employees, we may incur share-based payment expenses in the future. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a negative effect on our financial performance.

Failure to renew our current leases at reasonable terms, to locate desirable alternatives, or to register our lease agreements could have an adverse impact on us.

We lease properties for various functions including testing and administration. We generally enter into lease agreements with lease term of three to five years with our lessors. However, we cannot assure you that we would be able to renew the relevant lease agreements, in which case we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption. We may not find suitable alternatives, and if we do, we may be subject to decoration and loss of revenue generated from such relocation and other costs and risks.

Furthermore, under PRC regulations, lease agreements are required to be filed with the relevant government authorities. As of the Latest Practicable Date, eight of our leased properties in Chinese Mainland had not been so registered. Although failure to register does not invalidate the leases, we may be subject to fines ranging from RMB1,000 to RMB10,000 per unregistered lease if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant authorities.

Our insurance coverage may not be adequate to protect us from all business risks, which could subject us to significant costs and business disruption.

We may suffer losses from product liability, accidents, force majeure and other claims for which we may have no insurance coverage. Insurance may be unavailable on acceptable terms due to the risks of our industry, and existing policies may include significant deductibles or self-insured retentions. Uninsured losses, or losses exceeding policy limits, could require substantial payments and materially and adversely affect our business, financial condition and results of operations. In addition, industry actions or inactions could increase insurance costs or reduce coverage availability.

Pandemics and epidemics, natural catastrophic events, terrorist activities, political unrest and other outbreaks could materially and adversely affect our business, financial condition and results of operations, and the extent to which we will be impacted cannot be predicted.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been outbreaks of epidemics globally. We may be required to disinfect our affected premises, which could cause a temporary suspension of certain business operations. A recurrence of an outbreak of COVID-19, H1N1 flu, avian flu or another epidemic could restrict the level of economic activities generally and/or slow down or disrupt our business activities, which could in turn adversely affect our results of operations. We are also vulnerable to natural disasters and other calamities. Although our servers are hosted offsite, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. Any

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fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events could cause interruptions, system failures, data loss or corruption, and could adversely affect our ability to provide services.

RISKS RELATING TO THE JURISDICTION IN WHICH WE OPERATE

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

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. For example, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies.

We are closely monitoring evolving tariff policy and its potential impact on our business operations and financial performance. Beginning in February 2025, the U.S. government imposed a series of tariff increases on Chinese imports under the International Economic Emergency Powers Act (“IEEPA”), prompting retaliatory tariffs from China. On November 1, 2025, the two countries reached a one-year agreement to de-escalate trade tensions. On February 20, 2026, however, the U.S. Supreme Court held that the President lacked authority to impose tariffs under IEEPA, rendering the reciprocal and fentanyl tariffs on Chinese goods *void ab initio*. In response to the court’s ruling, the Trump Administration announced a 10% tariff under Section 122 of the Trade Act, which authorizes the President to impose tariffs up to 15% to address “balance of payments” concerns for a maximum of 150 days. On May 7, 2026, the U.S. Court of International Trade (“CIT”) invalidated the 10% Section 122 Surcharge on the ground that the President exceeded the authority granted by failing to identify a “large and serious balance-of-payments deficit” as required by Section 122. The CIT decision is subject to appeal pending in the Court of Appeals of the Federal Circuit. The Trump Administration may seek to impose additional tariffs under other statutory authorities, including Section 301. See “Business — Regulatory Environment — Tariffs.” U.S. import tariffs only apply to export of physical goods to the United States. Although we had historically exported certain products to the United States, the transaction amounts were minimal. During the Track Record Period, we completed a small number of export transactions with an aggregate contract value of approximately RMB68,300, primarily relating to camera equipment and related accessories. Such exports were immaterial and did not represent a significant portion of our revenue, and we have not had any exports of products to the United States since March 2025. On this basis, while such U.S. tariffs might impact global and regional economy in general and therefore might have an indirect impact on us, our Directors are of the view that such U.S. tariffs currently in force have had limited direct impact on our business, operations and financial performance during the Track Record Period and up to the Latest Practicable Date. In addition, the majority of our customers and suppliers are based in the PRC, and, we currently do not have any planned exports of goods to the United States. On this basis, the Directors are of the view that the U.S. tariffs are not expected to have any material adverse effect on the Group’s business, operations or financial performance in the near future. Based on the Joint Sponsors’ independent due diligence, nothing has come to their attention which would cause them to disagree with the Directors’ view above. However, given the current volatility in U.S.–China trade policy, the risk of further escalation or abrupt policy changes remains significant. As relevant policies are rapidly evolving, forecasting future implications remains challenging.

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Separately, effective from October 30, 2024, the European Commission imposed definitive countervailing duties on imports of battery electric vehicles manufactured in China into the European Union, resulting in total tariff rates ranging from 17.8% to 45.3% depending on the OEM. During the Track Record Period and up to the Latest Practicable Date, the Company did not directly export any ADAS or ADS products to the European Union and did not record any revenue from the European Union in respect of such products. Accordingly, these countervailing duties did not have any direct impact on our products during such period. In addition, we currently have no plan to directly export ADAS or ADS products to the European Union in the near term. On this basis, the Directors are of the view that the EU countervailing duties have not had, and are not expected to have, any material adverse effect on the Group's business, operations or financial performance during the Track Record Period and up to the Latest Practicable Date, or in the near future. However, there can be no assurance that the European Union or other jurisdictions will not expand the scope of tariffs, countervailing duties or other trade protection measures to cover automotive components, software-and-hardware integrated solutions, ADAS products, ADS products or other products and services that we provide. Any such extension would require a separate independent and new anti-subsidy or anti-dumping investigation by the EU Commission. In addition, even though our ADAS and ADS products are not currently subject to the EU countervailing duties, to the extent such tariff measures affect the export plans, production volume, vehicle pricing or procurement decisions of China-based OEM customers that export electric vehicles to the European Union, they may have an indirect impact on demand for our solutions from such customers and on the pace of our overseas market expansion.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce ("**BIS**"). BIS has imposed a series of restrictive measures targeting China's advanced computing and artificial intelligence sectors since October 2022. The EAR includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"). The export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited if a person on the Entity List is a party to the transaction (including as purchaser or end-user), unless the transaction is licensed by BIS. See "Business — Regulatory Environment — U.S. Export Control Laws and Regulations." We are not designated on the Entity List or any other export control or sanctions list maintained by the government of the United States, European Union or any member states thereof, United Kingdom, United Nations, Australia, or other relevant jurisdictions. As advised by DLA Piper, our legal advisor as to international regulatory matters, our products are not subject to the EAR and our dealings with customers and suppliers are not subject to applicable U.S. export controls restrictions. We are also not aware of any instances in which we have failed to comply with applicable export control or sanction laws administered by the United States or other relevant jurisdictions during the Track Record Period and up to the Latest Practicable Date. In particular, during the Track Record Period and up to the Latest Practicable Date, we did not rely, and in the near term do not plan to rely, on any U.S.-origin items subject to heightened U.S. export controls or licensing requirements, such as high-performance GPUs imported from the United States, in our product pipeline. We have also established internal control procedures and policies designed to ensure compliance with applicable export control and sanctions laws and regulations, which have been reviewed and advised on by DLA Piper, as our legal advisor as to international regulatory matters. Based on the above and as advised by DLA Piper, our legal advisor as to international regulatory matters, our Directors are of the view that the current U.S. export control and sanction laws and regulations have not had, and are not expected to have, any material adverse impact on our operations, financial performance or expansion plans. Based on the Joint Sponsors' independent due diligence, the Joint Sponsors concur with the Directors' view above. However, there can be no assurance that the

RISK FACTORS

current and/or future restrictions or regulations implemented by the U.S. government, or authorities in other jurisdictions, and related developments, will not have a negative impact on our business operations or reputation. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from/to us, there is no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers, or that such permits will cover all our existing and potential transactions with such customers and suppliers. We cannot be certain what additional export control or sanctions-related actions the U.S. government may take that could impact our solutions, suppliers or customers.

Key components of our products include DRAM/NAND chips, microprocessors and other semiconductors. There has been a global shortage in the supply of DRAM/NAND chips due to a surge in demand from artificial intelligence data centers which require substantially greater memory capacity and processing bandwidth, and competition from other industries that require manufacturing capacity from the same suppliers. As a result, memory suppliers have, from time to time, prioritized allocations to artificial intelligence and data-center customers, reducing the supply available to the automotive sector. Any such disruptions could, among other things, lead suppliers to increase chip prices, thereby putting pressure on the Group’s profit margins, require the Group to devote additional resources to negotiations with customers, or impact the Group’s delivery schedules, any of which could in turn have an adverse effect on the Group’s business, operations and financial performance.

Furthermore, the United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies. For example, on October 28, 2024, the U.S. Department of the Treasury released a final rule (the “Outbound Investment Rule”), aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. The Outbound Investment Rule took effect on January 2, 2025 and restricts U.S. persons’ certain direct and indirect investment into companies with specified connections to China that engage in specified “covered activities” within three areas of technology: semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems, collectively defined as “covered foreign persons.” Notably, President Trump issued the America First Investment Policy Memorandum on February 21, 2025, which proposes to further expand the set of technologies of concern. On December 18, 2025, President Trump signed into law the National Defense Authorization Act for Fiscal Year 2026 (“NDAA”), including the Comprehensive Outbound Investment National Security Act of 2025 (“COINS Act”). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications, including the addition of “hypersonic systems” and “high-performance computing and supercomputing” sectors. Before the U.S. Treasury issues implementing regulations, the current Outbound Investment Rule remains effective. These rules may limit our ability to engage in certain kinds of business operations; they may also limit our ability to raise capital from U.S. and other sources if we engage in the development of such technologies of concern. As advised by DLA Piper, our legal advisor as to international regulatory matters, our Directors are of the view that the Company, Suzhou Calmcar Electronics Technology Co., Limited, is not a “covered foreign person” as defined in the Outbound Investment Rule because the Company, Suzhou Calmcar Electronics Technology Co., Limited, does not engage in any “covered activity” as defined in the Outbound Investment Rule or otherwise meet the definition of a “covered foreign person” provided in the Outbound Investment Rule. Specifically, although two subsidiaries of the Company may be viewed as engaging in the “development” of “AI systems”, and therefore may themselves constitute “covered foreign persons” under the Outbound Investment Rule, the Company itself does not engage in any “covered activities” and does not derive or incur more than 50 percent of its revenue,

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net income, capital expenditures, or operating expenses from or through such subsidiaries. Accordingly, as advised by DLA Piper, our legal advisor as to international regulatory matters, the Directors are of the view that the Company, Suzhou Calmcar Electronics Technology Co., Limited, would not constitute a “covered foreign person” under the Outbound Investment Rule. Based on the Joint Sponsors’ independent due diligence, the Joint Sponsors concur with the Directors’ view above. However, there is no assurance that Treasury will take the same view. If we were to be deemed a covered foreign person due to changes in our business operations, amendments to relevant laws and regulations or other factors, our ability to raise capital would be significantly and negatively affected. Continuing changes in foreign investment laws and rules in both U.S. and non-U.S. jurisdictions could adversely affect our strategic initiatives, financial performance, and growth prospects.

Furthermore, other countries may continue to adopt semiconductor-focused export controls that could impact our solutions and operations. The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by U.S. Department of the Treasury’s Office of Foreign Assets Control or other relevant authorities in other jurisdictions, may materially and adversely affect our customers’ and suppliers’ ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition.

Developments in the laws and regulations of the jurisdiction in which we operate may affect our business, financial condition and results of operations.

We primarily operate in Chinese Mainland and are subject to a civil law system based on written statutes. Laws and regulations may not cover all aspects of market activities, and their application to our business may continue to evolve. Local authorities have discretion in interpreting and implementing statutory provisions and contractual terms, and local courts may also have discretion to reject enforcement of foreign awards or arbitration awards. Regulatory changes may also be exploited through unmerited legal actions or threats.

Developments in current laws or regulations or the imposition of new laws and regulations in the market where we operate may affect the industry in which we operate and affect our business, financial condition and results of operations.

Developments in the economic, political or social conditions or government policies in the countries and regions where we operate could affect our business, financial condition and results of operations.

A substantial part of our assets and operations are located in China. Accordingly, our business, financial condition and results of operations are affected to a significant extent by the general political, economic and social conditions. Economic conditions, such as inflation, recession, or currency fluctuations, can affect consumer purchasing power and demand for our solutions. Developments in government policies, such as changes in trade policies, tax laws, or regulations, can impact our operational costs, market access, and business strategies. In addition, social conditions, including changes in consumer preferences, social norms, or demographic trends, can also affect the demand for our solutions. In addition, the global macroeconomic environment is facing challenges. For example, the public health event has caused significant downward pressure for the global economy, and many major economies have lowered their expected growth rate. It is unclear whether these challenges will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

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Any discontinuation of preferential tax treatments, government grants or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

Our PRC subsidiaries are incorporated in the PRC and are governed by applicable PRC income tax laws and regulations. The EIT Law and its implementing rules, impose a statutory rate of 25% on PRC enterprises. Under the EIT Law, its implementation regulations and other relevant rules, companies qualified as “High and New Technology Enterprise” are entitled to enjoy a preferential EIT rate of 15%. Certain of our PRC subsidiaries have obtained qualification as High and New Technology Enterprises and were subject to a reduced preferential tax rate of 15% during the Track Record Period. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

In 2023, 2024 and 2025, we recognized government grants of RMB3.9 million, RMB7.6 million and RMB2.0 million as other income, respectively. We did not incur income tax expense during the Track Record Period. 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.

We may also operate in countries and regions overseas in the future. Due to the fact that the tax environment can vary in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our future international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and developments may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

You may have limited recourse in effecting service of legal process or enforcing foreign judgments against us and our management.

We are incorporated in the PRC and the majority of our assets and subsidiaries, and many of our Directors and senior management, are located in the PRC. Cross-border service of legal process may be cumbersome and time-consuming, and the PRC does not have treaties providing for reciprocal recognition and enforcement of judgments with most jurisdictions. As a result, investors outside China may face difficulties in effecting service of process and enforcing non-PRC judgments in the PRC. In addition, although we will be subject to the Listing Rules and the Takeovers Code upon listing, the Takeovers Code does not have the force of law and holders of H Shares generally must rely on the Stock Exchange to enforce the Listing Rules.

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You may be subject to taxation in Chinese Mainland.

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares (“Non-Chinese Resident Individual Holders”), are subject to Chinese individual income tax on dividends received from us. The tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%) depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us.

Under the EIT Law and its implementation regulations, a non-Chinese Mainland resident enterprise is generally subject to EIT rate of 10% with respect to its Chinese Mainland-sourced income, including dividends received from a Chinese Mainland company and gains derived from the disposal of equity interests in a Chinese Mainland company, subject to reductions under any special arrangement or applicable treaty between Chinese Mainland and the jurisdiction in which the non-Chinese Mainland resident enterprise resides. See “Appendix III – Taxation and Foreign Exchange – Taxation of Security Holders – The PRC Taxation.” If such tax is collected in the future, the value of such non-Chinese Mainland resident enterprise holders’ investments in H Shares may be materially and adversely affected.

Fluctuations in exchange rates may result in foreign currency exchange losses or a decrease in our gross profit margin.

We are subject to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities which are denominated in non-RMB and net investment in foreign operations. We recorded net foreign exchange losses of RMB4.3 million, representing 51.6% of our other losses, in 2025. The value of RMB against other currencies may fluctuate, subject to changes resulting from relevant government’s policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rates between the RMB and the U.S. dollar or other currencies in the future.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares prior to this [REDACTED], and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to completion of the [REDACTED], there was no public market for our H Shares, and there can be no guarantee that an active trading market will develop or be sustained. The [REDACTED] is negotiated and may not indicate [REDACTED] trading prices, and the [REDACTED] may fall below the [REDACTED]. Even if [REDACTED], the [REDACTED] and trading volume of our H Shares may be highly volatile due to factors including variations in operating and financial results, pricing policy changes, emergence of new technologies, legal and regulatory developments, political, economic, financial, social developments, strategic alliances or acquisitions, changes in senior management, analyst forecasts or recommendations, credit rating changes, litigation, or removal of trading restrictions.

Furthermore, the business and performance and the [REDACTED] of the shares of other companies engaging in similar business may affect the [REDACTED] and trading volume of our H Shares.

In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

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You will incur immediate and significant dilution and raising additional Shares or other equity securities in the future may cause further dilution or restrict our operation.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider [REDACTED] and issuing additional Shares in the future. To the extent that we raise additional funds through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. [REDACTED] of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Future sales or perceived sales of substantial amount of our H Shares in the public market, especially by our Directors, executive officers and substantial shareholders, could materially adversely affect the prevailing [REDACTED] of our H Shares and our ability to raise capital in the future.

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our H Shares, including any future [REDACTED], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Any possible conversion of Domestic Unlisted Shares into H Shares could increase the supply of H Shares in the market and negatively impact the [REDACTED] of our H Shares.

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, our Domestic Unlisted Shares may be converted into H Shares and such converted H Shares may be [REDACTED] or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders’ approval) have been duly completed and the filing with the CSRC has been completed. In addition, such conversion, trading and [REDACTED] must comply with the regulations prescribed by the State Council’s securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [REDACTED] of all or any portion of our Domestic Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [REDACTED] of H Shares.

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We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official governmental sources contained in this Document.

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industry in which we operate are obtained from the CIC Report, which was commissioned by us, and from official government publications. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, facts, forecasts and statistics from official government sources have not been independently verified by us or any other parties involved in the [REDACTED]. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

There can be no assurance whether and when we will pay dividends in the future.

We have not declared or paid dividends since inception and expect to continue investing to implement growth strategies. Any future dividend declaration and amount will be subject to our Articles of Association and applicable PRC laws and regulations, and may only be paid out of distributable profits as determined under PRC GAAP or IFRS (whichever is lower). Our Board will consider factors including strategy, results of operations, financial condition, investment requirements, market conditions, contractual obligations, taxation and regulatory restrictions. There can be no assurance whether, when or in what form dividends will be paid. See “Financial Information — Dividends.”

Forward-looking information in this Document is subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire Document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

You are strongly advised to read the entire document and not rely on press articles or other media coverage that contains information not disclosed in, or inconsistent with, this document. Prior to completion of the [REDACTED], media coverage may include financial information, projections, valuations or other forward-looking information that is not sourced from or authorized by our Directors or management. Our Directors do not accept responsibility for the accuracy or completeness of such information and make no representation as to its appropriateness, accuracy, completeness or reliability. Investment decisions should be made solely on the basis of the information in this document.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily residents 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 Stock Exchange.

Our management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group’s management is best able to attend to its functions by being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the [REDACTED] of our Company. Our Directors consider that relocating our executive Directors to Hong Kong would be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong to satisfy the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

- (1) We have appointed and will continue to maintain two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives appointed are Mr. Wang Xi (王曦), the chairman of our Board, executive Director and our chief executive officer and Ms. Tao Zhiheng (陶知烜), our secretary of the Board of Directors, chief capital officer and company secretary. Ms. Tao Zhiheng (陶知烜) is situated and based in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;
- (2) As and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;
- (3) Each of our Directors possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;
- (4) We have appointed Guotai Junan Capital Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us; and
- (5) We have provided the Authorized Representatives and the Stock Exchange with the contact details of each Director (including their respective mobile phone numbers, office phone numbers and e-mail addresses).

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the compliance adviser in accordance with the Listing Rules.

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	Address	Nationality

Executive Directors

Mr. Wang Xi (王曦)	2-5-901, Shengdeyuan Community, Bao'an Street, Yong'an Road, Hexi District, Tianjin, the PRC	Chinese

Dr. Wang Ruoyu (王若瑜)	Room 2802, Building 8, Rongchuang Lanyuan, Huanghe Road, Nankai District, Tianjin, the PRC	Chinese

Mr. Yuan Jin (袁晋)	Room 701, No. 119, Lane 988, Dahua Road, Baoshan District, Shanghai, the PRC	Chinese

Ms. Xu Jie (徐劼)	Room 605-6, No. 16, Lane 373, Fushun Road, Shanghai, the PRC	Chinese

Non-Executive Directors

Mr. Li Chengsheng (李程晟)	Room 7B25C, Jinhong Kaixuancheng, Xin'an West Road, Bao'an District, Shenzhen, Guangzhou Province, the PRC	Chinese

Mr. Pang Yi (龐毅)	Room 101, No. 3, Lane 180, Yuyao Road, Jing'an District, Shanghai, the PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent Non-Executive Directors		
Mr. Zhang Ning (張寧)	28A, Block 2, Park Island, Ma Wan, Hong Kong	Chinese (Hong Kong)
Mr. Zhang Weidong (張衛東)	12A, 12F, 18 Conduit Road, Central, Hong Kong	Chinese (Hong Kong)
Dr. BIAN, NING	7-2804 Langshi Guoji, No. 116, Longyang Avenue, Wuhan, the PRC	German

For further details, see the section headed “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

(in alphabetical order)

HSBC Corporate Finance (Hong Kong) Limited

1 Queen’s Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited

62/F
The Center
99 Queen’s Road Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisers to Our Company

As to Hong Kong and U.S. laws:

Jun He Law Offices
7/F, AIA Central
1 Connaught Road Central
Central
Hong Kong

As to PRC laws:

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

As to PRC’s cybersecurity and data protection law:

Jingtian & Gongcheng
45/F, K.Wah Centre,
1010 Huaihai Road (M),
Xuhui District, Shanghai,
PRC

As to international regulatory matters:

DLA Piper Singapore Pte. Ltd.
80 Raffles Place
UOB Plaza 1, #48-01
Singapore

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisers to the Joint
Sponsors and the
[REDACTED]**

As to Hong Kong and U.S. laws:

Simpson Thacher & Bartlett
35/F, ICBC Tower
3 Garden Road
Central
Hong Kong

As to PRC laws:

Grandall Law Firm (Shanghai)
25-28/F, Suhe Centre,
99 North Shanxi Road,
Jingan District, Shanghai,
PRC

**Auditors and Reporting
Accountants**

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway, Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited
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[REDACTED]

CORPORATE INFORMATION

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Nomination Committee	Mr. Zhang Weidong (<i>Chairperson</i>) Dr. BIAN, NING Ms. Xu Jie
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CORPORATE INFORMATION

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Company’s Website

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(A copy of this document is available on the Company’s website. Except for the information contained in this document, none of the other information contained on the Company’s website forms part of this document)

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from a report prepared by CIC, or the CIC Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED] and [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of the vehicle automation solution market in China and globally. We have agreed to pay a fee of RMB530,000 to CIC in connection with the preparation of the CIC Report. We have incorporated certain information from the CIC Report into this section, as well as into “Summary,” “Business,” “Financial Information,” and elsewhere in this document to provide potential investors with a comprehensive presentation of the industries where we operate.

During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information, and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants. The secondary research consisted of analyzing data from various publicly available sources, such as the National Bureau of Statistics.

The CIC Report was compiled based on the following assumptions: (i) the overall social, economic, and political environment in China and globally is expected to remain stable during the forecast period; (ii) the economic and industrial development in China and globally is likely to maintain a steady growth trajectory during the forecast period; (iii) key industry drivers are likely to propel the vehicle automation solution market in China and globally forward during the forecast period; and (iv) the market will not be dramatically or fundamentally affected by any extreme force majeure events or unforeseen industry regulations.

The Directors, upon acting with reasonable prudence, confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction or negative effects since the date of the CIC Report.

GLOBAL AND CHINA’S MASS-PRODUCED SMART VEHICLE INDUSTRY

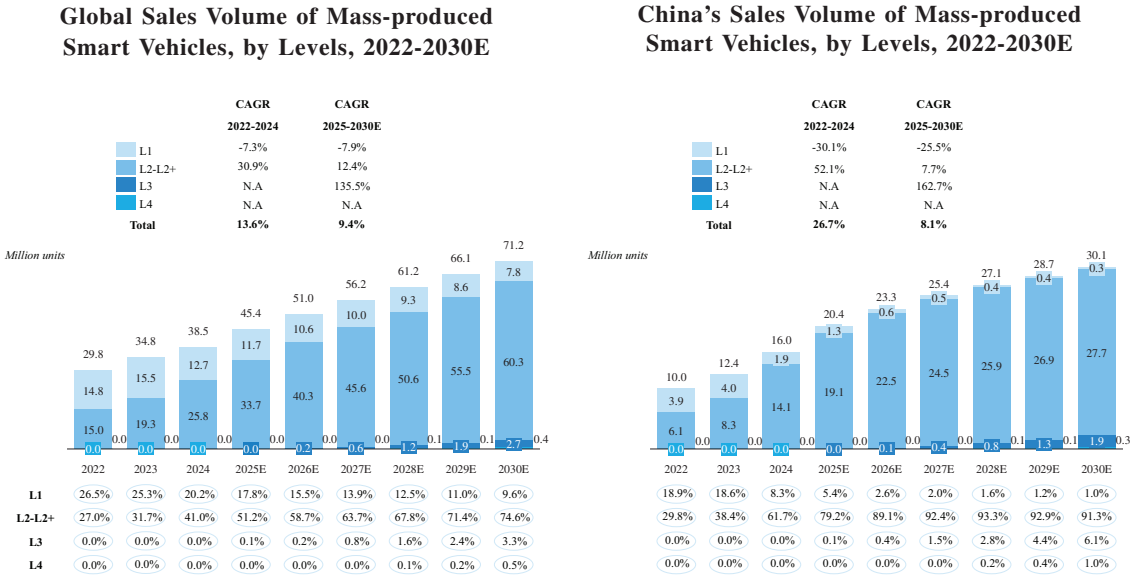
Global sales of new passenger vehicles are projected to exhibit a consistent upward trend, increasing from 55.7 million units in 2022 to 64.8 million units in 2025 and to 80.9 million units by 2030. Within this expanding global market, China remains the world’s largest market, with sales volume of 20.5 million units, 23.0 million units and 30.3 million units in 2022, 2025, and 2030. China remains one of the world’s largest and most important passenger vehicle markets and continues to underpin the development of vehicle automation solutions, despite short-term fluctuations in annual sales. Over the medium to long term, however, the market is expected to remain broadly stable, supported by China’s large replacement demand, continued policy support for trade-in and replacement, and the ongoing

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penetration of new energy vehicles and vehicle automation. Meanwhile, a stronger regulatory framework for L2-L2+ systems is expected to promote safer and more standardized development, enhance consumer confidence and support the long-term commercialization of vehicle automation solutions.

According to SAE, the automation of smart vehicles can range from Level 0 (L0) to Level 5 (L5). At Level 1 (L1), the vehicle assists with either steering or acceleration/braking, while at Level 2 (L2), it can handle both simultaneously, but the driver must remain fully responsible and attentive. As the industry evolves, an intermediate term, Level 2+ (L2+), has emerged to describe enhanced L2 systems. Level 3 (L3) vehicles shift the responsibility of driving and supervision from humans to the vehicle itself, and humans only intervene when the system requests it. Level 4 (L4) and L5 involve driverless vehicles and freeing humans from the need to perform driving tasks. According to CIC, advanced driver assistance systems, or' ADAS, generally refer to vehicle automation functions ranging from L1 to L2.

In 2024, the penetration rates of mass-produced passenger vehicles with L1-L4 functions on smart vehicles reached 61.2% globally and 70.0% in China. Such figures are projected to increase to 88.0% and 99.4% by 2030, respectively. Correspondingly, the global and China's L1-L4 smart vehicle shipments are expected to grow from 38.5 million units and 16.0 million units in 2024 to 71.2 million units and 30.1 million units by 2030, representing a CAGR of 9.4% and 8.1% from 2025 to 2030, respectively. In China, the penetration of ADAS rose from 44.8% in 2022 to 57.1% in 2024, reflecting the rapid growth of ADAS adoption and the market's ongoing transition toward higher levels of driving automation.



Source: OICA, news, expert interviews, industry publications, CIC

Note: penetration rate is calculated by dividing the sales volume of mass-produced vehicles equipped with vehicle automation solutions (segmented by level) by the total sales volume of mass-produced vehicles

Globally, L2-L2+ penetration rate is projected to rise from 41.0% in 2024 to 74.6% by 2030, with sales volume increasing from 25.8 million to 60.3 million units at a CAGR of 12.4% from 2025 to 2030. Driven by intense competition among OEMs, China's leading penetration rate of new energy vehicles, and strong consumer willingness to adopt smart driving features such as NOA, China's L2-L2+ penetration rate is forecast to grow from 61.7% in 2024 to 91.3% in 2030, with sales volume increasing from 14.1 million to 27.7 million units at a CAGR of 7.7% from 2025 to 2030.

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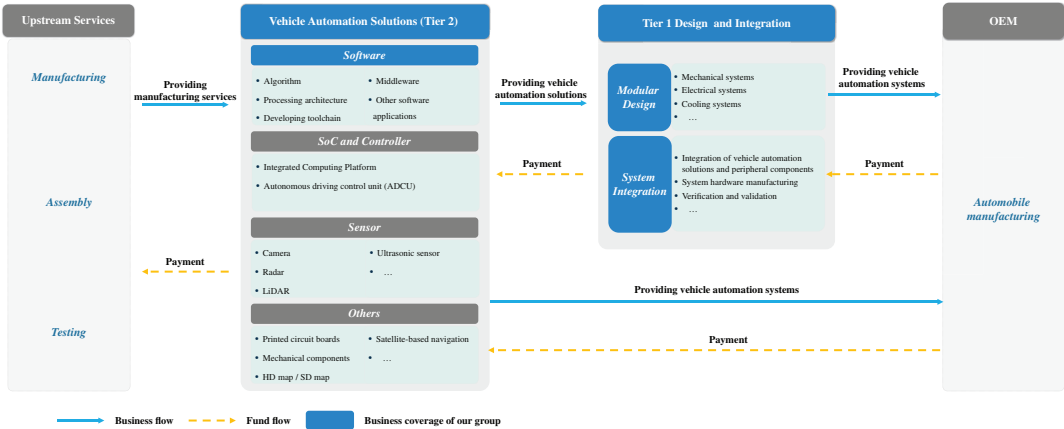
Rising sales of mass-market vehicle models are expected to become the primary driver of L2-L2+ penetration. In 2024, vehicles priced below RMB300,000 account for over 80% of total passenger vehicle sales. Mass-market vehicles refer to passenger vehicles positioned for broad-based consumer demand and mainstream household or individual users. In China, passenger vehicles priced below RMB300,000 are generally regarded as mass-market vehicles, according to CIC, given their over 80% share of passenger vehicle sales and their clear distinction from premium models typically priced above RMB300,000. Declining component costs and improving software performance are accelerating L2-L2+ penetration in mass-market models, supported by the large-scale production of key components and the competitive pricing of domestically produced chips approaching global performance standards. As a result, the share of China’s L2-L2+ smart vehicle shipments priced below RMB300,000 increased from 67.5% in 2022 to 74.9% in 2024 and is expected to further rise to 85.0% by 2028.

GLOBAL AND CHINA’S MASS-PRODUCED VEHICLE AUTOMATION SOLUTIONS INDUSTRY

The chart below illustrates the value chain of vehicle automation solutions. The upstream suppliers mainly include hardware manufacturers who provide manufacturing, assembly and testing services.

The midstream includes Tier-2 vehicle automation solutions providers and Tier-1 Suppliers. Within the vehicle automation solutions, software, SoCs, and controllers are key to vehicle intelligence. Other components like sensors support vehicle perception, decision-making, and control to better interact with surroundings. There are also high-definition maps providing precise environmental information to complement real-time sensor data. Tier-1 Suppliers are responsible for modular design and system integration, including the design of mechanical, electrical and cooling systems, as well as integrating the software and processing hardware with peripheral components.

Value Chain of Vehicle Automation Industry



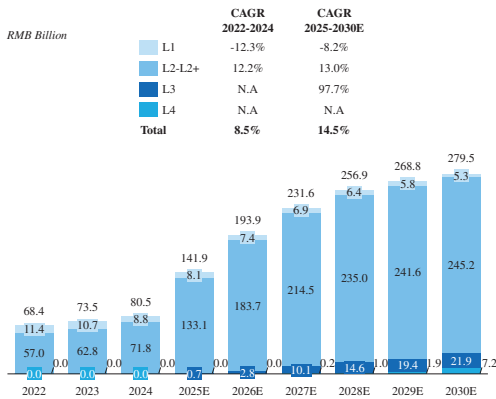
Source: OICA, news, expert interviews, industry publications, CIC

Market Size of Vehicle Automation Solutions Industry

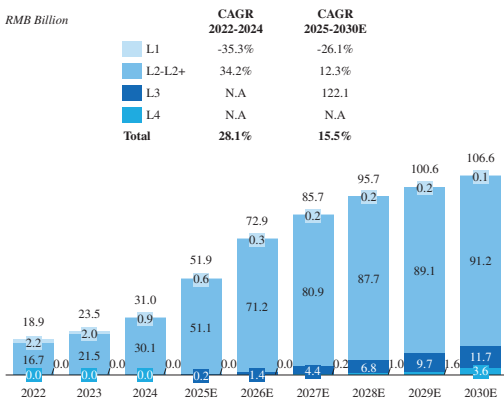
The global market size of vehicle automation solutions is projected to increase from RMB80.5 billion in 2024 to RMB279.5 billion by 2030, representing a CAGR of 14.5% from 2025 to 2030. In parallel, the market size of vehicle automation solutions in China is expected to grow from RMB31.0 billion in 2024 to RMB106.6 billion by 2030, with a CAGR of 15.5% from 2025 to 2030.

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Market Size of Global Mass-produced Vehicle Automation Solutions Market, by Levels, 2022-2030E



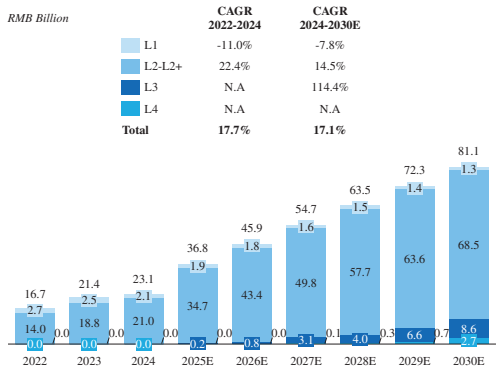
Market Size of China’s Mass-produced Vehicle Automation Solutions Market, by Levels, 2022-2030E



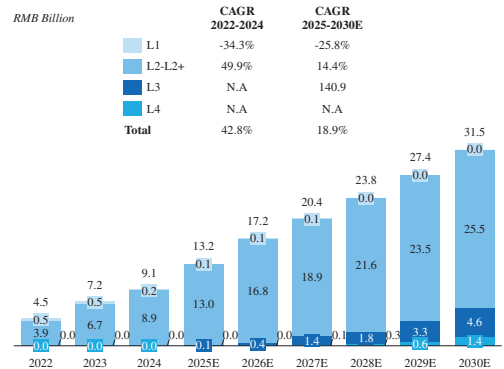
Source: OICA, news, expert interviews, industry publications, CIC

With the maturation of hardware technology, the key to unlock its potential lies in the continuous optimization of software. As a result, the value of software is gaining broader recognition, driving a steady increase in its deployment. The global and China’s mass-produced vehicle automation software solutions markets are expected to grow from RMB23.1 billion and RMB9.1 billion in 2024 to RMB81.1 billion and RMB31.5 billion by 2030, representing CAGRs of 17.1% and 18.9% from 2025 to 2030, respectively.

Market Size of Global Mass-produced Vehicle Automation Software Solutions Market, by Levels, 2022-2030E



Market Size of China’s Mass-produced Vehicle Automation Software Solutions Market, by Levels, 2022-2030E



Source: OICA, news, expert interviews, industry publications, CIC

Drivers and Trends of the Vehicle Automation Industry

- Decreasing solution cost to accelerate market penetration.** Advancements in software have enabled more streamlined hardware configurations, while domestically produced components have reduced costs without compromising performance. As a result, advanced features are increasingly deployed in mass-market vehicle models, which dominate sales, thereby accelerating the penetration of smart vehicles.

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- ***OEMs increasingly favor solutions providers with diverse offerings.*** Intensifying market competition has driven OEMs to seek solution providers with strong engineering capabilities and flexible delivery models. OEMs increasingly prioritise modular and scalable software compatible with diverse chips, sensors and vehicle platforms, enabling efficient development, faster deployment and greater control over system architecture.
- ***Technology development for enhanced user experience.*** Breakthroughs in vehicle automation software, including end-to-end models, simplify the software stack by directly linking sensor inputs to driving actions, reducing system complexity and latency and enabling faster response in dynamic conditions. Building on this, VLA and VLM models enhance multimodal understanding and contextual reasoning, improving the robustness and scalability of L2–L2+ functions (e.g., NOA) across diverse road scenarios.
- ***Policy tailwind to unlock overseas opportunity.*** Several countries have introduced regulations mandating smart driving features such as AEB and DMS in new vehicles, accelerating OEM deployment of basic safety functions worldwide. Clearer regulatory pathways for higher-level functions are creating opportunities for Chinese solution providers with established partnerships with international Tier-1 Suppliers and OEMs.

Key Industry Standards of the Vehicle Automation Industry

Within the vehicle automation solution industry, industry standards provide a common safety and engineering framework to support progress toward higher autonomy. In particular, standards such as ISO 26262, ASIL and SOTIF (ISO 21448), together with cybersecurity and software update requirements, establish structured guidance for hazard identification, safety validation and governance over cyber risks and in-field software changes. Collectively, these standards enhance transparency, traceability and confidence across the supply chain, facilitate regulatory approval, and support faster innovation and broader commercialization of features.

Recent Technology and Policy Development

Currently, the PRC vehicle automation industry is transiting from highway scenarios to complex urban scenarios, and evolving from L2/L2+ (partial automation) toward L3 (conditional automation). These trends are evident in both the technology developments and the implementation status of the regulations. From the technology side, the industry is shifting from rule-based algorithms to data-driven models. Due to the high cost and maintenance challenges of High-Definition (HD) Maps, leading solution providers are aggressively rolling out mapless solutions and Urban NOA functions to reduce reliance on HD maps. Meanwhile influenced by industry benchmarks like Tesla’s FSD V12, top-tier domestic players are actively deploying “End-to-End” neural networks, which process raw sensor data and directly generate driving control commands to enhance performance in complex scenarios. From the regulation side, China has been promoting L3 implementation through a staged licensing and pilot regime. In 2025, China granted conditional admission approvals for the first batch of L3 autonomous driving vehicle models, subject to designated operating entities, road sections, speed limits and scenario restrictions. This indicates that L3 autonomous driving in China is moving from road testing and technology verification toward regulated on-road operation under a controlled licensing framework.

Competitive Landscape of Mass-produced Passenger Vehicle Automation Solutions Market

Vehicle automation solutions are developed by both OEMs’ in-house teams and third-party providers, among which software-focused companies generally offer proprietary algorithms and modular, multi-scenario solutions adaptable to different computing platforms. Among such providers, companies offering both driving and parking solutions tend to demonstrate stronger competitiveness, as integrated solutions enhance module reusability, create R&D synergies and better address OEMs’ demand for system-level capabilities. Software-focused solution providers primarily compete with OEM in-house development teams and traditional Tier-1 Suppliers.

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Compared with OEM in-house development, software-focused players benefit from broader data access and stronger scalability, as deployment across multiple OEM platforms allows them to accumulate more diverse real-world driving data, accelerate algorithm iteration and improve model generalization across vehicle models, regions and scenarios. Compared with traditional Tier-1 Suppliers, software-focused players are more specialized in algorithm development and software architecture, and are therefore generally able to iterate faster, adapt more flexibly to evolving requirements and deploy solutions more efficiently across different hardware platforms. As a result, software-focused players are often better positioned to enhance performance continuously, improve R&D efficiency and support the commercialization of advanced capabilities at scale. As L2-L2+ currently represents the highest level of autonomy available in mass-produced passenger vehicles, we ranked as China’s second-largest software-focused provider of L2-L2+ solutions with both driving and parking capabilities by shipment volume in 2024, and were also the first Chinese solutions provider to deliver L2-L2+ solutions in overseas markets.

Competitive Landscape of software-focused L2-L2+ solution players in China with driving and parking capabilities, in terms of shipment volume in 2024

Solutions providers	Description	Market positioning	Shipment Volume in China, 2024 ’000 units	Market Share %
Company A . . .	Founded in 2016 and headquartered in Beijing, China, Company A is a private company that develops scalable software driving solutions and collaborates with major OEMs for smart vehicle deployments.	Positioned in mid- to high-computing-power solutions, primarily based on foreign-chip platforms.	103.9	14.7%
The Company . /		Positioned as one of the few players with full-range coverage across low-, mid- and high-computing-power solutions, supported by compatibility with both domestic and foreign chip platforms.	101.6	14.3%
Company B . . .	Founded in 2016 and headquartered in Shanghai, China, Company B is a private company providing software and platforms for L2-L2+ solutions.	Positioned in mid- to high-computing-power solutions, with compatibility across domestic and foreign chip platforms.	78.1	11.0%
Company C . . .	Founded in 2016 and headquartered in Shenzhen, China, Company C is a private technology company, specializing in perception systems, domain controllers, and algorithms.	Positioned primarily in mid-computing-power solutions, mainly based on foreign-chip platforms.	43.2	6.1%
Company D . . .	Founded in 2019 and based in Shenzhen, China, Company D is a private company with solutions for both mass-produced passenger vehicles and Robotaxis.	Positioned primarily in high-computing-power solutions, mainly based on foreign-chip platforms.	24.0	3.4%

Across key L2-L2+ performance parameters, our solution demonstrates leading capability in core driving-and-parking outcomes. In lane-change execution, we deliver a >95% lane-change success rate, placing us in the top tier. In automated parking, we combine fast completion time with broad scenario compatibility and an industry-leading parking success rate. We also support an end-to-end architecture, aligning with the more advanced implementations in the peer set. On safety robustness, our AEB false-positive frequency remains low, indicating strong calibration and stability.

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Competitive Landscape of software-focused L2-L2+ solution players in China with driving and parking capabilities, in terms of performance parameters in 2024

Company	Lane Change Success Rate	Parking Time	Compatible Parking Scenarios	Parking Success Rate	End-to-End Architecture	AEB False Positive
	%	second	unit	%	–	times/million kilometers
Company A.	>95%	~35s	300+	>95%	✓	<1
The Company	>95%	~34.5s	300+	>95%	✓	<4
Company B.	>90%	>40s	200+	>90%	x	<4
Company C.	>90%	>40s	200+	>90%	✓	<3
Company D.	>90%	>40s	200+	>90%	✓	<3

Competitive Landscape of software-focused L2-L2+ solution players in China with driving or parking capabilities, in terms of shipment volume in 2024

In the broader L2-L2+ solutions market, we ranked as the fourth largest software-focused L2-L2+ solutions provider in China in 2024, with a 13.1% market share by shipment volume. We also ranked among the top five software-focused solution providers in this market by revenue, with a market share of 8.0% in 2024.

Solutions Providers	Shipment Volume in China 2024	Market Share
	(000 unit)	(%)
Company S	280.6	36.2%
Company U	154.6	19.9%
Company A	103.9	13.4%
The Company	101.6	13.1%
Company W	93.3	12.0%

Notes:

1. Founded in 2019 and headquartered in Beijing, Company S is a private company focused on driving solutions especially on Highway NOA.
Founded in 2013 and headquartered in Shanghai, Company U is a private company focusing on automated parking solutions.
2. Founded in 2001 and headquartered in Hangzhou, Company W is an AIoT company listed on the Shenzhen Stock Exchange, focusing on integrated security and scenario-based digitalization.

Key Success Factors of China’s Vehicle Automation Software Solutions Provider

- **First-mover advantages.** Early entrants in the vehicle automation software market can secure deployment opportunities ahead of competitors and accumulate data for software training and iteration. Large-scale deployment helps amortize R&D costs and improves software through continuous data feedback across diverse road conditions, traffic rules, and driving behaviors, enhancing its generalization and safety performance.
- **Close collaboration with OEMs.** Software is a core enabler of vehicle intelligence, and OEMs have stringent requirements for reliability, safety, and long-term stability that result in multi-year validation cycles of up to 48 months, creating high entry barriers and strong customer stickiness. Close collaboration with OEMs helps software providers align with vehicle development timelines, optimise performance and cost, accelerate feature rollout, and strengthen long-term competitiveness.

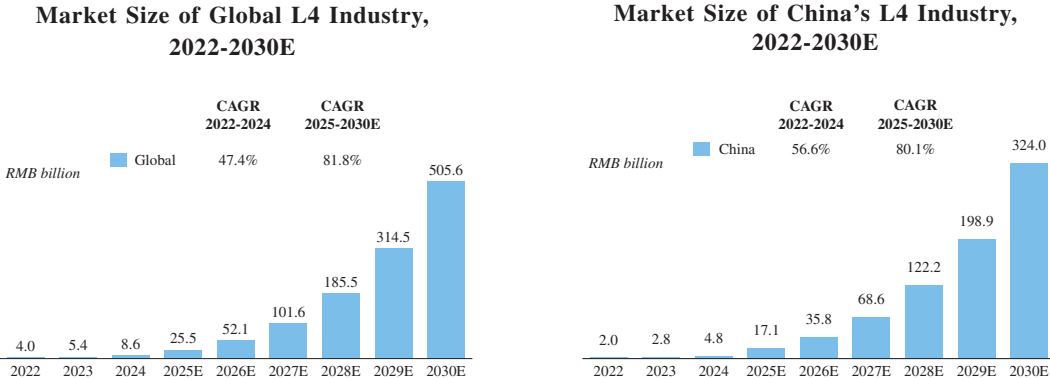
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- **Strong engineering capability.** Leading players have established systematic methodologies across the full process from development to delivery, supported by mass-production experience. These capabilities include standardized and modularized development, cross-SoC deployment, hardware-software optimization and flexible delivery, and are difficult for new entrants to replicate.
- **Overseas deployment capability.** International deployment requires higher technical maturity, greater customization, and adaptation to diverse regulations, driving habits and certification standards. Providers with proven overseas deployment capabilities, including real-vehicle testing, local certification or front-loaded integration with overseas customers, are generally better positioned to build long-term customer relationships, enhance brand visibility and strengthen long-term competitiveness.

GLOBAL AND CHINA’S L4 INDUSTRY

Driven by continuous advancements of L2-L2+ technology in mass-produced passenger vehicle market and the support of favorable policies, new applications in L4 sector, including Robotaxis, Robobuses, Robotrucks and Robosweepers, are also gaining tractions. The global L4 market reached a size of RMB8.6 billion in 2024. China is currently the largest L4 market in the world, with a market size of RMB4.8 billion in 2024. By 2030, the global and China’s L4 markets are projected to grow to RMB505.6 billion and RMB324.0 billion, respectively.

The market size of Robotaxi is expected to grow from RMB 0.2 billion and RMB 0.1 billion both globally and in China in 2024 to RMB 73.5 billion and RMB 39.1 billion in 2030, with its addressable market reaching over RMB 8.5 trillion in 2030. For the Robobus sector, the market size is expected to grow from RMB 0.3 billion and RMB 0.2 billion both globally and in China in 2024 to RMB 41.2 billion and RMB 18.2 billion in 2030, with its addressable market reaching nearly RMB 600 billion in 2030. Meanwhile the Robotruck sector is about to increase from RMB 0.4 billion and RMB 0.4 billion in 2024 to RMB69.5 billion and RMB34.8 billion in 2030, with its total addressable market reaching 29.1 trillion RMB in 2030.



Source: OICA, news, expert interviews, industry publications, CIC

Notes:

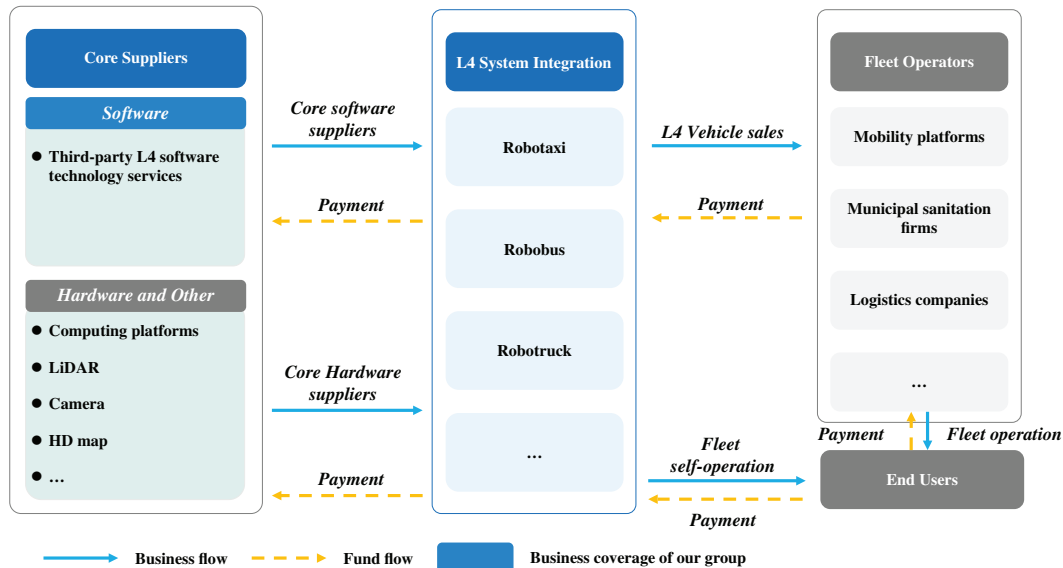
1. Market size refers to the revenue generated by L4 technology companies.
2. Market size includes Robotaxis, Robobuses, Robovans, Robosweepers, Robotrucks, and other scenarios such as autonomous mining trucks.

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Value Chain of L4 Market

The value chain of L4 market can be divided into three segments: upstream suppliers of core components such as computing platforms and sensors, midstream L4 technology companies, and downstream fleet operators and end users. L4 technology companies serve as the core of the value chain and generally operate under three major business models: (1) providing L4 solutions to fleet operators to accelerate their development and deployment; (2) selling complete vehicles integrated with L4 capabilities; and (3) directly offering driverless services to end users, such as mobility, logistics, and cleaning services.

Value Chain of L4 market



Source: News expert interviews, industry publications, CIC

Drivers of the Global and China’s L4 Market

- **Novel business model to facilitate scalable industry growth.** The emergence of independent L4 solutions providers has created new pathways to accelerate large-scale deployment across the L4 ecosystem. Through modular solution design and integrated hardware-software kits, these providers enable other participants to scale L4 fleets more efficiently, lowering entry barriers, accelerating rollout and improving system performance.
- **Imminent market demand.** The worsening labor shortage and rising safety concerns are accelerating demand for L4. In particular, an ageing driver workforce and significant traffic accident losses in China are driving growing demand for L4 automation to improve the long-term sustainability and safety of transportation systems.
- **Policy tailwind:** Favorable regulatory policies have been launched to promote the development and commercialization of L4 technology. In particular, China has issued a series of policies and guidelines such as the *Action Plan for Large-Scale Equipment Upgrades in the Transportation Sector*, promoting autonomous taxis and urban logistics vehicles, accelerating deployment and streamlining regulatory approvals.

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Competitive Landscape of China’s L4 technology companies

The current L4 market is highly competitive, with numerous participants operating across diverse application scenarios. Among them, only a handful have successfully achieved multi-scenario coverage, enabling broader commercialization potential and stronger technological synergies across use cases. In terms of L4 revenue in 2024, we ranked the seventh in China and were among the few top players with coverage across multiple L4 application scenarios.

Company	Description	L4 Revenue, RMB Million	Market Share, %	Application scenarios
Company I . . .	Founded in 2018 and headquartered in Fujian, China, Company I is a private L4 solutions provider specializing in mining trucks	986	20.3%	Autonomous mining truck
Company J . . .	Founded in 2015 and headquartered in Anhui, China, Company J is a private company specializing in robosweepers and robobus.	700	14.4%	Robosweeper
Company K . . .	Founded in 2016 and headquartered in Guangzhou, China, Company K is a company listed on Nasdaq in 2024, focusing on Robotrucks, Robotaxis, and sales of L4 control unit.	510	10.5%	Robotruck, Robotaxi
Company L . . .	Founded in 2015 and headquartered in Beijing, China, Company L is a private company focusing on diverse scenarios including logistics, sanitation vehicles, and others.	470	9.7%	Robosweeper, Autonomous inspection vehicle
Company M . . .	Founded in 2017 and headquartered in Guangzhou, China, Company M is a company listed on Nasdaq in 2024 focusing on Robotaxis, Robosweepers, Robobus, and Robotrucks.	360	7.4%	Robotaxi, Robosweeper, Robobus, Robotruck
Company N . . .	Founded in 2017 and headquartered in Changsha, China, Company N is a private company focusing on autonomous mining trucks	250	5.2%	Autonomous mining truck
The Company .	/	240	4.9%	Robotruck, Robotaxi, Robobus
Company O . . .	Founded in 2019 and headquartered in Beijing, China, Company O is a private company focusing on autonomous mining trucks.	200	4.1%	Autonomous mining truck
Company P . . .	Founded in 2021 and headquartered in Beijing, China, Company P is a private company focusing on the deployment and commercialization of autonomous heavy-duty trucks through truck platooning.	160	3.3%	Robotruck
Company Q . . .	Founded in 2020 and headquartered in Beijing, China, Company Q is a private company focusing on autonomous mining trucks.	150	3.1%	Autonomous mining truck

Competitive Landscape of Robotaxi in China			Competitive Landscape of Robotruck in China			Competitive Landscape of Robobus in China		
Rank	Company	Revenue 2024	Rank	Company	Revenue 2024	Rank	Company	Revenue 2024
		RMB millions			RMB millions			RMB millions
1 . . .	Company R ¹	~62	1	Company K	~263	1	Company M	~70
2 . . .	Company M	~48	2	Company P	~160	2	Company S	~55
3 . . .	Company K	~47	3	The Company	~61	3	The Company	~31
4 . . .	The Company	~37						
5 . . .	Company A	<30						

Notes:

- Established in 2017, headquartered in Beijing, Company R is a public company listed on Nasdaq and Hong Kong Stock Exchange, focusing on Robotaxi.
- Established in 2019, headquartered in Beijing, Company S is a private company focusing on Robobus and mass-production solutions.

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Major Cost Component

The cost of vehicle automation solutions has been steadily decreasing, driven by the rise of domestic suppliers and scaled production of key components. For instance, the unit price of automotive-grade LiDAR, a key sensor commonly used in L2+ and above solutions, decreased from approximately RMB20.0 thousand per unit in 2020 to approximately RMB3.0 thousand per unit in 2024, and is expected to further decline to RMB1.0 thousand to around RMB2.0 thousand per unit by 2030.

Threats and Challenges

The vehicle automation solution industry faces several threats and challenges, including rapid technological iteration, high requirements for safety validation, evolving regulatory and liability frameworks, and intensifying competition from both independent solution providers and OEMs developing capabilities in-house. As solutions progress from basic L2 functions to higher automation, industry participants must continuously invest in algorithm development, real-world data accumulation, simulation and road testing, and engineering adaptation across different vehicle platforms. At the same time, OEMs may exert pricing pressure as advanced driving functions become more widely adopted in mass-market vehicles, while regulatory uncertainty, cybersecurity risks, data compliance requirements and public attention to safety incidents may add complexity to scaled market rollout. As a result, only players with strong software capabilities, scalable engineering delivery, proven safety performance and deep OEM relationships are likely to maintain long-term competitiveness.

REGULATORY OVERVIEW

This section sets forth a summary of the most significant rules and regulations that affect our business activities in the PRC.

REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

The establishment, operation, and management of companies in China are mainly governed by the Company Law of the PRC (《中華人民共和國公司法》) (the “Company Law”), which was promulgated by the Standing Committee of the National People’s Congress of the PRC (the “SCNPC”) on December 29, 1993 and came into effect on July 1, 1994. The Company Law was subsequently amended in 1999, 2004, 2005, 2013, 2018 and 2023. The latest amended Company Law came into effect on July 1, 2024. The Company Law generally governs two types of companies — limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders is limited to the amount of registered capital they committed to contribute. The Company Law also applies to foreign investment companies, subject to other applicable laws on foreign investment.

In March 2019, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “Foreign Investment Law”) was adopted by the second meeting of the 13th National People’s Congress and came into effect on January 1, 2020. On December 26, 2019, the State Council promulgated Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), or the Implementation Regulation, which became effective on January 1, 2020.

The Foreign Investment Law and the Implementation Regulation apply the administrative system of pre-establishment national treatment and negative list to foreign investment, and clarify the state shall develop a catalogue of industries for encouraging foreign investment to specify the industries, fields, and regions where foreign investors are encouraged and directed to invest. Investment activities in the PRC of foreign investors were principally governed by the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》), which was promulgated by the Ministry of Commerce of the People’s Republic of China (the “MOFCOM”) and the National Development and Reform Commission (the “NDRC”) and was replaced by the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the 2024 Negative List, and Catalogue of Industries for Encouraging Foreign Investment (2025 version) (《鼓勵外商投資產業目錄(2025年版)》), or the Encouraging List. The 2024 Negative List sets out special administrative measures in respect of the access of foreign investment and the Encouraging List sets out the encouraged industries for foreign investment. The negative list is subject to review and update by the PRC government from time to time, and the fields that were not included in the negative list shall be regulated according to the principle of equal treatment of domestic and foreign investments.

During our business operations, we are required to obtain and use geographic information data within designated testing areas through test vehicles for the development, verification and debugging of algorithms related to our autonomous driving products. Pursuant to the Surveying and Mapping Law of the People’s Republic of China (《中華人民共和國測繪法》), the Notice of the Ministry of Natural Resources on Promoting the Development of Intelligent and Connected Vehicles and Safeguarding Surveying and Mapping Geographic Information Security (《自然資源部關於促進智能網聯汽車發展維護測繪地理信息安全的通知》) and other relevant laws and regulations, the collection, processing and storage of high-precision map data constitute surveying and mapping activities, for which a Class A Surveying and Mapping Qualification for navigation electronic map making is required. However, under 2024 Negative List, such surveying and mapping qualification falls within the category of industries in which foreign investment is prohibited. To ensure compliance, we have engaged third-party surveying and mapping service providers with the requisite qualifications to obtain the surveying and mapping services required for our operations.

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The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was released by the MOFCOM and the State Administration for Market Regulation (the “SAMR”) on December 30, 2019, and became effective on January 1, 2020. Foreign investors directly or indirectly conducting investment activities within the territory of China shall submit the investment information through submission of initial reports, change reports, deregistration reports, annual reports etc. to the competent commerce authorities in accordance with The Measures on Reporting of Foreign Investment Information.

REGULATIONS ON OVERSEAS LISTINGS

Overseas Listings

On February 17, 2023, China Securities Regulatory Commission, or the CSRC, issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Overseas Listing Trial Measures”), and five relevant supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the “New Regulations on Filing”), which took effect on March 31, 2023. The New Regulations on Filing refine the regulatory system for domestic company’s overseas offering and listing by subjecting both direct and indirect overseas offering and listing activities to the filing-based administration, and clearly define the circumstances where provisions for direct and indirect overseas offering and listing apply and relevant regulatory requirements. According to the Overseas Listing Trial Measures, where a domestic company seeks to directly offer and list securities in overseas markets, the issuer shall file with the CSRC. Initial public offerings or listings in overseas markets shall be filed with the CSRC within three (3) working days after the relevant application is submitted overseas. Failure to complete the filing required by the Overseas Listing Trial Measures may result in a warning and a fine between RMB1 million and RMB10 million as for the domestic entity.

In addition, on February 24, 2023, the CSRC promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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》), or the Confidentiality and Archives Administration Provisions. According to the Confidentiality and Archives Administration Provisions, where a PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall first obtain approval from competent authorities according to law and file with the secrecy administrative department at the same level. To provide accounting archives or copies to relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, a PRC domestic company shall perform the corresponding procedures in compliance with applicable national regulations.

Full Circulation of H Shares

“Full Circulation” refers to listing and circulation of domestic unlisted shares of H-share listed companies on the Stock Exchange, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (“Guidelines for the Full Circulation”), which was amended on August 10, 2023. As regulated in the Guidelines for Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements under relevant laws and regulations and the policies governing state-owned asset administration, foreign investment and industry regulation are met. Meanwhile, the H-share listed company may be entrusted to file the application for “full

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circulation” with the CSRC. An unlisted domestic joint stock company may apply with the CSRC for “full circulation” at the time of its application for initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Pursuant to the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC. Additionally, they are required to entrust the domestic company to file with the CSRC on their behalf.

REGULATIONS ON CYBERSECURITY, DATA SECURITY, PERSONAL INFORMATION PROTECTION AND AUTOMOTIVE DATA SECURITY

Cybersecurity and Data Security

On November 7, 2016, the SCNPC issued the PRC Cybersecurity Law (《中華人民共和國網絡安全法》) (the “Cybersecurity Law”), which was most recently amended on October 28, 2025 and came into effect on January 1, 2026. The Cybersecurity Law requires network operators to establish internal security management systems in accordance with the classified cybersecurity protection regime, including appointing dedicated cybersecurity personnel, taking technical measures to prevent computer viruses, network attacks and intrusions, taking technical measures to monitor and record network operation status and cybersecurity incidents, and taking data security measures such as data classification, backups and encryption. The Cybersecurity Law emphasizes that any individuals and organizations that use networks must not endanger network security or engage in unlawful activities. Any violation of the Cybersecurity Law may subject obligated entities such as network operators to warnings, fines, confiscation of illegal gains, revocation of licenses, shutdown of websites or even criminal liabilities.

On December 28, 2021, the Cyberspace Administration of China (the “CAC”) and several other PRC governmental authorities jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which provide that (i) network platform operators in possession of over one million users’ personal information shall apply with the Cybersecurity Review Office for a cybersecurity review when listing in a foreign country; (ii) operators of “critical information infrastructure” that intend to purchase network products and services that will or may affect national security shall apply for a cybersecurity review; and (iii) network platform operators carrying out data processing that will affect or may affect national security shall apply for a cybersecurity review. The Cybersecurity Review Measures became effective on February 15, 2022 and replaced the Measures for Cybersecurity Review promulgated in April 2020.

On June 10, 2021, the SCNPC issued the PRC Data Security Law (《中華人民共和國數據安全法》), which has taken effect on September 1, 2021. The PRC Data Security Law provides a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility. On September 24, 2024, the State Council published the Network Data Security Management Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025. The Network Data Security Management Regulations provides that data processors conducting the data processing activities that affect or may affect national security shall apply for cybersecurity review in accordance with the relevant laws and regulations.

On July 30, 2021, the State Council promulgated the Regulations for the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021, referring to “critical information infrastructures” as important network facilities and information systems in important industries including public communications and information services, as well as those that may seriously endanger national security, national economy, people’s livelihood, or public interests in the event of damage, loss of function, or data breach. Pursuant to the Regulations for the Security Protection of Critical Information

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Infrastructure, the relevant government authorities are responsible for stipulating rules for the identification of critical information infrastructures with reference to several factors set forth therein and further identifying the critical information infrastructure in the related industries in accordance with such rules. The relevant authorities must also notify operators of the determination as to whether they are categorized as critical information infrastructure operators.

Personal Information Protection

The Civil Code of the PRC (《中華人民共和國民法典》) (the “Civil Code”) that was issued on May 28, 2020 and became effective on January 1, 2021, provides that a natural person’s personal information shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others. The Cybersecurity Law also imposes certain data protection obligations relating to personal information on network operators, including that network operators may not disclose, tamper with, or damage users’ personal information that they have collected, and are obligated to delete unlawfully collected information and to amend incorrect information.

Pursuant to the Ninth Amendment to the Criminal Law (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015, any internet service provider that fails to fulfill the obligations related to the internet information security administration as required by the applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty. Pursuant to the Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which was issued on May 8, 2017, the following activities may constitute the crime of infringing upon a citizen’s personal information: (i) providing a citizen’s personal information to specified persons or releasing a citizen’s personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen’s consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen’s personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen’s personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) (the “Personal Information Protection Law”), which became effective on November 1, 2021. According to the Personal Information Protection Law, personal information refers to any kind of information related to an identified or identifiable natural person as electronically or otherwise recorded, excluding information that has been anonymized. Processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. Processing of personal information shall be for a specified and reasonable purpose and conducted in a way that has the least impact on personal rights and interests. Collection of personal information shall be limited to the minimum scope necessary for achieving the purpose of processing. In addition, the Personal Information Protection Law specifically specifies the rules for processing sensitive personal information, i.e., personal information that, once leaked or illegally used, may easily cause harm to the dignity of natural persons or grave harm to personal or property security. Entities processing personal information shall bear responsibility for their personal information processing activities and adopt the necessary measures to safeguard the security of the personal information. Otherwise, entities processing the personal information will be ordered to correct or suspend or terminate the provision of services, and may be subject to confiscation of illegal income, fines or other penalties.

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Automotive Data Security

On August 16, 2021, the CAC, the NDRC, the Ministry of Public Security of the People’s Republic of China (the “MPS”), the MIIT and the MOT jointly promulgated the Certain Provisions on the Management of Automotive Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》) (the “Automotive Data Security Provisions”), and is intended to regulate the collection, storage, use, processing, transmission, provision, and disclosure of personal information and critical data generated by automobile designers, manufacturers, and service providers throughout the automobile life cycle. The relevant automotive data processors are required to process personal information and critical data in accordance with the applicable laws during the design, manufacture, sale, operation, maintenance and management of automobiles. Processing of personal information by automobile data processors shall be conducted with the consent of the individual or in accordance with other circumstances stipulated by laws and regulations. The State encourages the reasonable and effective utilization of automotive data in accordance with the law, and advocates that automotive data processors adhere to: (i) the principle of in-vehicle processing, and avoid providing automotive data outside the vehicle unless necessary; (ii) the principle of non-collection by default, and set the state of non-collection by default each time unless otherwise set by the driver on his/her own initiative; (iii) the principle of applying the range of accuracy, and determine the coverage and resolution of cameras, radar, etc., based on the requirements of the provided functional service for data accuracy; (iv) the principle of desensitized processing, and anonymize and de-identify the information whenever possible.

The MIIT issued the Notice of the Ministry of Industry and Information Technology on Strengthening Network Security and Data Security of Telematics (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) on September 15, 2021. Accordingly, all manufacturers of intelligent connected vehicles and operators of Telematics service platforms shall establish a network security and data security management system, strengthen security protection, monitor and prevent network security risks and threats, strengthen the security protection capability of Telematics network facilities and network systems, safeguard Telematics communication security, carry out Telematics security monitoring and early warning, enhance the Telematics security emergency response, and promote the Telematics network security protection grading and filing work. The MIIT promulgated the Guidelines for the Construction of Network Security and Data Security Standard System for Telematics (《車聯網網絡安全和數據安全標準體系建設指南》) on February 25, 2022, which clearly defines the security standards and requirements covering the terminal and facility network security, network communication security, data security, application service security, and security guarantee and support.

REGULATIONS ON VEHICLE AUTOMATION, INTELLIGENT CONNECTED VEHICLES AND ROAD TESTING OF INTELLIGENT CONNECTED VEHICLES

Vehicle Automation and Intelligent Connected Vehicles Industry

In 2006, in order to promote the rapid development of China’s automotive product safety technology level, reduce the casualty rate in road traffic accidents, and achieve the goal of building a harmonious automotive society, China Automotive Technology Research Center officially established the C-NCAP (《中國新車評價規程》) based on fully considering the actual situation of road traffic accidents in China, combined with China’s automotive standards, technology, and economic development level. With the smooth implementation and the in-depth study of C-NCAP, China Automotive Technology Research Center has also improved and upgraded the C-NCAP Management Code many times, which has been amended in 2006, 2009, 2012, 2015, 2018, 2021 and 2024. C-NCAP aims at establishing a high standard, fair and objective vehicle safety performance evaluation method to promote the development of vehicle safety technology and pursue higher safety concept, and will rate the pilot with stars based on the overall scoring rate of three aspects: passenger protection, pedestrian protection and active safety.

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On December 27, 2017, the MIIT, the Ministry of Transport of the People’s Republic of China (“MOT”) and the National Standardization Administration jointly released China’s intelligent connected vehicle standard system — the Guidelines for the Construction of the National Connected Vehicle Industry Standard System (Intelligent Connected Vehicles) (《國家車聯網產業標準體系建設指南(智能網聯汽車)》) (the “Guidelines for the Construction”), as amended on July 18, 2023, which make a systematic plan and deployment for China’s intelligent connected vehicle standard system. As of now, the first phase of the construction of the intelligent connected vehicle standard system has been successfully completed. According to the Guidelines for the Construction, the standard framework for intelligent connected vehicles consists of four parts: “Foundation”, “General Specifications”, “Product and Technology Applications”, and “Relevant Standards”. Foundation mainly includes three types of basic standards, such as terminologies and definitions, classification and coding, identifications and symbols of intelligent connected vehicles. General Specifications put forward the overall requirements and specifications from the vehicle level, mainly including function evaluation, human-machine interface, function safety and information safety. Product and Technology Applications mainly cover the functions, performance requirements, and testing methods of core technologies such as information perception, decision warning, auxiliary control, automatic control, and information interaction. Relevant Standards mainly include communication protocols, and technical standards supporting information interaction among vehicles, roads and cloud systems.

In order to implement the National Standardization Development Outline (《國家標準化發展綱要》), MIIT and the National Standardization Administration have jointly revised and improved the Guidelines for the Construction based on the development of the intelligent connected vehicle technology industry, further formed the Guidelines for the Construction of the National Internet of Vehicles Industry Standard System (Intelligent Connected Vehicles) (2023 Edition) (《國家車聯網產業標準體系建設指南(智能網聯汽車)(2023年版)》), which provided that the government will establish a standard system for intelligent connected vehicles that adapts to China’s national conditions and is in line with international standards in stages based on the current status of intelligent connected vehicle technology, industry needs, and future development trends. Furthermore, the government will establish and improve a safety guarantee system, as well as a support system for software, hardware, and data resources. The coordination of international standards and regulations in key areas such as vehicle automation will reach an advanced level.

As one of the priority basic general standards proposed in the guidelines for the construction of the standard system, the Taxonomy of Driving Automation for Vehicles (《汽車駕駛自動化分級》) was promulgated by the State Administration for Market Regulation and the National Standardization Administration on August 20, 2021 and became effective on March 1, 2022, which refers to the corresponding standard of Society of Automotive Engineers, and stipulates that the standards for vehicle automation 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). Specifically, Level 0 requires the driving automation system to have the capability to continuously detect and respond to some objects and events, and when the driver requests the exit of the driving automation system, the control right of the system should be immediately released. Level 1 requires the driving automation system to continuously perform vehicle lateral or longitudinal motion control in a dynamic driving task on the basis of Level 0, and requires the driving automation system to have the capability to detect and respond to some objects and events that matches both lateral or longitudinal motion control of vehicles. Level 2 further requires the driving automation system to satisfy the capabilities matching both lateral and longitudinal motion control of vehicles. Level 3 mainly requires that the driving automation system be able to perform the full range of dynamic driving tasks under its designed operating conditions after activation. Level 4 mainly requires that the driving automation system be able to automatically implement the minimum risk strategy when the relevant event occurs and the user does not respond to the intervention request. Furthermore, Level 5 requires that the driving automation system have no restrictions on the designed operating range, except for commercial and regulatory restrictions and be able to achieve fully automated driving.

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In February 2026, MIIT released the mandatory national standard Intelligent and Connected Vehicles – Safety Requirements for Automated Driving Systems (Draft for Comments) (《智能網聯汽車自動駕駛系統安全要求(徵求意見稿)》), explicitly stipulating for the first time that Level 3 and above automated driving systems must meet the highest level of ASIL-D functional safety requirements. This standard incorporates core modules such as Safety Lifecycle Management and Safety of the Intended Functionality (SOTIF) into the rigorous management system for automotive safety components, requiring enterprises to identify and assess potential functional insufficiencies and performance limitations at the system design stage, and to take effective measures to ensure system safety under various operating conditions. As of the Latest Practicable Date, this standard has not been formally promulgated.

On 1 January 2026, two mandatory national standards came into effect: the Technical Requirements for Vehicle Information Security (《汽車整車信息安全技術要求》), which stipulates that vehicles shall have information security protection capabilities throughout their entire lifecycle, including technical requirements for hardware security, software security, data security and communication security, to prevent network attacks, data leakage and other security risks; and the Intelligent and Connected Vehicles — Data Recording System for Automated Driving (《智能網聯汽車自動駕駛數據記錄系統》), which mandates that Level 3 and above vehicles must be equipped with an Event Data Recorder (EDR, often referred to as a “black box”) to completely retain key data for at least 30 seconds before and after an accident, including vehicle dynamic information, automated driving system status, and driver operation status, to provide technical support for accident liability determination

Regions including Shanghai, Beijing and Tianjin have introduced relevant local regulations, carrying out institutional explorations regarding autonomous driving testing, demonstration and commercial application. Shanghai permits the commercial operation of intelligent and connected vehicles without drivers on board. Beijing has opened commercial pilots for autonomous driving mobility services and designated high-level autonomous driving demonstration zones. Tianjin carries out open testing roads and demonstration applications for intelligent and connected vehicles. These local explorations have accumulated practical experience for the improvement of national-level systems.

Road Testing of Intelligent Connected Vehicles

On 24 March 2021, the Ministry of Public Security promulgated the Road Traffic Safety Law (Revised Proposal Draft) (《道路交通安全法(修訂建議稿)》), which stipulates that road testing of vehicles with automated driving functions shall be conducted on closed roads and within premises with qualified testing, and temporary driving plates shall be obtained, with testing conducted within designated time periods, areas and routes. Those that have passed testing shall be permitted for production, import and sale in accordance with relevant laws and regulations, and those requiring road access shall apply for motor vehicle license plates. As of the Latest Practicable Date, the above provisions of the Road Traffic Safety Law (Revised Proposal Draft) have not been formally adopted.

The MIIT, the MPS and the MOT jointly issued the Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (for Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》) on July 27, 2021, which became effective on September 1, 2021. Any entity intending to conduct road testing of intelligent connected vehicles shall apply to the traffic management department of the public security organ for a temporary license plate for each tested motor vehicle through the evidence and vouchers required by the Provisions on the Registration of Motor Vehicles. To obtain the above-mentioned evidence and temporary license plate, according to the Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (for Trial Implementation), the subject under road testing, the vehicle under road testing, and the driver under road testing must satisfy relevant requirements, including: (i) must be an independent legal entity registered in PRC with the capacity to conduct intelligent connected vehicles-related businesses, which has established

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protocol to test and assess the performance of vehicle automation functionalities and is capable of conducting real-time remote monitor of the vehicle under road testing, and with the ability of event recording, analysis and reproduction of the vehicles under road testing and ensuring the network security of the vehicle under road testing and the remote monitor platforms; (ii) the vehicle under road testing must be equipped with a driving system that can switch between autonomous pilot mode and human operating mode in a safe, quick and simple manner and allow real-time conversion to human operating mode under any circumstance; (iii) the tested vehicle must be equipped with the functions of recording, storing and real-time monitoring the condition of the vehicle and be able to transmit real-time data of the vehicle, such as the driving mode, location and speed; (iv) the applicant entity must sign an employment contract or a labor service contract with the driver of the tested vehicle, who must be a licensed driver with more than three years' driving experience and a track record of safe driving and is familiar with the testing protocol for vehicle automation functionalities and proficient in operating the road testing for vehicles; and (v) the applicant entity must insure each tested vehicle for at least RMB5 million against car accidents or provide a letter of guarantee covering the same. In addition, during testing, the testing entity should post a noticeable identification logo for an intelligent connected vehicle road test on each tested car and should not use self-driving mode unless in the road sections and areas specified in the self-declaration on safety.

On July 30, 2021, the MIIT promulgated the Opinions of the Ministry of Industry and Information Technology on Strengthening the Administration of the Access of Intelligent Connected Vehicle Manufacturers and Products (《工業和信息化部關於加強智能網聯汽車生產企業及產品准入管理的意見》), which provides that enterprises should strengthen data security management ability and network security guarantee ability, strengthen management ability and ensure product production consistency. Moreover, enterprises should strengthen product management: (i) Enterprises should strictly perform the obligation of informing. Where the enterprise produces automobile products with driving assistance and vehicle automation functions, it shall clearly inform the vehicle functions and performance limits, driver responsibilities, human-computer interaction equipment indication information, function activation and exit methods and conditions, and more; (ii) Enterprises should strengthen the safety management of combined driving assistance products; (iii) Enterprises should strengthen the safety management of vehicle automation function products; and (iv) Enterprises should ensure reliable space-time information services.

The MIIT, the MPS, the Ministry of Housing and Urban-Rural Development (the "MOHURD"), and the MOT jointly promulgated the Notice of Implementing the Pilot Program of Access and On-Road Traffic of Intelligent Connected Vehicles (《關於開展智能網聯汽車准入和上路通行試點工作的通知》) on November 17, 2023 (the "2023 Pilot"). Pursuant to the 2023 Pilot, vehicle manufacturers are eligible for carrying out on-road testing for intelligent connected vehicles equipped with vehicle automation functions (referred to as Level 3 function (conditionally automated driving) and Level 4 intelligent driving function (highly automated driving) as provided in the Taxonomy of Driving Automation for Vehicles) and ready for mass production in restricted areas only after passing the product testing and safety assessment conducted by the relevant authorities and obtaining the access approvals from the MIIT. According to the Implementation Guidelines for the Pilot Work on Access and Road Access of Intelligent and Connected Vehicles (《智能網聯汽車准入和上路通行試點實施指南》), if a traffic accident occurs, the vehicle manufacturer, automated driving system developer, infrastructure and equipment provider, safety officer and other relevant entities that are at fault for the traffic accident may be pursued for compensation by the pilot user entity in accordance with the law.

In addition, on November 21, 2023, the MOT issued the Guidelines on Transportation Safety Services for Autonomous Vehicles (for Trial Implementation) (《自動駕駛汽車運輸安全服務指南(試行)》), which provides relevant guidance for vehicles which are capable of performing all dynamic driving tasks under designed operating conditions according to relevant national standards and have obtained the access approvals from the MIIT, including but not limited to, requirements for application scenarios, operators of autonomous vehicles, safety and security, supervision and overall management.

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On February 28, 2026, the MPS issued the Safety Traffic Regulations for Road Testing and Demonstration Application of Intelligent Connected Vehicles (《智能網聯汽車道路測試與示範應用安全通行規範》), which will take effect on July 1, 2026. The regulations stipulate the traffic rules, driving standards, safety requirements, and principles for emergency response and accident liability determination for intelligent connected vehicles conducting road testing and demonstration applications on public roads.

REGULATIONS ON PRODUCT LIABILITY

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and most recently amended on December 29, 2018, it is prohibited to manufacture or sell products that do not comply with the standards and requirements for safeguarding human health and the safety of persons and property. The products must not present any unreasonable risk of endangering the safety of persons and property. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller. Any producer or seller who produces or sells substandard products shall be ordered to stop production or sale, the products illegally produced or sold shall be confiscated, and a fine shall be imposed; If there are any illegal gains, the illegal gains shall be confiscated concurrently; If the circumstances are serious, the business license shall be revoked.

According to the Civil Code, if a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product. If the infringer knows that the product is defective and still produces or sells it, or fails to take effective remedial measures in accordance with the provisions of the Civil Code, resulting in the death of another person or serious damage to the health of another person, the infringed person shall be entitled to claim corresponding punitive damages. If a product is defective due to the fault of a third party, such as a transporter or warehouseman, and causes damage to another person, the producer or seller of the product shall have the right to recover compensation from the third party after making compensation to the infringed person.

REGULATIONS ON IMPORT AND EXPORT OF GOODS

In accordance with the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and amended and effective on April 6, 2004, November 7, 2016, December 30, 2022 and December 27, 2025, respectively, and the Notice on Matters Relating to the Filing of Consignees and Consignors of Imported and Exported Goods (《海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通告》) issued by the General Administration of Customs of the People's Republic of China on January 3, 2023 and effective on the same date, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987, and last amended on April 29, 2021, the consignee of imported goods, the consignor of exported goods, and the owner of inbound and outbound goods are the taxpayers of customs duties. For the imported and exported goods, unless otherwise provided for, customs declaration and tax payment procedures may be completed by the consignee or consignor of the imported and exported goods, or the consignee or consignor of import and export goods may entrust a customs declaration enterprise to complete the customs declaration and tax payment procedures. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the customs in accordance with the law.

REGULATORY OVERVIEW

REGULATIONS ON INTELLECTUAL PROPERTY

Copyright and Software Registration

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) which was promulgated by the SCNPC on September 7, 1990 and implemented on June 1, 1991, and finally revised on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002 and implemented on September 15, 2002, and finally revised on January 30, 2013. Copyright holders enjoy a variety of personal and property rights, including the right of publication, the right of authorship, the right of reproduction, and the right of communication of information on networks.

Pursuant to the Regulation on Computer Software Protection (《計算機軟件保護條例》) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on April 6, 1992 and last amended by the National Copyright Administration on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》), promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementing Regulations of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002 and revised on April 29, 2014, and became effective on May 1, 2014, the Trademark Office of China National Intellectual Property Administration (the “Trademark Office”) is responsible for the registration and administration of trademarks and resolving trademark disputes in the PRC. Registered trademarks are valid for ten years from the date the registration is approved.

Patents

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) (the “Patent Law”), which was promulgated by the SCNPC on March 12, 1984 and revised on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020 respectively, and became effective on June 1, 2021, and the Rules for Implementation of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on January 19, 1985 and most recently revised on December 11, 2023, and became effective on January 20, 2024, the patent administration department under the State Council shall be responsible for the patent-related work in China. It accepts and examines patent applications in a uniform way and grants patent rights in accordance with the law. The Patent Law and its implementation rules provide for three types of patents, namely “inventions,” “utility models” and “designs”. Invention patents are valid for twenty years, utility model patents are valid for ten years, and since June 1, 2021, the validation period for design patents whose application date is after June 1, 2021 has been extended to fifteen years in each case from the date of application.

REGULATORY OVERVIEW

Domain Names

The Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) (the "Domain Name Measures") was promulgated by the MIIT on August 24, 2017, and came into effect on November 1, 2017. According to the Domain Name Measures, any party that has domain name root servers, and the institution for operating domain name root servers, the domain name registry, and the domain name registrar within the territory of the PRC, shall obtain a permit from the MIIT or the communications administration of the local province, autonomous region or municipality directly under the PRC central government. The registration of domain names generally follows a "first-come, first-served" basis and a domain name applicant will become the domain name holder upon the completion of the application procedure.

REGULATIONS ON REAL ESTATES

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986, latest amended on August 26, 2019 and became effective on January 1, 2020, the PRC applies a system of control over the purposes of use of land, including land for agriculture, land for construction and unused land. All units and individuals shall use land in strict compliance with the purposes of use defined in the overall plans for land utilization. Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration and the legally registered ownership and right to the use of land shall be protected by law.

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014 and last amended on March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and last amended on May 21, 2024, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) which was promulgated by the MOHURD on December 1, 2010 and came into effect on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction (real-estate) departments of the municipalities directly under the central government, cities and counties where the leased property is located within 30 days after the lease is executed. The competent construction (real estate) departments of the municipalities directly under the central government, cities and counties shall order the lease record filing to make corrections within a prescribed time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to rectify within the specified time limit.

REGULATIONS ON FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in the PRC are the PRC Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), or the Foreign Exchange Administration Regulations, which were promulgated by the State Council on January 29, 1996, and last amended on August 5, 2008. Under the Foreign Exchange Administration Regulations, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan, or investment in securities outside of China, unless prior approval of the State Administration of Foreign Exchange ("SAFE") or its local counterparts has been obtained.

REGULATORY OVERVIEW

SAFE promulgated the Notice of the State Administration of Foreign Exchange 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, and further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《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, effective on June 9, 2016, which, among other things, amended certain provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign investment company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

On October 23, 2019, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the “SAFE Circular 28”), which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows them to use their capital funds to lawfully make equity investments in China, on the premise of no violation of the existing negative list and the authenticity and compliance with the laws. According to the Circular of the State Administration of Foreign Exchange on Optimizing Administration of Foreign Exchange 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》) (the “SAFE Circular 8”), issued by SAFE on April 10, 2020, on the premise of ensuring that the use of funds is genuine and compliant and in line with the existing regulations on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital account income such as capital funds, foreign debt, fund raising from overseas listings, without providing the authenticity proof materials to the bank in advance for each payment. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial uncertainties.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the “SAFE Circular 21”), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies 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 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.

REGULATIONS ON DIVIDEND DISTRIBUTIONS

Pursuant to the Company Law, when a company distributes its after-tax profits for the current year, it shall set aside 10% of the profits to be included in the company’s statutory reserve. A company may elect not to do so if its aggregate statutory reserve reaches 50% or more of its registered capital. If a company’s statutory reserve is insufficient to cover previous years’ losses, the current year’s profits shall first be used to cover such losses before statutory reserve is set aside. After a company sets aside an amount for statutory reserve from its after-tax profits, it may, subject to a resolution of the shareholders’ meeting, set aside an amount for discretionary reserve from its after-tax profits. Furthermore, the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”) provides that dividends paid by a PRC entity to a non-resident enterprise for income tax purposes is subject to PRC withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with China.

REGULATORY OVERVIEW

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the EIT Law, promulgated by the SCNPC on March 16, 2007, which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, and the Implementation Rules of the EIT Law (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, which became effective on January 1, 2008, and amended on April 23, 2019, a domestic 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 rate of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-Added Tax

Pursuant to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) promulgated on December 25, 2024 and effective as of January 1, 2026 and the Regulations for the Implementation of the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法實施條例》) promulgated on December 25, 2025 and effective as of January 1, 2026, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovable property within the territory of the People's Republic of China, or import goods into the territory of the People's Republic of China, shall be taxpayers of value-added tax and shall pay value-added tax in accordance with the laws. For taxpayers selling goods, processing, repair or fitting services, or tangible movable property leasing services; or importing goods, the tax rate shall be 13%, unless otherwise specified; for taxpayers selling transportation, postal, basic telecommunications, construction, or real estate leasing services, selling real estate, transferring land use rights, or selling or importing specified goods, the tax rate shall be 9%, unless otherwise specified; for taxpayers selling services or intangible assets, the tax rate shall be 6%, unless otherwise specified; for taxpayers exporting goods, the tax rate shall be zero, except as otherwise provided by the State Council; for entities and individuals within China engaging in cross-border sales of services or intangible assets within the scope defined by the State Council, the tax rate shall be zero.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

The Labor Law of the PRC (《中華人民共和國勞動法》), or the Labor Law, which became effective in January 1995 and was last amended on December 29, 2018, and the Employment Contract Law of the PRC (《中華人民共和國勞動合同法》), or the Employment Contract Law, effective in January 2008 and amended on December 28, 2012, require employers to provide written contracts to their employees, restrict the use of temporary workers and aim to give employees long-term job security. Employers must pay their employees' wages equal to or above local minimum wage standards, establish labor safety and workplace sanitation systems, comply with state labor rules and standards, and provide employees with appropriate training on workplace safety.

REGULATORY OVERVIEW

The PRC governmental authorities have passed a variety of laws and regulations regarding social insurance and housing funds from time to time, including, among others, the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Regulation of Insurance for Labor Injury (《工傷保險條例》), the Regulations of Insurance for Unemployment (《失業保險條例》), the Provisional Insurance Measures for Maternal Employees (《企業職工生育保險試行辦法》), the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》).

According to the Social Insurance Law of the PRC, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and other welfare plans. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its formation. It shall also, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employee. Any employer who violates the regulations above shall be ordered to make correction within a prescribed timeframe, and if the employer fails to do so, the employer and its directly liable person will be fined.

According to the Administrative Regulations on the Housing Provident Fund, any newly established entity shall make deposit registration at the housing accumulation fund management center within 30 days as of its establishment. Within 30 days of the date an employee is recruited, the entity shall make deposit registration at the housing accumulation fund management center and seal up the employee's housing accumulation fund account in the bank mentioned above within 30 days from termination of the employment. Any entity that fails to make deposit registration of the housing accumulation fund or fails to open a housing accumulation fund account for its employees shall be ordered to complete the relevant procedures within a prescribed timeframe. Any entity failing to complete the relevant procedure within the timeframe will be imposed a fine of between RMB10,000 to RMB50,000. Any entity fails to make payment of housing provident fund within the timeframe or has shortfall in payment will be ordered to make the payment or make up the shortfall within the prescribed timeframe, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the PRC courts.

The Supreme People's Court has issued the Interpretation (II) on Several Issues Concerning the Application 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的解釋(二)》) (the "Interpretation"), which came into effect on September 1, 2025. The Interpretation clarifies that if an employer and an employee agree or the employee commits to the employer that social insurance contributions are not required, the people's court shall deem such an agreement or commitment null and void. According to our PRC Legal Advisor, (a) the Interpretation does not create any new rules but rather unifies judicial discretion to eliminate inconsistencies in judicial practice across different regions in the PRC, and (b) the Interpretation applies solely to labor litigation, which does not alter the rights and obligations of employers under the Social Insurance Law of the PRC, nor does it increase the administrative penalties for employers who fail to pay social insurance contributions in full.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to March 2016, when Mr. Wang, our founder, chairman and chief executive officer founded our Company. Under the leadership of Mr. Wang, who has substantial technical management experience and valuable industry insights, we offer L2-L2+ and L4 driving solutions and services that addresses the diverse needs of different customers. On October 22, 2025, our Company was converted into a joint stock company with limited liability.

Milestones

The following sets out a summary of our key development milestones:

Year	Milestones
2016	We were established in Suzhou, the PRC. We commenced development of modularized AI perception models. We commenced joint development with ZF ADAS BU on multi-camera perception system.
2017	We launched 360-degree around-view perception system and DMS system based on NVIDIA SoC platform.
2018	We built a driving scenario database for a state-owned OEM in Shanghai for vehicle automation solution development. We received strategic investment from BAIC Capital.
2019	We supported a state-owned OEM in Shanghai on building a L4 Robotruck fleet at Yangshan Port, evidencing our dual-track strategy of L2-L2+ mass-production and L4 solutions. We delivered CalmPilot solution based on Renesas SoC platform on certain vehicle models for a state-owned OEM in Shanghai. We received strategic investment from SAIC Fund.
2020	We delivered CalmPilot solution based on Intel SoC platform on certain vehicle models for an emerging automaker.
2021	We secured design wins for CalmPilot and CalmCockpit solutions from VinFast, marking our official entry into overseas markets. We co-developed ADAS solution with ZF ADAS BU and secured design wins for multiple Zeekr vehicle models. We delivered MPA functions on certain vehicle models for an emerging automaker. We received strategic investment from ZF Holdings B.V., a wholly owned subsidiary of ZF Friedrichshafen AG.
2022	Our CalmCockpit solution passed EU DDAW regulations (2021/1341), first among all peers in China.
2023	We delivered CalmPilot and CalmCockpit solutions on multiple VinFast vehicle models, initiating large-scale deliveries in overseas markets. We launched BEV-based perception system, marking the start of our R&D of end-to-end system. We commercialized L4 Robobus solutions in Suzhou.
2024	We delivered CalmPilot solution on a Swedish high-performance electric vehicle brand as Tier-2 Supplier, marking our expansion into the European market.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestones
	We delivered L4 solutions on CRRC Zhiyu’s Robobuses, accelerating the commercialization of our L4 solutions.
2025	We launched the world’s first L4 Robotaxi (ConnectOne) powered by domestic processing hardware through collaborations with SAIC Maxus and Lenovo Connect. We initiated collaborations with overseas OEMs to co-develop end-to-end NOA system, which directly map raw sensor input to vehicle control actions, across multiple SoC platforms. We received strategic investment from Horizon Robotics and Sensetime.

ESTABLISHMENT AND DEVELOPMENT OF THE COMPANY

A. Establishment of our Company

Our Company was established on March 7, 2016. Upon establishment, the registered capital of our Company was RMB3,000,000 and owned by Mr. Wang, Chen Kun (陳坤), Lu Zhenhua (盧振華), Xie Xiaoliang (謝曉靚), Li Hao (李皓) and Jiang Wenhao (蔣文昊) as to 65%, 10%, 10%, 5%, 5% and 5%, respectively.

B. Changes in the shareholding structure of our Company

Since the establishment of our Company, we have undertaken a series of equity transfers and capital injections.

(i) *Series Angel Investment and equity transfers from December 2016 to November 2017*

- On December 30, 2016 and May 26, 2017, we and our then Shareholders entered into capital increase agreements with three investors (the “**Series Angel Investors**”), namely Tibet FengLong Xinglian Investment Center (L.P.)* (西藏豐隆興聯投資中心(有限合夥)) (“**Tibet FengLong**”), Yang Yanan (楊亞楠) and Ningbo Shenglong Venture Capital Center (LP)* (寧波盛隆創業投資中心(有限合夥)) (“**Prosperity Investment**”), each of whom agreed to subscribe for the increased registered capital of our Company of RMB375,000, RMB62,500 and RMB180,921 at the respective consideration of RMB6 million, RMB1 million and RMB3 million (“**Series Angel Investment**”). After the completion of the Series Angel Investment, our registered capital increased from RMB3,000,000 to RMB3,618,421.
- On December 3, 2016, Lu Zhenhua and Mr. Wang entered into an equity transfer agreement, pursuant to which Lu Zhenhua transferred RMB75,000 of our unpaid registered capital to Mr. Wang for nil consideration. On November 20, 2017, Chen Kun and Mr. Wang entered into an equity transfer agreement, pursuant to which Chen Kun transferred RMB300,000 of our unpaid registered capital to Mr. Wang for nil consideration.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(ii) Series Pre-A Investment and equity transfers in May 2018

- (1) In December 2017, March and July 2018, we and our then Shareholders entered into capital increase agreements (“**Series Pre-A Investment**”) with four investors (the “**Series Pre-A Investors**”). As a result, our registered capital increased from RMB3,618,421 to RMB4,613,488. Details of the subscription as follows:

Name of Series Pre-A Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)
Shenzhen Guozhong Small and Medium Enterprise Development Private Equity Investment Fund Partnership (Limited Partnership)* (深圳國中中小企業發展私募基金合夥企業(有限合夥)) (previously known as SME Development Fund (Shenzhen Limited Partnership)* (中小企業發展基金(深圳有限合夥))) (“ SME Fund ”)	542,764	30,000,000
Unicom Xinwo (Shanghai) Venture Investment Partnership (Limited Partnership)* (聯通新沃(上海)創業投資合夥企業(有限合夥)) (“ Unicom Xinwo Fund ”)	90,461	5,000,000
Jingjiang BAIC Huada Automotive Industry M&A Fund (Limited Partnership)* (靖江北汽華達汽車產業併購基金(有限合夥)) (“ Jingjiang BAIC ”)	180,921	10,000,000
Zhuhai BAIC Huajin Industry Equity Investment Fund (Limited Partnership)* (珠海北汽華金產業股權投資基金(有限合夥)) (“ Zhuhai BAIC ”)	180,921	10,000,000

- (2) On April 9, 2018, Tianjin Tiantong Zhilian Enterprise Management Consulting Partnership (Limited Partnership)* (天津天瞳智聯企業管理諮詢合夥企業(有限合夥)) (“**Tiantong Zhilian**”) was set up, a shareholding platform controlled by Mr. Wang. On May 2, 2018, each of Mr. Wang, Lu Zhenhua, Li Hao, Xie Xiaoliang and Jiang Wenhao entered into an equity transfer agreement with Tiantong Zhilian, pursuant to which they transferred an aggregate of RMB850,330 of our registered capital to Tiantong Zhilian for a nominal consideration of RMB1, based on negotiations between them. Details of the equity transfer are as follows:

Transferor	Transferee	Registered capital transferred (RMB)	Consideration (RMB)
Mr. Wang	Tiantong Zhilian	595,230	1
Lu Zhenhua	Tiantong Zhilian	63,775	1
Li Hao	Tiantong Zhilian	63,775	1
Xie Xiaoliang	Tiantong Zhilian	63,775	1
Jiang Wenhao	Tiantong Zhilian	63,775	1

(iii) Series A Investment and equity transfers from December 2018 to June 2019

- (1) On June 24, 2019, we and our then Shareholders entered into a capital increase agreement (“**Series A Investment**”) with three investors (“**Series A Investors**”). On the same date, Tiantong Zhilian entered into an equity transfer agreement with each of the Series A Investors for the transfer of certain equity interests. For details of these transfers, see paragraph (3) below. After the completion of the Series A Investment, our registered capital increased from RMB4,613,488 to RMB4,999,176. Details of the subscription were as follows:

Name of Series A Investor	Registered capital subscribed for (RMB)	Consideration Paid (RMB)
Beijing Internet of Vehicles Industry Fund* (北京車聯網產業發展基金(有限合夥)) (“ Beijing IoV Fund ”)	207,607	18,000,000
Taizhou Shangqi Qifeng Equity Investment Partnership (Limited Partnership)* (台州尚頤頤豐股權投資合夥企業(有限合夥)) (“ Taizhou Shangqi ”)	108,417	9,400,000
SAIC Technologies Fund II, LLC (“ SAIC Fund ”)	69,664	6,040,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (2) On December 28 and December 26, 2018, each of Lu Zhenhua and Jiang Wenhao entered into an equity transfer agreement with Tiantong Zhilian, respectively, pursuant to which Lu Zhenhua and Jiang Wenhao agreed to transfer RMB161,225 and RMB86,225 of our registered capital, respectively, to Tiantong Zhilian for a consideration of RMB4,193,520 and RMB2,242,800, respectively, determined upon taking into account the status of our Group’s business development at the time. The latest settlement date of the transfers was February 2, 2019.
- (3) On June 24, 2019, Tiantong Zhilian entered into equity transfer agreements with Taizhou Shangqi, Beijing IoV Fund and SAIC Fund, pursuant to which Tiantong Zhilian agreed to transfer an aggregate of RMB252,203 of our registered capital to the Series A Investors for an aggregate consideration of RMB6,560,000, which was determined upon taking into account of the timing of the transfers, the status of our Group’s business development at the time, their strong industry reputation and the synergistic advantages and access to valuable industry resources from them. The latest settlement date of the transfers was April 30, 2020. Details of the equity transfers are as follows:

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	(RMB)
Tiantong Zhilian	Taizhou Shangqi	138,404	3,600,000
Tiantong Zhilian	Beijing IoV Fund	76,891	2,000,000
Tiantong Zhilian	SAIC Fund	36,908	960,000

(iv) *Series B Investment in September 2020 (“Series B Investment”)*

- (1) On September 30, 2020, we and our then Shareholders entered into a capital increase agreement with seven investors (“**Series B Investors**”). After the completion of the Series B Investment, our registered capital increased from RMB4,999,176 to RMB5,249,135. Details of the subscription were as follows:

Name of Series B Investor	Registered capital subscribed for	Consideration paid
	(RMB)	(RMB)
CICFH New Dynamics Investment SPC (“ CICFH ”)	133,311	32,000,000
Tianjin Huacheng Zhiyuan Venture Capital Partnership (Limited Partnership)* (天津華成智遠創業投資合夥企業(有限合夥)) (“ RDM Capital ”)	31,245	7,500,000
Suzhou Shihu Guoyu Innovation and Entrepreneurship Investment Partnership (Limited Partnership)* (蘇州石湖國裕創新創業投資合夥企業(有限合夥)) (“ Wuzhong High-tech Venture I ”)	20,830	5,000,000
Suzhou Shihu Qidian No. 1 Venture Capital Enterprise (Limited Partnership)* (蘇州石湖啟點壹號創業投資企業(有限合夥)) (“ Wuzhong High-tech Venture II ”)	20,830	5,000,000
Taizhou Shangqi	20,830	5,000,000
Shenzhen Jingyuan Venture Capital Partnership (Limited Partnership)* (深圳市金谷元創業投資合夥企業(有限合夥)) (“ Shenzhen Jingyuan ”)	12,498	3,000,000
SAIC Fund	10,415	2,500,000

(v) *Equity transfers from December 2020 to March 2021*

- (1) From December 2020 to March 2021, Tiantong Zhilian entered into equity transfer agreements with nine then Shareholders, pursuant to which Tiantong Zhilian agreed to acquire an aggregate of RMB717,871 of our registered capital for an aggregate consideration of RMB112,325,600, which was determined upon taking into account of

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the timing of the transfers, the status of our Group’s business development at the time and the financial needs of the transferors. The latest settlement date of the transfers was December 31, 2024. Details of the equity transfers are as follows:

Transferor	Transferee	Date of Agreement (day month year)	Registered capital transferred (RMB)	Consideration (RMB)
Jingjiang BAIC	Tiantong Zhilian	30.12.2020	78,737	15,000,000
Xie Xiaoliang	Tiantong Zhilian	30.12.2020	86,225	1,000,000
Zhuhai BAIC.	Tiantong Zhilian	01.01.2021	78,737	15,000,000
Yang Yanan.	Tiantong Zhilian	14.01.2021	62,500	9,525,600
Li Hao	Tiantong Zhilian	24.01.2021	86,225	3,200,000
Prosperity Investment . .	Tiantong Zhilian	03.02.2021	104,983	20,000,000
Taizhou Shangqi	Tiantong Zhilian	03.02.2021	73,488	18,200,000
SAIC Fund	Tiantong Zhilian	03.02.2021	41,993	10,400,000
Beijing IoV Fund	Tiantong Zhilian	31.03.2021	104,983	20,000,000

(vi) Series C Investment and equity transfer in June 2021

- (1) On June 6, 2021, we and our then Shareholders entered into a capital increase agreement (“**Series C Investment**”) with five investors (“**Series C Investors**”). After the completion of the Series C Investment, our registered capital increased from RMB5,249,135 to RMB5,511,592. Details of the subscription were as follows:

Name of Series C Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)
Alpha Win Silkroad Investment Limited (中源絲路投資有限公司) (“ Alpha Win ”)	78,737	60,000,000
ZF Holdings B.V. (“ ZF Holdings ”)	65,614	50,000,000
OCI Global SPC (“ OCI ”)	65,614	50,000,000
Dragonstone New Consumption I Holdings Limited (“ DSNCI ”) . . .	26,246	20,000,000
Zhuhai Zhongke Hongguang Equity Investment Fund (Limited Partnership)* (珠海中科鴻光股權投資基金(有限合夥)) (“ Zhuhai Zhongke ”)	26,246	20,000,000

- (2) On June 6, 2021, Tiantong Zhilian entered into an equity transfer agreement with ZF Holdings, pursuant to which Tiantong Zhilian agreed to transfer RMB419,331 of our registered capital for an aggregate consideration of RMB30,000,000, which was determined upon taking into account of the timing of the transfer, the status of our Group’s business development at the time, its strong industry reputation and the synergistic advantages and access to valuable industry resources from it. The consideration was settled on September 24, 2021.

(vii) Equity transfers in December 2024

- (1) On December 14, 2024, Shenzhen Jingyuan and Tiantong Zhilian entered into equity transfer agreements transferring our registered capital to our existing or new Shareholders pursuant to mutual negotiations, details of which are set out below. All the below transfers have been settled as of the Latest Practicable Date.

Transferor	Transferee	Registered capital transferred (RMB)	Consideration
Tiantong Zhilian	Elite Capital VII Limited Partnership Fund (溢聯七期投資有限合夥基金) (“ Elite Capital ”)	87,037	USD2,819,773
Tiantong Zhilian	Elite Union Capital Management Limited (“ Elite Union ”)	5,563	USD180,227
Tiantong Zhilian	Miracle Creation Investment Limited (“ Miracle Creation ”)	102,039	USD3,052,944
Tiantong Zhilian	DSNCI	131,923	USD3,947,056
Shenzhen Jingyuan . . .	Honour View Holdings Limited (“ Honour View ”)	12,498	RMB3,000,000 eq. in USD

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- (2) On December 3, 2024, Tiantong Zhilian entered into an agreement to transfer RMB220,464 of our registered capital to WX Technology. The consideration for the transfer was RMB16,304,222.19 equivalent in USD.

(viii) Series C+ Investment and equity transfers from September to December 2024

- (1) On September 2, 2024, we and our then Shareholders entered into a capital increase agreement (“**Series C+ Investment**”) with four investors (“**Series C+ Investors**”). After the completion of the Series C+ Investment, our registered capital increased from RMB5,511,592 to RMB5,669,720. Details of the subscription were as follows:

Name of Subscriber	Registered capital subscribed for	Consideration Paid
	(RMB)	
Overseas-Chinese Banking Corporation Limited (“ OCBC ”) . . .	9,716	USD1,181,817
Lion-OCBC Capital Asia IIA Holding Pte. Ltd. (“ OCBC Capital ”)	97,158	USD11,818,183
Wider Link Enterprise Investment Limited (“ Wider Link ”) . . .	36,286	RMB32,000,000 eq. in USD
Suzhou Industrial Park Jina Intelligent Investment Partnership (Limited Partnership)* (蘇州工業園區極納智聯創業投資合夥 企業(有限合夥)) (“ Jimu Capital ”)	14,968	RMB13,200,000

- (2) From September 2024 to December 2024, Alpha Win entered into equity transfer agreements transferring our registered capital to our existing or new Shareholders pursuant to mutual negotiations, details of which are set out below. All the below transfers have been settled as of the Latest Practicable Date.

Transferor	Transferee	Date of agreement	Registered capital transferred (RMB)	Consideration
		(day month year)		
Alpha Win	OCBC	06.09.2024	3,258	USD181,818
Alpha Win	OCBC Capital	06.09.2024	32,579	USD1,818,182
Alpha Win	OCI	25.12.2024	25,195	USD3,000,000

(ix) Series D Investment and equity transfers from March to June 2025

- (1) On June 24, 2025, we, Mr. Wang, Tiantong Zhilian and WX Technology entered into a capital increase agreement (“**Series D Investment**”) with seven investors (“**Series D Investors**”). After the completion of the Series D Investment, our registered capital increased from RMB5,669,720 to RMB6,092,823. The respective subscription amount and consideration paid by the Series D Investors were as follows:

Name of Series D Investor	Registered capital subscribed for	Consideration Paid
	(RMB)	(RMB)
Shanghai Anting Horizon Robotics Transportation Technology Co., Ltd.* (上海安亭地平線智能交通技術有限公司) (“ Horizon Anting ”)	103,945	110,000,000
Tangshan Robotics Industry Investment Fund Partnership (Limited Partnership)* (唐山機器人產業投資基金合夥企業 (有限合夥)) (“ Tangshan Robotics Fund ”)	88,589	93,750,000
Ningbo Shangyi Software Co., Ltd.* (寧波市商毅軟件有限公司) (“ Ningbo Shangyi ”)	66,147	70,000,000

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Name of Series D Investor	Registered capital subscribed for (RMB)	Consideration Paid (RMB)
Jianhu County Juxin Digital Industry Investment Fund Partnership (Limited Partnership)* (建湖縣聚鑫數字產業投資基金合夥企業(有限合夥)) (“ Green Harbor Investment ”) . . .	56,697	60,000,000
Shanghai Lingang Advanced Industry Equity Investment Fund Partnership (Limited Partnership)* (上海臨港先進產業股權投資基金合夥企業(有限合夥)) (“ Lingang Innovation Capital ”)	51,027	54,000,000
Suzhou Wuzhong Robot Industry Investment Partnership (Limited Partnership)* (蘇州吳中機器人產業投資合夥企業(有限合夥)) (“ Wuzhong Financial Holdings I ”)	28,349	30,000,000
Suzhou Wuzhong Taihu Xincheng Equity Investment Partnership (Limited Partnership)* (蘇州吳中太湖新城股權投資合夥企業(有限合夥)) (“ Wuzhong Financial Holdings II ”)	28,349	30,000,000

- (2) From March to June 2025, several of our Shareholders entered into equity transfer agreements transferring our registered capital to our existing or new Shareholders pursuant to mutual negotiations, details of which are set out below. All the below transfers have been settled as of the Latest Practicable Date.

Transferor	Transferee	Date of agreement (day month year)	Registered capital transferred (RMB)	Consideration
ZF Holdings	DSNCI	21.03.2025	55,116	RMB20,000,000 eq. in USD
Alpha Win	Lion X Investment VCC (“ Lion X ”)	21.03.2025	17,705	USD815,000
Zhuhai BAIC	Tiantong Zhilian	31.03.2025	9,842	RMB5,000,000
Jingjiang BAIC	Tiantong Zhilian	31.03.2025	9,842	RMB5,000,000
Tiantong Zhilian	Tangshan Robotics Fund	19.06.2025	19,192	RMB9,750,000
Tiantong Zhilian	Lingang Innovation Capital	19.06.2025	11,811	RMB6,000,000
Unicom Xinwo Fund	Tangshan Robotics Fund	19.06.2025	13,779	RMB7,000,000
Unicom Xinwo Fund	Yangzhou Overseas Chinese Lion Number 2 Equity Investment Partnership (Limited Partnership)* (揚州華 僑獅數二號股權投資合 夥企業(有限合夥)) (“ Overseas Chinese Lion Number 2 ”)	19.06.2025	12,598	RMB7,232,700
Jingjiang BAIC	Tangshan Robotics Fund	19.06.2025	4,921	RMB2,500,000
Zhuhai BAIC	Tangshan Robotics Fund	19.06.2025	4,921	RMB2,500,000
Taizhou Shangqi	Tangshan Robotics Fund	19.06.2025	3,937	RMB2,000,000
Beijing Telematics Fund	Tangshan Robotics Fund	19.06.2025	4,921	RMB2,500,000
Wuzhong High-tech Venture II.	Tangshan Robotics Fund	19.06.2025	9,842	RMB5,000,000

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(x) *Conversion into joint stock limited liability company in October 2025 and [REDACTED] Split*

Pursuant to the Shareholders’ resolutions passed on September 26 and 29, 2025, our Company was converted into a joint-stock company with limited liability and renamed as Suzhou Calmcare Electronics Technology Co., Limited (蘇州天瞳威視電子科技股份有限公司). Pursuant to the said Shareholders’ resolutions, it was agreed that RMB20,000,000 was credited as the registered share capital of our Company and was converted into 20,000,000 Shares of our Company with a nominal value of RMB1.00 each. On October 25, 2025, our Shareholders resolved the [REDACTED] in which the Shares will be split on a one-for-ten basis immediately prior to the [REDACTED].

(xi) *Series D+ Investment and equity transfer in December 2025*

- (1) On September 19, 2025, Tianjin Dongli Economic Development Zone Industrial Development Fund Partnership (Limited Partnership)* (天津東麗經開產業發展基金合夥企業(有限合夥)) (“**Tianjin Dongli**”), our Company, Mr. Wang, Tiantong Zhilian and WX Technology entered into a convertible loan agreement (“**Tianjin Dongli Convertible Loan**”), pursuant to which Tianjin Dongli agreed to provide an interest-free convertible loan to our Company in a total principal amount of RMB29 million; upon the fulfilment of customary conditions precedent, such sum shall be utilised for (i) the subscription of approximately 67,465 new Shares from our Company and (ii) the purchase of approximately 46,846 existing Shares from certain existing Shareholders. The payment of the Tianjin Dongli Convertible Loan was settled on September 30, 2025.

On November 4, 2025, Jiaxing Zhengying Equity Investment Partnership (Limited Partnership)* (嘉興正盈股權投資合夥企業(有限合夥)) (“**Jiaxing Zhengying**”), our Company, Mr. Wang, Qingyuan Tiantong and WX Technology entered into a convertible loan agreement (“**Jiaxing Zhengying Convertible Loan**”), pursuant to which Jiaxing Zhengying agreed to provide an interest-free convertible loan to our Company in a total principal amount of RMB20 million; upon the fulfilment of customary conditions precedent, such sum shall be utilised for the subscription of new Shares from our Company. The payment of the Jiaxing Zhengying Convertible Loan was settled on November 6, 2025.

- (2) On December 22, 2025, we, Mr. Wang, Qingyuan Tiantong and WX Technology entered into a capital increase agreement (“**Series D+ Investment**”) with six investors (“**Series D+ Investors**”). Details of the subscription were as follows:

Name of Series D+ Investor	Number of Shares subscribed for	Consideration Paid
Lion X	92,167	USD4,185,000
Jiaxing Zhengying	62,037	RMB20,000,000 ⁽¹⁾
Jiaxing DeAn Equity Investment Partnership (LP)* (嘉興得安股權投資合夥企業(有限合夥)) (“ Jiaxing DeAn ”) . . .	37,222	RMB12,000,000
Tianjin Dongli	67,465	RMB21,750,000 ⁽²⁾
Soliton Value Creation Fund II LPF (“ Soliton Value ”) . . .	31,019	RMB10,000,000 eq. in USD
Miracle Creation	93,056	RMB30,000,000 eq. in USD

Notes:

- The consideration was settled using the Jiaxing Zhengying Convertible Loan.
- The consideration was settled using the corresponding portion of the Tianjin Dongli Convertible Loan.

- (3) On December 22, 2025, our existing Shareholder, Beijing IoV Fund, entered into a share transfer agreement with Tianjin Dongli, pursuant to which Beijing IoV Fund transferred 46,846 Shares to Tianjin Dongli for a consideration of RMB7.25 million based on negotiations between them. The aforementioned transfer has been settled as of the Latest Practicable Date.

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CAPITALIZATION TABLE

The following table sets out the shareholding structure of our Company as of the relevant date, and the details of the conversion of Domestic Unlisted Shares into H Shares (assuming (i) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED] (ii) [REDACTED] is completed and the [REDACTED] is not exercised):

No.	Name of Shareholder	Number of Shares held as at the Latest Practicable Date	Number of Shares held as at the [REDACTED] (assuming [REDACTED] is completed and [REDACTED] is not exercised)	Approximate shareholding as at the [REDACTED] (assuming [REDACTED] is completed and [REDACTED] is not exercised)	Number of H Shares converted from Domestic Unlisted Shares (assuming the [REDACTED] is completed)	Whether the H Shares will be counted as public float
1 . .	Mr. Wang	5,678,057				No
2 . .	SME Fund	1,781,650				Yes
3 . .	Qingyuan Tiantong ^(Note)	1,756,729				No
4 . .	ZF Holdings	1,412,905				Yes
5 . .	Tibet FengLong	1,230,956				Yes
6 . .	WX Technology ^(Note)	887,812				No
7 . .	DSNCI	700,119				Yes
8 . .	Taizhou Shangqi	624,426				Yes
9 . .	Beijing IoV Fund	526,268				Yes
10 . .	Tangshan Robotics Fund	492,717				Yes
11 . .	CICFH	437,600				Yes
12 . .	Miracle Creation	428,004				Yes
13 . .	OCBC Capital	425,868				Yes
14 . .	Horizon Anting	341,205				Yes
15 . .	OCI	298,085				Yes
16 . .	Jingjiang BAIC	286,964				Yes
17 . .	Zhuhai BAIC	286,964				Yes
18 . .	Elite Capital	285,703		[REDACTED]		Yes
19 . .	Prosperity Investment	249,270				Yes
20 . .	SAIC Fund	246,172				Yes
21 . .	Ningbo Shangyi	217,131				Yes
22 . .	Unicom Xinwo Fund	210,359				Yes
23 . .	Lingang Innovation Capital	206,269				Yes
24 . .	Green Harbor Investment	186,111				Yes
25 . .	Lion X	150,285				Yes
26 . .	Wider Link	119,111				Yes
27 . .	Tianjin Dongli	114,311				N/A
28 . .	RDM Capital	102,563				Yes
29 . .	Wuzhong Financial Holdings I	93,057				Yes
30 . .	Wuzhong Financial Holdings II	93,057				Yes
31 . .	Zhuhai Zhongke	86,154				Yes
32 . .	Wuzhong High-tech Venture I	68,376				Yes
33 . .	Jiaxing Zhengying	62,037				N/A
34 . .	Jimu Capital	49,133				Yes

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No.	Name of Shareholder	Number of Shares held as at the Latest Practicable Date	Number of Shares held as at the [REDACTED] (assuming [REDACTED] is completed and [REDACTED] is not exercised)	Approximate shareholding as at the [REDACTED] (assuming [REDACTED] is completed and [REDACTED] is not exercised)	Number of H Shares converted from Domestic Unlisted Shares (assuming the [REDACTED] is completed)	Whether the H Shares will be counted as public float
35.	OCBC	42,588				Yes
36.	Overseas Chinese Lion Number 2	41,354				Yes
37.	Honour View	41,025		[REDACTED]		No
38.	Jiaxing DeAn	37,222				N/A
39.	Wuzhong High-tech Venture II	36,069				Yes
40.	Soliton Value	31,019				N/A
41.	Elite Union	18,261				Yes
42.	Other public H Shareholders	–				Yes
Total:		<u>20,382,966</u>	<u>[239,799,610]</u>	<u>100%</u>	<u>[199,531,540]</u>	

Note: Tiantong Zhilian has transferred all its Shares to Qingyuan Tiantong and WX Technology, our Employees Shareholding Platforms.

Our PRC Legal Adviser has confirmed that the above mentioned equity transfers, capital increase and joint-stock conversion have been properly and legally completed and settled in all material aspects and all requisite regulatory approvals have been obtained in accordance with the applicable PRC laws and regulations effective at the time in all material respects.

EMPLOYEES SHAREHOLDING PLATFORMS

We have established Qingyuan Tiantong and WX Technology as our Employees Shareholding Platforms. As of the Latest Practicable Date, Qingyuan Tiantong was owned as to approximately (i) 0.01% by Ningbo Tiantong as the general partner; (ii) 15.14% by Dr. Wang Ruoyu, 8.99% by Mr. Yuan Jin and 8.86% by Ms. Xu Jie, our executive Directors, as limited partners; (iii) 12.59% by Mr. Cheng Shiqing, 11.04% by Mr. Song Jianming, 7.72% by Mr. Chen Qiang, our senior management members, as limited partners; and (iv) 35.65% by five other employees of our Company, as limited partners.

On October 24, 2025, Tiantong Zhilian, a shareholding platform controlled by Mr. Wang (by virtue of holding 99% of the shares of Ningbo Tiantong, the general partner and executive partner of Tiantong Zhilian at the relevant time), transferred all its 1,756,729 Shares and 164,128 Shares in our Company to Qingyuan Tiantong and WX Technology, respectively. Immediately prior to the aforementioned transfer, Tiantong Zhilian was owned as to 51% by Mr. Wang, 3% by Dr. Wang Ruoyu (an executive Director), 3% by Mr. Cheng Shiqing (our senior management) and 3% by Mr. Song Jianming (our senior management), respectively, as limited partners, 1% by Ningbo Tiantong as general partner, and the remaining interest held by other independent third parties who were our former employee or consultant, as limited partners.

As of the Latest Practicable Date, WX Technology was owned as to 45.57% by Mr. DU, BO (our senior management), 28.55% by Ms. Tao Zhiheng (our senior management) and 25.88%, by two other individuals, who are current employees of our Company. The sole director of WX Technology is Mr. Wang. As the administrator of the Company’s incentive plan with respect to the shares held by WX Technology, he controls the management decisions of WX Technology.

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Public Float and Free Float

Following the conversion of the Domestic Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming (i) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED] and (ii) the [REDACTED] is completed and the [REDACTED] is not exercised):

- (a) Mr. Wang, our executive Director, directly holds [REDACTED] H Shares and indirectly controls [REDACTED] H Shares through Qingyuan Tiantong and WX Technology; and Mr. Zhang Weidong, our independent non-executive Director, is the ultimate controlling shareholder of Honour View, which holds [REDACTED] H Shares. Both Mr. Wang and Mr. Zhang Weidong will be deemed as our core connected persons and a total of [REDACTED] Shares held by them will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules, representing approximately [REDACTED]% of our share capital in aggregate; and
- (b) other than those in (a) above, a total of [REDACTED] Domestic Unlisted Shares held by 34 Shareholders will be converted into H Shares and listed on the Stock Exchange, and will be counted as part of the public float for the purpose of Rule 19A.13A of the Listing Rules, representing approximately [REDACTED]% of our share capital in aggregate.

For details of the conversion of Domestic Unlisted Shares into H Shares, see “—Capitalization Table” in this section and “Share Capital — Conversion of our Domestic Unlisted Shares into H Shares”.

Pursuant to Rule 19A.13A(1) of the Listing Rules, assuming that (i) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED] and (ii) the [REDACTED] is completed and the [REDACTED] is not exercised, based on an [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], our expected [REDACTED] upon the [REDACTED] is between HK\$[REDACTED] billion and HK\$[REDACTED] billion, and the minimum prescribed public float percentage applicable to our Shares is [REDACTED]%.

As a result, immediately upon completion of the [REDACTED] and the conversion of Domestic Unlisted Shares into H Shares, taking into account [REDACTED] H Shares to be offered pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised), an aggregate of [REDACTED] H Shares will count towards the public float of our Company for the purpose of Rule 19A.13A(1) of the Listing Rules, representing approximately [REDACTED]% of the total issued Shares of our Company, which is in compliance with the requirement under Rule 19A.13A(1) of the Listing Rules.

Based on an [REDACTED] of HK\$[REDACTED] per H Share (being the low end of the indicative [REDACTED] range), the Company will satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules.

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[REDACTED] INVESTMENTS

Our [REDACTED] Investments are summarized below.

	Series Angel Investment	Series Pre-A Investment ⁽³⁾	Series A Investment ⁽³⁾	Series B Investment ⁽³⁾	Series C Investment	Series C+ Investment ⁽³⁾	Series D Investment ⁽³⁾	Series D+ Investment
Date(s) of agreement	December 30, 2016 and May 26, 2017	December 2017, March 2018 and July 2018	June 24, 2019	September 30, 2020	June 6, 2021	September 2, 2024	June 24, 2025	December 22, 2025
Name of investors	Tibet FengLong, Yang Yanan and Prosperity Investment	SME Fund, Unicom Xinwo Fund, Jingjiang BAIC and Zhuhai BAIC	Taizhou Shangqi, Beijing IoV Fund and SAIC Fund	Taizhou Shangqi, SAIC Fund, CICFH, Shenzhen Jingyuan, Wuzhong High-tech Venture I, Wuzhong High-tech Venture II and RDM Capital	ZF Holdings, OCI, Alpha Win, DSNCL and Zhuhai Zhongke	OCBC, OCBC Capital, Wider Link and Jimu Capital	Tangshan Robotics Fund, Ningbo Shangyi, Wuzhong Financial Holdings I, Wuzhong Financial Holdings II, Horizon Anting, Lingang Innovation Capital and Green Harbor Investment	Lion X, Jiaxing Zhengying, Jiaxing DeAn, Tianjin Dongli, Soliton Value, Miracle Creation
Latest settlement date	May 31, 2017	July 31, 2018	November 27, 2019	December 16, 2020	January 28, 2022	June 9, 2025	June 30, 2025	January 30, 2026
Total amount of registered capital/shares subscribed for	618,421	995,067	385,688	249,959	262,457	158,128	423,103	382,966
Total consideration paid (RMB)	10,000,000	55,000,000	33,440,000	60,000,000	200,000,000	137,406,400	447,750,000	123,463,500
Approximate cost per Share (RMB) ⁽¹⁾	0.49	1.68	2.64	7.31	23.21	26.47	32.24	32.24
Discount to the [REDACTED] ⁽²⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] ⁽⁴⁾	[REDACTED] ⁽⁴⁾	[REDACTED]
Basis of valuation and consideration	The consideration of [REDACTED] Investments was determined based on arm’s length negotiations between our Company and the [REDACTED] Investors with reference to our Company’s business development stage, financial performance, the timing of the investments, the prospects of our business, and the valuation at the time of the relevant investment. The valuation for each round of the [REDACTED] Investments were determined based on the operations, performance, and status of our business at the relevant time.							
[REDACTED] from the [REDACTED] Investments. Strategic benefits to our Company.	We utilized most of the [REDACTED] from the [REDACTED] Investments for the development and operation of our principal business and other general working capital purposes. As of the Latest Practicable Date, we had utilized approximately 65% [REDACTED] from the [REDACTED] Investments. Our Directors are of the view that our Group could benefit from the additional capital provided by the [REDACTED] Investors and their knowledge and experience. Most of our [REDACTED] Investors offer us synergistic advantages and access to valuable industry resources. Also, the investments demonstrated confidence in our Group and served as an endorsement of our performance and prospects.							
Special rights	(1) On June 30, 2025, all special rights granted by the Company, such as anti-dilution rights, repurchase rights and liquidation priority rights to the [REDACTED] Investors has been terminated. The repurchase rights granted by the Company had been recorded as financial liabilities. Please refer to note 29 to the Accountants’ Report in Appendix I for more information.							
	(2) Mr. Wang and entities controlled by him granted certain special rights such as anti-dilution rights and repurchase rights to our [REDACTED] Investors, which has been terminated on October 30, 2025, provided that the repurchase rights shall be automatically reinstated upon the earlier of (i) when the Company’s [REDACTED] is withdrawn or officially rejected; (ii) failing to obtain a conditional [REDACTED] approval letter from the Stock Exchange within 18 months after October 31, 2025; or (iii) failing to complete the [REDACTED] within one month of receiving the conditional [REDACTED] approval letter from the Stock Exchange. We confirm that we have not provided any guarantee in respect of these rights and no side agreement existed, and we are not a party to the relevant termination clauses, as such no liability was recorded during the Track Record Period. Please refer to note 34(e) to the Accountants’ Report in Appendix I for more information.							
Lock-up period	Pursuant to the applicable PRC laws, each of the existing Shareholders of the Company (including the [REDACTED] Investors) are subject to a lock-up period of 12 months following the [REDACTED].							

Notes:

- (1) The calculation is based on (i) the amount of consideration paid divided by the number of Shares as adjusted after Capitalization Issue and [REDACTED], and (ii) the exchange rate of USD1 to RMB7.0928 as set out in the section headed “Information about this Document and the [REDACTED]”.

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- (2) The discount percentages are based on an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative range of the [REDACTED]. The calculation is based on the exchange rate of HKD1 to RMB0.8741.
- (3) Apart from the newly issued capital of our Company subscribed for by the investors, there have been equity transfers carried out between our existing Shareholders. For details, please see “— Equity transfers in December 2018 and June 2019”, “— Equity transfers from December 2020 to March 2021”, “— Equity transfers in June 2021”, “— Equity transfers in December 2024”, “— Equity transfers from September to December 2024” and “— Equity transfers from March to June 2025” in this section. Such consideration is excluded from the total consideration paid set out in the above table.
- (4) Although both Series C+ Investment and Series D Investment were settled in June 2025, the parties to each round of investment had done valuation and negotiated the respective considerations at different times prior to the entering of the respective investment agreements, hence the difference in discount to the [REDACTED].

INFORMATION ABOUT THE [REDACTED] INVESTORS

We set out below a description of our principal [REDACTED] Investors, being private equity funds or corporations that have made meaningful investments in our Company.

Guozhong Capital

SME Fund is a limited partnership established in the PRC and is the first physical fund of the China SME Development Fund (國家中小企發展基金). It is managed by its general partner, Shenzhen Guozhong Venture Capital Management Co., Ltd.* (深圳國中創業投資管理有限公司) (“**Guozhong Capital**”), which is in turn controlled by Mr. Shi Anping (施安平), an independent third party. Guozhong Capital has a total asset under management of RMB16 billion, including three sub-funds of the China SME Development Fund and one direct investment sub-fund of the National Green Development Fund (國家綠色發展基金). Guozhong Capital primarily focuses on investments in green, low-carbon and new energy vehicles, semiconductors and electronic information, new materials and advanced manufacturing, healthcare, AI+ and embodied intelligence, artificial intelligence applications, and new display and smart terminal sectors. Guozhong Capital was ranked among the top 20 Chinese venture capital firms in 2024 by Zero2IPO and among the top 16 Chinese venture capital firms in 2024 by ChinaVenture. As at the Latest Practicable Date, to the best of the knowledge of the Directors after making due enquiries, all eight limited partners of SME Fund were independent third parties, of which National SME Development Fund Co., Ltd.* (國家中小企業發展基金有限公司) and Shenzhen Guidance Fund Investment Co., Ltd.* (深圳市引導基金投資有限公司), being the two largest limited partners, each held 25.0% and approximately 24.98% partnership interest in SME Fund, respectively.

ZF Holdings

ZF Holdings is a private limited liability company incorporated under the laws of the Netherlands on June 16, 2017, which is wholly owned by ZF Friedrichshafen AG (“**ZF**”), which in turn was owned as to 93.8% and 6.2% by Zeppelin Foundation a non-profit, statutory, non-independent (without own legal capacity) foundation administered by the City of Friedrichshafen, Germany, and DR. Jürgen and Irmgard Ulderup Foundation, a charitable foundation organized under the laws of Germany. To the best of the knowledge of the Directors after making due enquiries, the shareholders of ZF Holdings were independent third parties. ZF, founded on August 20, 1915, is a global technology company supplying advanced mobility products and systems for passenger cars, commercial vehicles and industrial technology.

Delian Capital

Tibet FengLong is a limited partnership established in the PRC, and is managed by its general partner, Dazi Delian Investment & Management Co., Ltd.* (達孜德聯投資管理有限公司) (“**Delian Capital**”). Delian Capital is wholly owned by Beijing Delian Investment & Management Co., Ltd.* (北京德聯運通投資管理有限公司), which is controlled by Ms. Jia Jing (賈靜), an independent third party. Delian Capital is a venture capital firm with a track record of over a decade, focusing on early-stage investments in technology and healthcare sectors such as intelligent equipment, robotics, AI, semiconductors, biomedicine and medtech. Delian Capital mainly acts as a lead

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investor, having backed over 100 fast-growing and innovative companies, among those, many have evolved into industry unicorns. As at the Latest Practicable Date, to the best of the knowledge of the Directors after making due enquiries, all 11 limited partners of Tibet FengLong were all independent third parties.

Dragonstone Capital

DSNCI is a limited company established in the BVI on April 7, 2021. DSNCI is controlled by Dragonstone Capital Management Limited (龍石資本管理有限公司) (“**Dragonstone Capital**”). Dragonstone Capital is a limited company incorporated in Hong Kong on April 24, 2015 and licensed by the Securities and Futures Commission to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Dragonstone Capital is a comprehensive multi-strategy asset management and finance platform co-owned by, among others, Mr. Xie Guomin, an independent third party, who is a former co-president and executive director of Tencent Music Entertainment Group.

Hengxu Capital

Taizhou Shangqi is a limited partnership established in the PRC and is managed by its general partner, Shanghai Hengxu Chuangling Private Equity Fund Management Co., Ltd.* (上海恒旭創領私募基金管理有限公司) (“**Hengxu Capital**”) and owned as to 49.93% and 45.39% by SAIC Financial Holding Management Co., Ltd.* (上海汽車集團金控管理有限公司) and Huaan Future Asset Management (Shanghai) Co., Ltd.* (華安未來資產管理(上海)有限公司) as its limited partners respectively. As at the Latest Practicable Date, to the best of the knowledge of the Directors after making due enquiries, all the general and limited partners of Shanghai Hengxu were all independent third parties.

Hengxu Capital has managed over RMB 40 billion in assets up to date, and focuses on investment opportunities aligned with China’s industrial transformation and new quality productive forces, particularly in cutting-edge technology, healthcare, and consumption areas. The core team of Hengxu Capital has abundant industrial resources, extensive experience in project management and fund management, and has led investments in many high-quality companies such as Contemporary Amperex Technology Co., Limited, a company jointly listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300750) and on the Stock Exchange (stock code: 3750), Horizon Robotics, a company listed on the Stock Exchange (stock code: 9660) and Jiangsu Tongxingbao Transportation Technology CO., Ltd., a company listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 301339).

BAIC Capital

Jingjiang BAIC is a limited partnership established in the PRC and is managed by its general partner, Shenzhen Anpeng Equity Investment Fund Management Co., Ltd.* (深圳市安鵬股權投資基金管理有限公司) (“**Shenzhen Anpeng**”), which is 100% owned by Beijing Automotive Group Industrial Investment Co., Ltd.* (北京汽車集團產業投資有限公司) (“**BAIC Capital**”), and ultimately controlled by State-owned Assets Supervision and Administration Commission of Beijing Municipal People’s Government (北京市人民政府國有資產監督管理委員會). BAIC Capital has a total asset under management of over RMB38 billion, and primarily invests in the new energy, new materials, semiconductors, intelligent internet connection and automotive components industries.

Zhuhai BAIC is a limited partnership established in the PRC and managed by its general partner, Shenzhen Anpeng.

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Beijing IoV Fund

Beijing IoV Fund is a limited partnership established in the PRC, and is managed by its general partner, Beijing Zijin Daohe Private Equity Fund Management Co., Ltd* (北京紫金道合私募基金管理有限公司) (“**Beijing Zijin**”), which is ultimately controlled by Mr. Zhang Zhiping (張志平), an independent third party. Beijing IoV Fund is established, among other limited partners, by China TransInfo Technology Co., Ltd. (北京千方科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002373) (“**CTFO**”). CTFO is a promoter and practitioner of new transportation infrastructure, an initiator and leader in the vehicle-road collaboration technology approach, and a globally ranked fourth provider of products, solutions, and full-stack capabilities in the AIoT (Artificial Intelligence of Things) field. Beijing IoV Fund is focused on areas related to the next-generation mobile internet-based Internet of Vehicles (IoV), including automotive electronics, IoV platforms, human-machine interaction, remote monitoring, and intelligent transportation technologies.

Tangshan Robotics Fund

Tangshan Robotics Fund is a limited partnership established in the PRC in November 2023, with a total fund size of RMB5 billion. It is managed by Tangshan Jinhong Equity Investment Fund Management Co., Ltd.* (唐山金弘股權投資基金管理有限公司) (“**Tangshan Jinhong**”), a state-owned private equity fund management institution under Tangshan Financial Development Group Co., Ltd.* (唐山金融發展集團有限公司) (“**Tangshan Financial**”), with assets under management exceeding RMB15.5 billion. The fund focuses on high-quality projects in the robotics and upstream and downstream supply chains. As of the Latest Practicable Date, Tangshan Robotics Fund is owned as to 0.2% by Tangshan Jinhong as its general partner and owned as to 59.8% and 40.0% by its limited partners, Tangshan Innovation and Development Co., Ltd.* (唐山創新發展有限公司) (“**Tangshan Innovation**”) and Tangshan Financial respectively. As at the Latest Practicable Date, Tangshan Jinhong is owned as to 51.0% by Tangshan Agriculture Development Investment Co., Ltd.* (唐山農業發展投資有限責任公司), which in turn is wholly owned by Tangshan Financial, while 49% by Tangshan Financial, which is wholly owned by Tangshan City Development Group Co., Ltd.* (唐山市城市發展集團有限公司), and in turn wholly owned by State-owned Assets Supervision and Administration Commission of Tangshan Municipal People’s Government (唐山市人民政府國有資產監督管理委員會). As at the Latest Practicable Date, Tangshan Innovation was ultimately owned by Tangshan High-tech Industrial Development Zone Management Committee* (唐山高新技術產業開發區管理委員會).

OCBC and OCBC Capital

OCBC is a company incorporated in Singapore and whose shares are listed on the SGX (stock code: O39). OCBC is the Singapore’s longest established bank and the second-largest financial services group in Southeast Asia by assets. OCBC operates as an integrated financial services group consisting of Banking, Wealth Management, Insurance and Asset Management, offering the most comprehensive coverage across ASEAN and Greater China.

OCBC Capital is a company incorporated in Singapore and is the investment holding vehicle wholly owned by Lion-OCBC Capital Asia Fund II, L.P. (“**LOCAF II**”). LOCAF II’s general partner is LionGlobal Capital Partners II Pte, Ltd., a subsidiary of Lion Global Investors Limited, which in turn is a subsidiary of OCBC. LOCAF II is a private equity fund focusing on growth stage investment in Singapore, Malaysia, Indonesia and China.

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CICFH

CICFH is a segregated portfolio company incorporated in the Cayman Islands with limited liability, whose management shareholder is CIFH International Holdings Limited. CIFH International Holdings Limited is ultimately controlled by China Investment Financial Holdings Fund Management Company Limited* (中投中財基金管理有限公司) (“**CIFH**”). CIFH is a registered private fund manager in the PRC mainly focusing on industrial investment. Mr. Tang Liang (唐亮), an independent third party, through his 99%-owned Zhongzhi (Hainan) Holdings Co., Ltd.* (仲智(海南)控股有限公司), indirectly holds approximately 38.46% of total equity interest of CIFH.

Further information about our other [REDACTED] Investors

The below sets out further information about our other [REDACTED] Investors who also provide strategic benefits to us with their investments:

Horizon Robotics

Horizon Anting is a company established under the laws of the PRC with limited liability, and is wholly owned by Horizon Robotics, a company listed on the Stock Exchange (stock code: 9660). Horizon Robotics is a leading intelligent assisted driving technology company, empowered by its proprietary software and hardware technologies. The company’s solutions combine cutting-edge algorithms, purpose-built software and advanced processing hardware, providing the core technologies for intelligent assisted driving that enhance the safety and experience of drivers and passengers.

SAIC Fund

SAIC Fund is a limited liability company incorporated in Delaware, the United States and is ultimately controlled by SAIC Motor Corporation Limited (上海汽車集團股份有限公司)(“**SAIC Motor**”), a company listed on the Shanghai Stock Exchange (stock code: 600104). According to its 2024 annual report, the controlling shareholder of SAIC Motor is Shanghai Automotive Industry (Group) Co., Ltd.* (上海汽車工業(集團)有限公司), which was in turn controlled by State-owned Assets Supervision and Administration Commission of Shanghai Municipal People’s Government. (上海市國有資產監督管理委員會). SAIC Motor’s business primarily covers complete vehicles, components, mobility services, finance, international operations, and innovative technology. This has led to a business structure where the vehicle segment takes the lead, with the six major segments closely collaborating, empowering each other and developing synergistically.

Sensetime

Ningbo Shangyi is a limited liability company established in the PRC on January 18, 2018, and is wholly owned by Shenzhen Sensetime Technology Co., Ltd. (深圳市商湯科技有限公司) which in turn is controlled by SenseTime Group Limited (商湯集團有限公司) and is ultimately controlled by SenseTime Group Inc. (商湯集團股份有限公司), a company listed on the Stock Exchange (stock code: 0020), a leading AI software company providing AI technologies. The principal activities of SenseTime Group Inc. include the sale of advanced AI software platform and related services, sale of AI software-embedded hardware and related services, artificial intelligence data center service as well as research and development activities in relation to AI technology.

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Unicom Xinwo Fund

Unicom Xinwo Fund is a limited partnership established in the PRC on March 24, 2016, and is managed by its general partner, China Unicom Xinwo Venture Capital Management (Shanghai) Co., Ltd. (“**Unicom Xinwo VC**”) (聯通新沃創業投資管理(上海)有限公司). Unicom Xinwo VC is a licensed fund manager controlled by China United Network Communications Group Co., Ltd.* (中國聯合網絡通信集團有限公司) (“**China Unicom**”). Unicom Xinwo VC has total assets under management exceeding RMB10 billion. China Unicom is a company focusing on providing telecommunication network business.

Wider Link

Wider Link is a company incorporated in Hong Kong and is wholly owned by Mr. Xu Gangwu (徐鋼武), an independent third party, who is a member of the founding team of Tencent Holdings Limited (“**Tencent**”), a company listed on the Stock Exchange (stock code: 700). Wider Link is co-managed by Mr. Xu and his former colleague, Mr. Jing Tao (荆濤), who is also a member of the founding team of Tencent and an independent third party. Wider Link focuses on investing companies in the areas of intelligent driving and intelligent vehicles, semiconductors, new materials, commercial aerospace and biomedicine, and has invested in more than 50 enterprises with technological innovation ability, high growth and high development potential.

Lion X Ventures

Lion X Investment VCC is a variable capital company incorporated in Singapore. It is controlled by Lion X Ventures Pte. Ltd. (“**Lion X Ventures**”). Lion X Ventures is ultimately controlled by Ms. Guo Yanni (郭燕妮), an independent third party. Lion X Ventures focuses on investing in high-growth technology companies across Southeast Asia and North Asia, particularly in sectors such as artificial intelligence, semiconductors, digital infrastructure, fintech, and healthcare technology. Lion X Ventures is managing capital from Southeast Asian countries such as Singapore, Korea, Indonesia and Malaysia, etc. Through its regional network, Lion X Ventures seeks to identify and empower innovative enterprises.

Compliance with [REDACTED] Investment Guidance

On the basis that (i) the [REDACTED] will take place no earlier than 120 clear days after completion of the [REDACTED] Investments; and (ii) all special rights granted to the [REDACTED] Investors have been terminated, the Joint Sponsors are of the view that the [REDACTED] Investment is in compliance with Chapter 4.2 under the Guide.

OUR SUBSIDIARIES

As at the Latest Practicable Date, we have established 13 subsidiaries in the PRC and Hong Kong. See note 37 of the Accountants’ Report in Appendix I to this document for the principal business activities, date and place of establishment of our subsidiaries.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Acquisitions during the Track Record Period

Minority Investment in Chuzhou Fund

Pursuant to a transfer agreement dated September 24, 2025, we acquired from Overseas Chinese Lion Number 2 of approximately 5.77% of the unpaid equity interests in Chuzhou Lion City Lude Venture Capital Fund Partnership (Limited Partnership)* (滁州獅城鹿得創業投資基金合夥企業(有限合夥)) (“**Chuzhou Fund**”) for a nominal value of RMB1 and assumed the obligation to pay up RMB17.3 million, being the amount payable to Chuzhou Fund for injection of its corresponding registered capital. We believe the acquisition of a minority interest in Chuzhou Fund would create synergy across intelligent ecosystems and there is strong market growth potential in Chuzhou Fund. Our Directors believe that the terms of the acquisition in Chuzhou Fund are fair and reasonable and in the interests of our Company and its Shareholders as a whole. As of the Latest Practicable Date, the Company held approximately 4.94% of the equity interests in Chuzhou Fund due to further capital injection by other investors in Chuzhou Fund.

As of the Latest Practicable Date, the general partner of Chuzhou Fund is Yuxin Shicheng (Xiamen) Private Equity Fund Management Co., Ltd* 宇新獅城(廈門) 私募基金管理有限公司, which ultimate beneficial owner is Ms. Guo Yanni (郭燕妮), an independent third party. To the best knowledge, information and belief of our Directors, having made all reasonable enquiries, the limited partners of Chuzhou Fund and their respective ultimate beneficial owner are independent third parties.

Minority Investment in Guangzhou Zhiti

Pursuant to a capital increase agreement dated September 16, 2025 with Guangzhou Zhiti Technology Co., Ltd.* (廣州智體科技有限公司) (“**Guangzhou Zhiti**”) and its shareholders, we agreed to subscribe for 2% of the equity interests in Guangzhou Zhiti for a consideration of RMB2,000,000. The basis of consideration was determined after arm’s length negotiations between the parties with reference to, among others, the business prospects of Guangzhou Zhiti, as well as the internal valuation of Guangzhou Zhiti based on the available information provided at the time of signing.

As of the Latest Practicable Date, the controlling shareholders of Guangzhou Zhiti are Liang Xiaohui (梁曉輝), Chen Rongbo (陳榮波), Lin Kaiping (林凱平) and Guangzhou Zhitu Technology Limited Partnership* (廣州智途科技合夥企業(有限合夥)). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the controlling shareholders of Guangzhou Zhiti and their respective ultimate beneficial owners are independent third parties.

Confirmations

Our Directors have confirmed that none of the applicable percentage ratios as stipulated under the Listing Rules of the above-mentioned acquisitions exceeds 25%. Accordingly, each acquisition of minority interest in Chuzhou Fund and Guangzhou Zhiti, respectively, during the Track Record Period does not amount to a major acquisition under Rule 4.05A of Listing Rules.

As advised by our PRC Legal Adviser, each of the above-mentioned acquisitions has been legally completed and settled.

MATERIAL ACQUISITIONS, DISPOSALS AND MERGERS

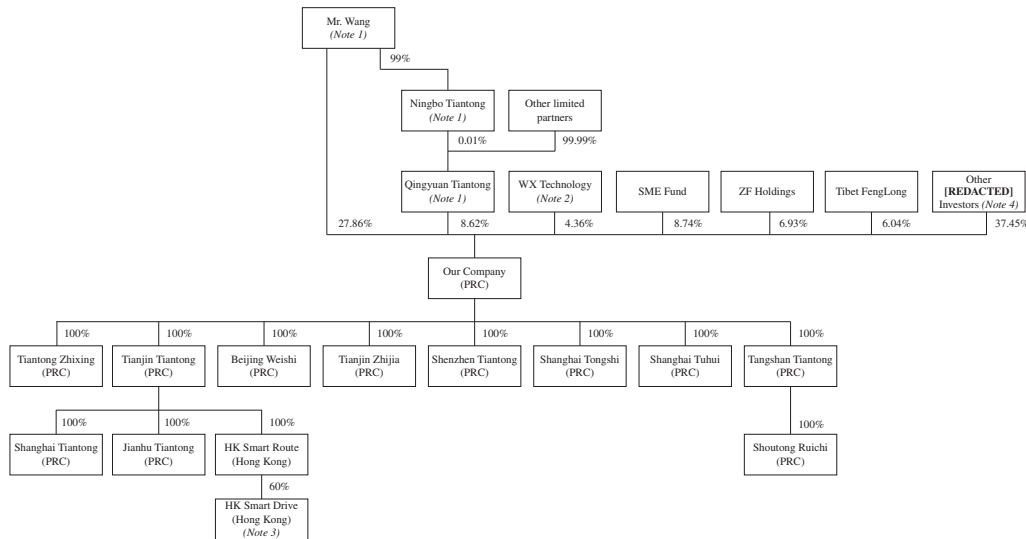
During the Track Record Period and as of the Latest Practicable Date, our Group did not have any material acquisitions, disposals or mergers.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE OF THE COMPANY

Corporate Structure Immediately Before the [REDACTED]

The following chart illustrates the shareholding structure and corporate structure of our Group as at the Latest Practicable Date (assuming that no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]):



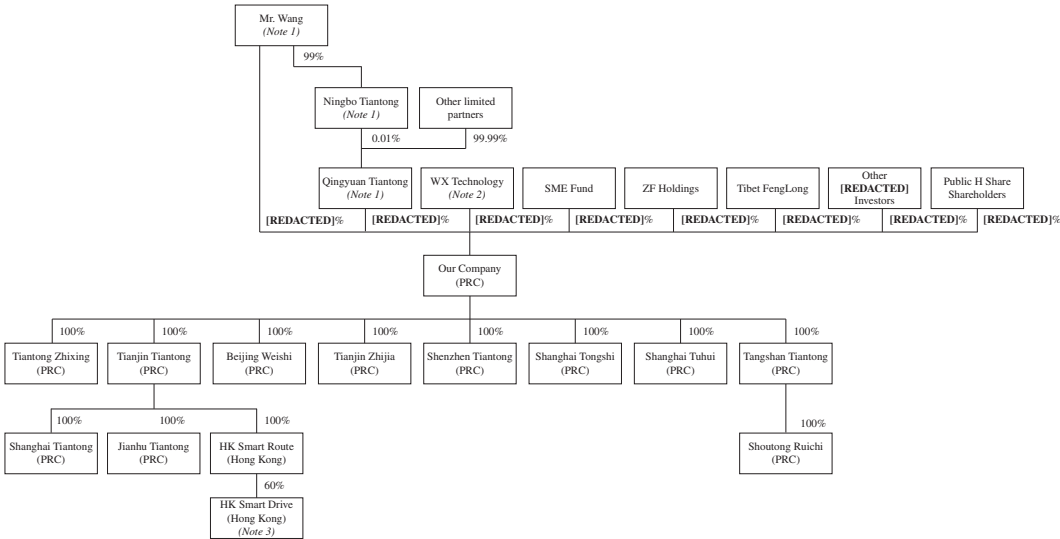
Notes:

- (1) As at the Latest Practicable Date, Ningbo Tiantong was held as to 99% by Mr. Wang and 1% by Ren Jun (an independent third party and an employee of the Company who was introduced as a minority shareholder of Ningbo Tiantong for the administrative ease of setting up the company). Ningbo Tiantong is the general partner of Qingyuan Tiantong, an Employees Shareholding Platform.
- (2) Mr. Wang is the sole director of WX Technology. As the administrator of the Company’s incentive plan with respect to the shares held by WX Technology, he controls the management decisions of WX Technology.
- (3) HK Smart Drive is a limited liability company incorporated in Hong Kong and owned as to 60% and 40% by HK Smart Route and GPTX Hong Kong Pan-AI Industrial LPF (“GPTX”), respectively. GPTX is managed by GPTX Wealth Management Limited as its general partner and is in turn wholly owned by GPTX (BVI) Holdings Limited (“GPTX Holding”).
- (4) Other [REDACTED] Investors and their respective shareholdings in the Company were as follows: (i) 3.43% by DSNCI; (ii) 3.06% by Taizhou Shangqi; (iii) 2.58% by Beijing IoV Fund; (iv) 2.42% by Tangshan Robotics Fund; (v) 2.15% by CICFH; (vi) 2.10% by Miracle Creation; (vii) 2.09% by OCBC Capital; (viii) 1.67% by Horizon Anting; (ix) 1.46% by OCI; (x) 1.41% by Jingjiang BAIC; (xi) 1.41% by Zhuhai BAIC; (xii) 1.40% by Elite Capital; (xiii) 1.22% by Prosperity Investment; (xiv) 1.21% by SAIC Fund; (xv) 1.07% by Ningbo Shangyi; (xvi) 1.03% by Unicom Xinwo Fund; (xvii) 1.01% by Lingang Innovation Capital; (xviii) 0.91% by Green Harbor Investment; (xix) 0.74% by Lion X; (xx) 0.58% by Wider Link; (xxi) 0.56% by Tianjin Dongli; (xxii) 0.50% by RDM Capital; (xxiii) 0.46% by Wuzhong Financial Holdings I; (xxiv) 0.46% by Wuzhong Financial Holdings II; (xxv) 0.42% by Zhuhai Zhongke; (xxvi) 0.34% by Wuzhong High-tech Venture I; (xxvii) 0.30% by Jiaxing Zhengying; (xxviii) 0.24% by Jimu Capital; (xxix) 0.21% by OCBC; (xxx) 0.20% by Overseas Chinese Lion Number 2; (xxxi) 0.20% by Honour View; (xxxii) 0.18% by Jiaxing DeAn; (xxxiii) 0.18% by Wuzhong High-tech Venture II; (xxxiv) 0.15% by Soliton Value; and (xxxv) 0.09% by Elite Union.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure Immediately upon Completion of the [REDACTED]

The following chart illustrates the shareholding structure and corporate structure of our Group immediately following the completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised):



Note: Please refer to the notes (1) to (4) to the paragraph headed “Corporate Structure Immediately Before the [REDACTED]” above for more information.

BUSINESS

WHO WE ARE

We are a leading software-focused L2-L2+ and L4 driving solutions provider in China, with a track record of commercialization at each of these automation levels.

For L2-L2+ solutions, we offer driving and parking solutions as well as intelligent cockpit solutions with active safety features such as Driver Monitoring Systems (“DMS”). We are the second largest software-focused L2-L2+ solutions provider in China that provides both driving and parking solutions in 2024, according to CIC. As of the Latest Practicable Date, we had obtained design wins for 198 vehicle models of 23 vehicle brands, and achieved mass-production for 105 vehicle models of six vehicle brands. In addition, 87 out of the 198 vehicle models for which we have obtained design wins cover overseas markets, and 59 of them have achieved mass-production. We have completed deliveries for mass-production in both domestic and overseas markets. We were the first Chinese provider that delivered L2-L2+ solutions in the overseas market, according to CIC.

We are also a leading L4 solutions provider in China. We offer safe and reliable L4 solutions to help fleet operators accelerate commercialization across a variety of application scenarios. In 2025, we generated revenue of RMB374.5 million from our L4 solutions, which contributed to 68.4% of our total revenue, with the majority of such revenue from L4 software solutions. As of the Latest Practicable Date, we had obtained indicative orders for L4 solutions covering over 2,500 Robobuses, Robotaxis and Robotrucks with aggregate contract value of over RMB1 billion to be delivered in the next three to five years, which demonstrated customer recognition of our ability to commercialize L4 solutions in scale.

We have successfully commercialized both L2-L2+ and L4 solutions and adopt a dual-track approach to develop our L2-L2+ and L4 solutions. We accumulate experience in research and development, engineering, verification and validation through L2-L2+ solutions, which lays the foundation for our L4 solutions developed on the same system architecture. At the same time, our L4 solutions generate high-quality data that are free from human bias and collected under real-world operating scenarios, which in turn facilitate the iteration and optimization of our L2-L2+ solutions.

We commercialized our L2-L2+ solutions through both the software development and engineering model and the royalty model. Under the software development and engineering model, we develop and customize our L2-L2+ driving solutions to meet the specific requirements of OEMs, for which we charge an upfront development fee on a project basis. Following completion of the software development, we enter the mass-production and delivery phase and switch to the royalty model, under which we charge royalty for each unit of vehicle produced with our software installed. We may also charge additional software development fee or royalty if OEMs subsequently request additional software upgrades after mass-production and delivery. We act either as a Tier-1 Supplier or Tier-2 Supplier, and targets mass-market vehicles. We have seen a deepening collaboration with OEMs that we serve directly, such as VinFast, as well as OEMs that we serve indirectly through their Tier-1 Suppliers, such as Zeekr, with our solutions being adopted across a growing number of vehicle models. Our revenue generated under the royalty model substantially increased since 2021, which demonstrated customer recognition of our capabilities to serve OEMs across the full project lifecycle.

Our Approach to Technology Development

We have adopted a mass-production-oriented and prudent strategy underpinned by a forward-looking approach to technology development that is responsive to evolving regulatory frameworks, supply chain dynamics and market demand. Since our founding in 2016, we have been devoted to technologies in the field of L2-L2+ and L4 solutions and built a comprehensive technology portfolio, which includes multi-sensor fusion perception that combines data from cameras, radars and other vehicle-mounted sensors to form an accurate picture of the road

BUSINESS

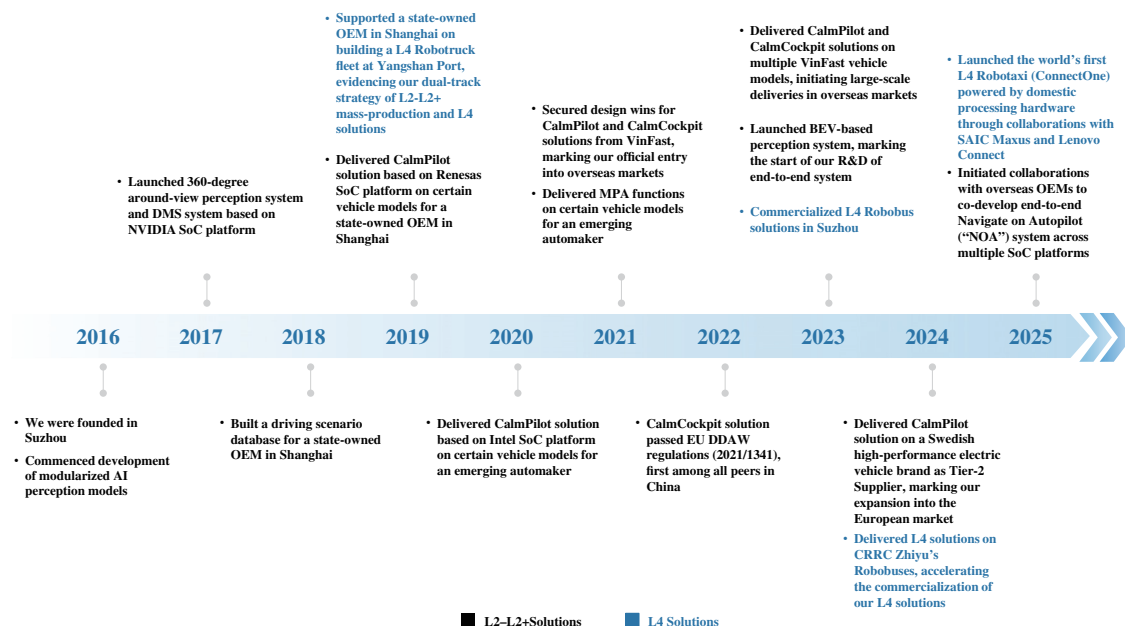
environment, end-to-end systems that directly convert environmental input into driving decisions, and Vision-Language-Model/Vision-Language-Action (VLM/VLA) models that enable vehicles to interpret visual road scenes and language instructions before executing relevant driving actions.

Our technology development is based on CalmVolution, our proprietary, data-driven AI development platform, which includes three core subsystems: (1) the data closed-loop subsystem DataTurbo, (2) the model training and development platform CalmForge, and (3) the automated system integration platform CalmVergence, which together create a closed-loop workflow that spans the entire R&D cycle from data collection, data cleansing and data labelling to model training, system deployment, verification and validation, and data upload.

We adopt a modular approach to develop our AI models and software modules in our L2-L2+ and L4 driving solutions. This framework breaks down system functions into independent, reusable components, which effectively shortens the adaptation cycle of our L2-L2+ and L4 driving solutions to different SoC platforms and the associated marginal R&D costs. In addition, our vehicle-to-cloud collaborative architecture supports two-way data interaction between vehicles and cloud servers. Through this architecture, data generated during the operation of authorized vehicles are automatically transmitted back to our DataTurbo system, creating a cycle that links data, models and application scenarios. We also apply multimodal AI large models across our workflows to further enhance R&D efficiency. For engineering and deliveries, we have established an engineering process and verification and validation standards that are in compliance with the requirements across major markets globally, including China, Southeast Asia, the Middle East, Central Asia, the European Union and North America. Our proprietary solutions have passed multiple international regulatory and industry requirements.

Our Key Milestones

Set forth below are our key milestones, which illustrated our evolvement into a leading software-focused L2-L2+ and L4 driving solutions provider in China by advancing from L2-L2+ to L4 solutions, from modularized system to end-to-end architecture, which enables direct conversion of raw environmental data into vehicle control commands, and from domestic to global market.



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Our Operational Highlights

With a mass-production-oriented strategy, we have established a leading market position in China’s vehicle automation industry and achieved solid operational performance during the Track Record Period, as illustrated in the chart below.

Industry Leadership	Global Footprint	Software-Focused	L4 Commercialization	Financial Performance
2nd Largest <i>Software-focused L2-L2+ and L4 driving solutions provider in China that provides both driving and parking solutions (in terms of installation volume in 2024)¹</i>	87 <i>design wins we secured that cover overseas markets</i>	65.0% <i>Revenue contribution from software solutions in 2025</i>	> 2,500 <i>L4 vehicles covered in indicative orders obtained as of the Latest Practicable Date</i>	31.4% <i>Gross profit margin in 2025</i>
First <i>The first company to achieve mass production of an L2-L2+ software solution outside China¹</i>	35 <i>Countries and regions to which vehicles equipped with our solutions have been delivered</i>	61.9% <i>2023-2025 CAGR of royalty revenue</i>	615.1% <i>2023-2025 CAGR of L4 revenue</i>	64.0% <i>2023-2025 CAGR of total revenue</i>

Note:

1. According to CIC.

Our Financial Performance and Path to Profitability

We have achieved rapid revenue growth, and recorded gross profit margins that were above industry average according to CIC, during the Track Record Period. Our revenue grew from RMB203.6 million in 2023 to RMB547.9 million in 2025 at a CAGR of 64.0%. In 2023, 2024 and 2025, we had loss and total comprehensive expense of RMB231.2 million, RMB462.8 million and RMB207.9 million, respectively. Our adjusted loss for the year (non-IFRS measure) decreased significantly from RMB88.1 million in 2023 to RMB10.9 million in 2025, reflecting the continued improvement in our underlying operating performance.

We believe we have established a clear path toward sustained profitability for the following reasons:

- *Asset-light, Software-focused Strategy:* For L2-L2+ solutions, we generated most of our revenues through software development and engineering services and software royalty. For L4 solutions, we primarily empower fleet operators as a third-party technology provider; and while we also provide hardware components, we conduct R&D and production activities based on the actual needs of fleet operators and avoid engagement in the capital-intensive activities such as fleet building and operations.
- *Software Royalty Model with Higher Gross Profit Margin:* We were able to monetize under both the software development and engineering model and the royalty model. We started to generate revenue under the software royalty model in 2021, which provided us with a stable revenue stream with higher gross profit margin after our customers commenced mass-production. Our revenue under the royalty model increased rapidly by 74.3% from RMB12.1 million in 2023 to RMB21.1 million in 2024 and further increased by 50.4% to RMB31.7 million in 2025. Our ability to monetize through the royalty model evidences customer recognition of our technology capabilities and the value of intellectual property inherent in our solutions.
- *Customer Base and Pipeline:* While we continuously scaled our business, we strategically developed and retained long-term relationships with reputable and credible customers. With a superior customer base and robust project pipeline, we have been prudent and selective when bidding for new projects. We focused our resources on projects with better prospects in terms of revenue and delivery volume.

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- *R&D Activities:* Relying on our strong engineering capabilities, we have continuously improved R&D efficiency through our proprietary toolchain, a customized R&D toolset for algorithm design, training and validation, and modularized development model. In addition, we have further improved R&D efficiency and saved cost by applying AI technology in our work streams and digitalizing our work processes.

We apply the same system architecture and development process that we designed for L2-L2+ solutions to the development and engineering workflow of L4 solutions. This allows us to smoothly apply the R&D outputs and engineering experience gained in L2-L2+ projects to L4 projects. As a result, we are able to accelerate the deployment of L4 solutions and maintain both efficiency and cost advantages in the process of dual-track development.

Our R&D expenses as a percentage of our revenue continuously decreased during the Track Record Period. In 2023, 2024 and 2025, our R&D expenses accounted for 51.8%, 24.3% and 16.8% of our revenue, respectively.

OUR MARKET OPPORTUNITIES

Vehicle automation has become one of the core trends re-shaping the global automotive industry. In 2024, the global market for mass-produced L2-L2+ and L4 driving solutions reached RMB80.5 billion, and is projected to increase to RMB279.5 billion by 2030. With the declining cost of and increasing demand for basic hardware such as domain controllers and chips, L2-L2+ solutions are expected to emerge as the most important market segment. The global market for L2-L2+ solutions is expected to reach approximately RMB245.2 billion by 2030 at a CAGR of 13.0% from 2025 to 2030. At the same time, as hardware technologies continue to mature, the importance of software solutions will further increase in the future. According to the CIC Report, the global and China’s mass-produced vehicle automation software solutions markets are expected to grow from RMB23.1 billion and RMB9.1 billion in 2024 to RMB81.1 billion and RMB31.5 billion by 2030, representing CAGRs of 17.1% and 18.9%, respectively. As a cost-competitive player with accumulated mass-production experience, we are able to capture these emerging opportunities both domestically and globally.

China leads the global industry development of L4 driving solutions. The global market size of L4 driving solutions reached RMB8.6 billion in 2024, with China accounting for RMB4.8 billion, making it the world’s largest L4 market. The global and China’s L4 markets are expected to grow to RMB505.6 billion and RMB324.0 billion by 2030, respectively. We believe that, as market demand continues to grow and regulatory framework becomes clearer, we — as an L4 driving solutions provider with proven commercialization experience — will be able to secure a meaningful position in the future global market competition.

OUR STRENGTHS

We believe the following competitive strengths contributed to our historical success and will drive our future growth.

We are a leading software-focused L2-L2+ and L4 driving solutions provider in China

As a leading solutions provider in China, we have established a competitive position and reputation in the vehicle automation solutions industry.

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We are the second largest software-focused L2-L2+ solutions provider in China that provides both driving and parking solutions in terms of installation volume in 2024. We are also a leading L4 solutions provider, as measured by revenue generated from L4 solutions in 2024. As of the Latest Practicable Date, we had obtained indicative orders for L4 solutions covering over 2,500 Robobuses, Robotaxis and Robotrucks with aggregate contract value of over RMB1 billion to be delivered in the next three to five years.

We are also playing an active role in supporting the global expansion of Chinese OEMs and advancing the adoption of L2-L2+ and L4 driving solutions in overseas markets. As of the Latest Practicable Date, we delivered factory-installed L2-L2+ and L4 driving solutions for 87 vehicle models overseas. We are among the few Chinese L2-L2+ and L4 driving solutions providers that have conducted large-scale road testing in Europe and satisfied safety certification standards of overseas markets, according to CIC. Building upon our successful commercialization overseas, we continue to help establish the global presence and competitiveness of Chinese OEMs with our cost-effective L2-L2+ and L4 driving solutions.

We have advanced AI large model capabilities to deliver high-performance solutions

We have built up a VLA/VLM architecture through deep integration of end-to-end methodologies and large language models that enables advanced object recognition, accurate prediction of traffic participants’ behavioral intentions and comprehensive environment understanding.

We adopt the idea of developing light-weight AI models with enhanced reasoning efficiency. We compress model parameters by applying model pruning, quantization and distillation technologies. Based on our deep understanding of various SoC platforms, we have also implemented a multi-core parallel scheduling mechanism that maximizes the utilization of heterogeneous computing power under a CPU-NPU collaborative SoC architecture.

Leveraging our advanced AI technology, we deliver industry-leading performance across three core driving scenarios: driving, parking and intelligent cockpit.

- **Driving:** Our CalmPilot driving system fully complies with applicable regulatory requirements, such as CNCAP, ENCAP, GSR and i-VISTA. It ensures effective protection for vehicles, pedestrians and cyclists in both urban and highway scenarios. The false alarm rate for collision alerts and Autonomous Emergency Braking (AEB) is less than once per 300,000 kilometers. Our highway NOA system delivers outstanding performance, with less than one takeover per 100 kilometers, over 95% success rate of automatic lane change, over 95% on-ramp and tunnel pass-through rates, and less than five seconds of regular lane change time.
- **Parking:** Our CalmPilot parking system complies with applicable regulatory requirements, such as UNECE R158 and FMVSS 111, and has passed various tests including NCAP PEB and i-VISTA. It ensures safety and visibility in reversing and low-speed parking. We can achieve the lowest distance detection error of 3cm for parking space detection function and obstacle detection accuracy of less than 10cm. The system can also detect up to 26 types of objects and build large-scale environmental modeling. The initial mapping success rate exceeds 95%, creating a real-time map with dynamic obstacles, which enables complex scenarios such as long-distance U-turns and pedestrian/vehicle interactions. The success rates for parking space search and parking both exceed 95%. The success rate for memory parking exceeds 95%, with parking cruise speed reaching 15 km/h.

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- ***Intelligent Cockpit:*** Our CalmCockpit system effectively enhances driving safety by accurately detecting drivers’ risky behaviors caused by fatigue or distraction, such as eye closure, yawning and phone usage, with a detection accuracy rate of over 98%. CalmCockpit’s gaze-tracking algorithm monitors the driver’s line of sight, blink frequency and other indicators in real time. We were also the first among all domestic peers to obtain EU DDAW and ADDW certifications, according to CIC.

Our proprietary one-stop AI development platform enables high R&D efficiency and superior adaptability to SoC platforms

We have developed a proprietary one-stop AI development platform, CalmVolution, which has significantly improved our R&D efficiency of L2-L2+ and L4 driving solutions and enhanced our system adaptability across various SoC platforms.

CalmVolution comprises three core subsystems: DataTurbo, CalmForge and CalmVergence.

- ***DataTurbo:*** Our data closed-loop subsystem, DataTurbo, was built on the philosophy of “full chain data closed-loop.” It has established a complete chain from data generation to value realization through deep coordination among three modules — data collection, data management and data upload. It supports efficient processing of data — a core element of algorithm iteration and functional optimization.
- ***CalmForge:*** Our model training and development platform, CalmForge, enables us to manage AI algorithm models at different stages throughout their lifecycle, including training, fine-tuning, evaluation and monitoring. CalmForge enables independent training and rapid iteration of multiple models in parallel, which improves utilization of our AI training servers and reduces model training period by more than 30% compared to conventional approaches. In addition, the model conversion tool embedded in CalmForge automatically converts our AI models to adapt to various SoC platforms, which enhances our cross-platform compatibility while reducing R&D expenses.
- ***CalmVergence:*** Our automated system integration platform, CalmVergence, provides essential support to the rapid deployment of our L2-L2+ and L4 driving solutions by seamlessly connecting algorithms, software and hardware. Our R&D team can easily integrate our AI algorithm models and software from our software library with various vehicle interfaces simply by ticking checkboxes, which enables us to maximize reuse of our R&D outputs across projects. The reuse rate of our software and AI algorithm models in different projects exceeds 70%. We are able to complete deployment of a full set of systems on a new SoC platform within one month for verification and validation purpose, while it takes less than six months to complete the full cycle from deployment, verification and validation, to the final delivery of a mass-production project for a new vehicle model on a previously-deployed SoC platform.
- ***Integration of Multimodal AI Large Models:*** We have integrated multimodal AI large models into CalmVolution, which helps us to conduct analysis, breakdown and review of customer requirements during the R&D and delivery process, and to accelerate code generation and make code quality assessment. This approach also helps us sort out the traceability among requirements, development, and verification and validation, which further improves our systematic error-correction capability.

CalmVolution streamlines our workflows at different R&D stages, and multimodal AI models are broadly applied to different sectors of the platform. It significantly enhances our efficiency in R&D, verification and validation, delivery and after-sales service, enabling us to win customer recognition, while lowering our R&D costs.

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Our engineering capabilities ensure successful delivery and system reliability and flexibility

Engineering capabilities form our core competitiveness in the vehicle automation industry. We have gradually built up a systematic methodology based on our extensive mass-production experience that spans the entire process from development to delivery. This methodology encompasses a standardized and modularized development process tailored for mass-production, cross-SoC platform deployment capabilities under a unified architecture, a cost control mechanism for co-optimization of hardware and software, and a customer-centric, highly flexible delivery model.

- ***Highly Standardized and Modularized Development Process for Mass-Production***

We strictly adhere to the V-model and ASPICE process framework, which are industry-standard methodologies for automotive software development, with clearly defined process interfaces and quality metrics set at each stage of requirement, design, implementation, verification and validation. Core functional modules, such as perception, planning and control, and middleware are fully decoupled at the architectural level, enabling different R&D teams to conduct independent and parallel development on a unified code base, thereby significantly improving efficiency and flexibility. After each module is developed, it will undergo version management and consistency checks through our automated system integration platform, CalmVergence. A centralized software library records all iterated versions, allowing rapid rollback and deployment of any version based on project needs and enabling us to satisfy the multi-vehicle model, multi-configuration delivery requirements of mass-production projects. Leveraging our accumulated experience from numerous mass-production projects, we are able to support large-scale delivery with minimal manpower. For example, in Zeekr project, we released nearly 1,000 test and official software versions across multiple vehicle models within one year, which fully demonstrates the efficiency and reliability of our standardized process.

- ***Rapid Deployment Across Multiple SoC Platforms Empowered by a Unified Architecture***

Leveraging our strong software-and-hardware co-development capabilities, we have developed a unified heterogeneous computing architecture adaptable to multiple SoC platforms to enable deep integration of AI algorithm models with various hardware (such as computing chips and sensors). We also unify and standardize external interfaces through a layered and decoupled system architecture. This allows us to effectively break the barriers between different hardware to ensure consistent, high performance of our systems across SoC platforms.

- ***Mass-Production Cost Control Enabled by System Design Capability for Hardware and Software Adaptability***

With a deep understanding of hardware such as sensors and SoC platforms and robust software development capabilities, we leverage our system design capabilities to help customers control costs in mass-production projects. We take into account the co-optimization possibility of hardware and software at system architecture design stage and recommend a suitable system design plan after assessing other software suppliers' scheduling demand for chip computing power and sensor resources and balancing various performance requirements and mass-production feasibility. We enable customers to minimize hardware cost per vehicle to the extent possible while maintaining reliability and continuous iteration of the system.

- ***High Delivery Flexibility and Robust Collaborative Development Capability***

Supported by our extensive engineering expertise and systematic design methodology, we are able to address diverse customer needs in a highly flexible manner. We can serve either as a Tier-1 Supplier to deliver both software systems and hardware parts, or as a Tier-2 or other indirect supplier to provide specific software modules or software-and-hardware integrated modules. In the

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vehicle automation solutions industry, where the requirements and supply chain structures vary across different OEMs, flexibility in both delivery mode and supplier role is a critical differentiator, which enables us to acquire more customers and rapidly scale our commercial footprint.

The table below illustrates our flexibility in delivery mode and supplier role:

OEM/Brand	Type of Solutions	Functions	CalmCar’s Role		
			Hardware Tier-1 Supplier	Software Tier-1 Supplier	Software Tier-2 Supplier
Zeekr	L2-L2+	Parking System Perception Module			✓
A leading electric vehicle manufacturer based in Shenzhen	L2-L2+	Driving System Night Vision Perception Module			✓
VinFast	L2-L2+	DMS			
		Parking-and-Driving Integrated System		✓	
Longsheng	L2-L2+	DMS			
		Parking-and-Driving Integrated System	✓	✓	
		Domain Controller			
		Body Control Module (BCM)			
CRRC Zhiyu	L4	L4 Full-Set Software System	✓	✓	
	Robobus	L4 Driving Kits			
Lenovo Connect	L4	L4 Turnkey Solution	✓	✓	
	Robotaxi				

Synergistic reinforcement between our L2-L2+ mass-production experience and L4 commercialization drives efficient iteration of our technologies

In software development, we leverage the technology stack, development platform and toolchains built for our L2-L2+ solutions to significantly enhance R&D efficiency of L4 solutions while reducing development costs. AI models for both L2-L2+ and L4 solutions are built upon a unified foundational model, which is optimized and customized based on application scenarios and performance requirements through technologies such as model pruning, quantization and distillation to ensure consistency and efficiency across technology development.

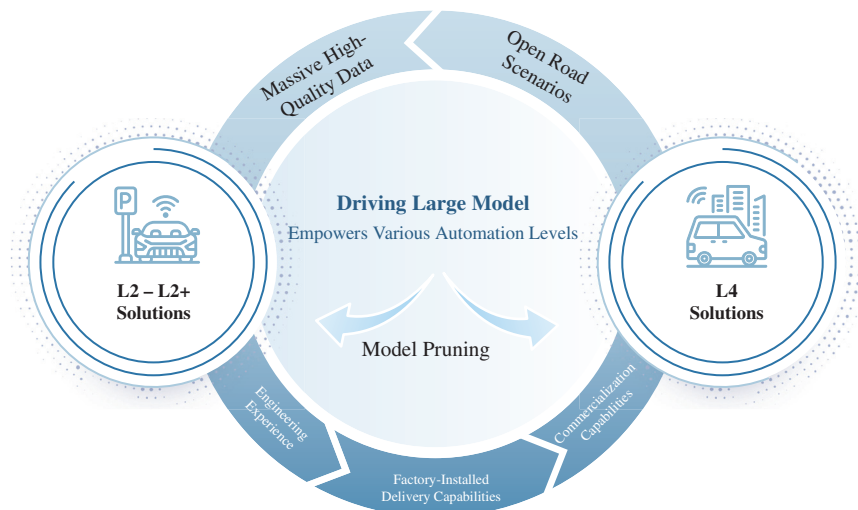
We have accumulated AI technology and engineering experiences through extensive deliveries for L2-L2+ mass-production projects. The reliability and stability of our L2-L2+ solutions have been validated through mass-production, which provides a replicable engineering foundation for the development and deployment of our L4 systems.

On the hardware side, by reusing sensors and domain controllers adopted in our L2-L2+ solutions, we not only ensure the reliability of hardware, but also reduce costs of our L4 solutions leveraging cost advantages of mass-production supply chain. In addition, our experience in algorithm optimization at the L2-L2+ level enables us to optimize sensor layout and chip selection for our L4 solutions.

As we scale up the deployment of our L4 solutions, we can also accumulate a massive amount of high-quality data in real-world operating scenarios. Such high-quality data from L4 vehicles can be fed back to optimize our models for L2-L2+ solutions. After anonymization and cleansing, the ground-truth data eliminate biases inherent in human driving behaviors, which can accelerate our product iteration cycle and reduce data collection costs compared with traditional methods — data collection by human drivers.

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The dual-track approach fosters a virtuous data closed-loop, strengthens our competitive advantages in L2-L2+ and L4 driving solutions, and establishes a synergistic, mutually reinforcing development mode for our L2-L2+ and L4 solutions.



We have established strategic collaborations with key players that offer complementary capabilities

We established open collaborations with both upstream and downstream players across the value chain, while focusing on our core perception technology. Our collaborations with strategic partners and their complementary expertise contribute to our delivery efficiency and customer servicing capabilities.

During the Track Record Period, our collaboration with ZF ADAS BU created synergies by combining our visual and multi-sensor fusion perception technologies with its brand recognition in overseas markets, access to global OEMs, hardware capabilities, quality control system and professional project management, which contributed to our success in overseas commercialization.

We maintain extensive collaborations with a few mainstream chip suppliers to ensure the flexibility of our solutions and the stability of our chip supply chain. Leveraging such collaborations, we work closely with chip suppliers to provide services tailored to customer requirements and improve our R&D and delivery efficiencies on their SoC platforms. Meanwhile, we have developed IFCs and domain controllers based on multiple SoC platforms to meet the functional requirements of different automation levels of L2-L2+ and L4 in the market. We are the first L4 robotaxi company worldwide that has successfully developed a complete L4 Robotaxi system based on Horizon Robotics' Journey 6 processing hardware with medium-range computing power, according to CIC. This demonstrates our leading capabilities in the application of cutting-edge technologies, optimization of chip performance and commercialization, and advantages brought by our deep collaboration with strategic partners.

In the field of L4 solutions, we have established strategic alliances with multiple business partners, including OEMs and core auto parts suppliers. For example, our strategic collaboration with Lenovo Connect and SAIC Maxus has created a new paradigm for L4 Robotaxis. In particular, we proposed customized retrofitting requirements to SAIC Maxus, deployed L4 driving kits and the

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software system that we co-developed with Lenovo Connect on the customized vehicles, and then delivered them to Lenovo Connect for operation. Such collaboration allows each party to leverage its own expertise. It also enables us to engage in L4 business under an asset-light model.

Our strong core technology expertise in both L2-L2+ and L4 sectors and robust engineering capabilities and flexible collaboration models position us as a preferred strategic partner within the vehicle automation solutions value chain. We will continue to broaden our partner network and accelerate the large-scale commercialization of both our L2-L2+ and L4 solutions.

Our management team possesses industry insights and extensive mass-production experience

Our management team possesses industry insights and extensive mass-production experience, with solid expertise spanning the entire automotive value chain. The team combines strong technical capabilities in AI-powered solutions with comprehensive understanding of automotive parts R&D, manufacturing, and engineering. Their backgrounds span the entire value chain, from global Tier-1 Suppliers to leading OEMs, forming a leadership group with comprehensive technical knowledge and strategic vision.

Our founder and chairman, Mr. WANG Xi, brings more than 18 years of experience in automotive R&D, manufacturing, and corporate management. He previously held a key position at TRW Automotive, a world-leading automotive parts supplier renowned for chassis systems, where he established an outstanding track record and accumulated substantial technical management expertise. Our other management team members collectively contribute decades of specialized experience from leading global suppliers and research institutions in Germany, United Kingdom and China. Their backgrounds include successful delivery of L2-L2+ and L4 driving solutions for mass-production projects in China and other countries, leadership in automotive electronics software and validation systems, and comprehensive management of full product lifecycles across ADAS, steering, and braking electronics.

The collective strength of our management team forms a corporate culture that emphasizes practical mass-production solutions aligned with value chain requirements. Supported by robust engineering capabilities, mass-production experience, and prudent cost management, we are well positioned to respond to industry complexities and maintain a strong market position in the vehicle automation industry.

OUR STRATEGIES

Our development strategy will focus on four key dimensions — technology, products, market and ecosystem. Specifically, we will continue to (i) enhance the performance of our proprietary AI algorithms and strengthen our systematic R&D capabilities; (ii) accelerate the expansion of our diversified product portfolio and broaden the application scenarios of our L4 solutions; (iii) maintain long-term, stable competitiveness in the domestic market while extending our global presence; and (iv) develop diversified business models and build a more diverse and differentiated intelligent mobility service ecosystem to enhance our brand influence and industry synergies.

Continuously enhancing the performance of our proprietary AI algorithms and systematic R&D capabilities

AI algorithms and systematic R&D capabilities are the cornerstone of the reliability and high performance of our solutions. Further strengthening our proprietary capabilities in these areas will provide a solid foundation for us to maintain our industry leadership. We have established clear strategic directions in algorithm iteration, toolchain development, simulation system optimization and the application of AI large models.

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Continuously advancing research and development of frontier algorithms

We have applied end-to-end architecture in our NOA systems and our L4 solutions. To address limitations of such architecture, such as constrained cross-regional generalization and insufficient coverage of long-tail scenarios, we have introduced the VLM/VLA architecture to enhance environmental understanding and robustness of our system. At the next phase, we endeavor to devote more R&D resources on the frontier research and development areas. We believe this technological direction will be a key pathway to advancing large-scale deployment and commercialization of L2-L2+ and L4 driving solutions in the future.

Continuously optimizing our AI development platform CalmVolution and deepening the integrated application of AI large models in our R&D process

We have established CalmVolution, our proprietary AI development platform. We seek to continuously iterate and optimize CalmVolution by embedding additional auxiliary toolchains to further increase the efficiency of data closed-loop, shorten model training and optimization periods, and accelerate system integration and delivery. In addition, we plan to further integrate AI large models with CalmVolution to build an AI Agent that supports internal R&D by applying AI large models to data processing, code optimization, model generation, system deployment, risk detection, and verification and validation. By enhancing automation across the development process and deepening the application of AI large models, we aim to further reduce marginal costs for project development and the cost of technology deployment.

Expanding the innovative application of vehicle dynamics in Virtual Simulation system

We have devoted our efforts to building simulation environments that closely simulate the real world to reduce the overall cost of algorithm optimization. Through this process, we have gradually established a clear pathway for optimization of our virtual simulation system and identified key parameters, such as vehicle dynamics and physics-related parameters. By incorporating more precise parameters, we will further upgrade and refine our virtual simulation environment, developing more precise vehicle models and calibration methods, and integrating them into the simulation process. This will enable our L2-L2+ and L4 driving solutions simulation outcomes to closely mirror real-vehicle performance with high fidelity, overcome the limitations of traditional simulation systems, and reduce the time and cost associated with real-vehicle control debugging. In addition, we plan to integrate our innovative tire-road sensing system in real-world vehicles, which provides real-time insights into diverse road surfaces and driving conditions to optimize the performance of decision-making, planning and control of our solutions.

We plan to allocate approximately [REDACTED]% of the [REDACTED] from the [REDACTED] to enhance R&D capabilities for our solutions and products.

Accelerating the expansion of our diversified product portfolio and further expanding L4 application scenarios

We will remain closely aligned with the evolving trend of market demands, continue to iterate our solutions, accelerate the expansion of our diversified product portfolio and continuously expand the application scenarios of our L4 business. In particular, we plan to implement the following strategies:

Enriching the form of L4 driving solutions

The vehicle automation solutions industry is in the process of gradually evolving from L2-L2+ assisted driving systems to higher automation levels. We will continue to refine and improve AI algorithm, system architecture optimization and computing power platform adaption, thereby expanding the coverage of L4 applications. Meanwhile, we are taking a forward-looking approach

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to cockpit-driving integrated solution. We aim to deeply integrate intelligent cockpit system with driving to enable strong coordination among human-machine interaction, perception and decision-making, infotainment and driving assistance.

Expanding the scope of CalmAssistant, our software-and-hardware integrated solutions, and enhancing our R&D capabilities for core sensors

By working closely with manufacturing partners in a complementary manner, we aim to develop competitive and cost-effective software-and-hardware integrated products to enrich our CalmAssistant solutions. We will also cultivate in-house manufacturing capabilities for selected hardware products in the L2-L2+ and L4 driving solutions domain. This will enable us to strengthen the autonomy and controllability of our integrated offerings while enhancing profitability. This strategy has already achieved initial success in our L4 business.

Extending the application of our systems in additional scenarios

Building on our technical expertise in L2-L2+ sector for passenger vehicles, we are actively expanding into the commercial vehicle sector. In addition, we will also consider expanding our L4 solutions beyond Robotaxi, Robobus, Robotruck and Robosweeper into related verticals such as mining vehicles, low-speed logistics vehicles and low-speed delivery robots.

We plan to allocate approximately (i) [REDACTED]% of the [REDACTED] from the [REDACTED] to expand and enhance our production capabilities, and (ii) [REDACTED]% of such [REDACTED] to further optimize our L4 driving solutions.

Deepening domestic and overseas market presence to build up one-stop services and diversified business models

We aim to solidify our market leadership in China while accelerating our global footprint to capture growth opportunities of the global vehicle automation solutions market. We will also pilot test additional innovative business models to strengthen long-term customer relationships, diversify revenue streams and enhance sustainability. In particular, we plan to implement the following strategies:

Solidifying our position in the domestic market

We will continue to deepen our market presence in China, with a strategic focus on the iteration and commercialization of L2-L2+ solutions over the next five years. We will also continue to strengthen long-term collaborations with leading domestic OEMs and increase our market share,

Expanding business opportunities in the global market

We are taking actions to expand our business opportunities in the global market. For example, we plan to establish local business and R&D centers overseas for data collection. We will expand our global market by regions, focusing initially on our established market (i.e., Southeast Asia), followed by Japan and Korea, the Middle East and Europe.

We also intend to deepen collaborations with multiple leading global Tier-1 Suppliers and OEMs, expanding the scope of strategic partnerships and thereby increasing our global market share.

Innovating service models and increasing monetization methods

We are actively working with our customers and business partners to explore innovative services and collaboration models that can drive more sustainable commercial performance.

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In the L2-L2+ driving solutions market, we plan to extend royalty model to our software-and-hardware integrated products. We aim to create competitive driving kits through joint development and profit sharing with our business partners.

For the L4 driving solutions business, we intend to extend the chain of our services, transitioning from a pure product supplier to an integrated service provider of “product + operations + data services.” Specifically, we will expand the scale of our deployed fleets in various cities, unify the intercity technology standard, and explore cross-regional data interconnection model and scheduling system. We also plan to provide fleet operation service to established mobility platforms to expand end user reach and improve fleet efficiency.

We plan to allocate approximately [REDACTED]% of the [REDACTED] from the [REDACTED] to expand our global sales network.

Establishing a mobility service ecosystem to enhance brand influence and industry synergies

We aim to establish an intelligent mobility service ecosystem that brings together academic institutions, industry partners and service operators. By building trusted strategic alliances, we seek to enhance our brand recognition, create unified and reliable standards and norms, and expand our role from a pure technology provider to a trusted leader in mobility services.

Strengthening Industry-University-Research ecosystem collaborations to collectively empower the vehicle automation solutions industry

We plan to deepen cooperation with leading domestic and international research institutions to co-establish a vehicle automation solutions industry alliance and a broader collaborative ecosystem. We aim to attract world-class universities, algorithm developers, mapping service providers and cloud service partners through open-source software platform and toolchains to jointly build up L2-L2+ and L4 driving solutions. This approach will enable us to become an “active endpoint” within the ecosystem, while also enhancing our own technological capabilities and industry influence.

Facilitating future mobility global strategy through a differentiated approach

We will pursue a differentiated approach to global L4 future mobility services, with a focus on overseas markets. We intend to form strategic collaborations with industry partners and leading mobility operators through investment, joint ventures and equity contribution to jointly localize operations and establish an ecosystem that supports a wide range of use cases, including urban commuting, logistics, and specialized operations.

OUR SOLUTIONS

We are a software-focused L2-L2+ and L4 driving solutions provider. We offer L2-L2+ and L4 driving solutions and services that cover both software-only and software-and-hardware integrated customizable solutions. Through extensive real-world testing and continuous system validation and iteration, we make our solutions safe and robust across complex and unpredictable environments and compatible with a wide range of mainstream SoC platforms. With our strong AI algorithms, engineering capabilities and solid mass-production experience, we improve the utilization of chip computing power through heterogeneous computing power scheduling mechanism, enabling robust and reliable functions even on chipsets with lower-to-medium computing power and delivering cost-effective solutions to our customers.

We endeavor to provide solutions and services with high performance, high reliability, high adaptability and high cost-effectiveness to OEMs, Tier-1 Suppliers and fleet operators to help them address evolving and diversified market demand. Our solutions and services can be divided into three categories — L2-L2+ solutions, L4 solutions and related engineering services.

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The following table sets forth a summary of key operating metrics by solution type during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Number of customers¹	48	73	80
L2-L2+ solutions	42	48	47
L4 solutions	5	17	27
Engineering services	4	12	13
Number of new customers¹	21	54	46
L2-L2+ solutions	18	30	23
L4 solutions	2	16	20
Engineering services	1	10	7
Average revenue per customer (RMB in thousands)	4,242	6,610	6,842
L2-L2+ solutions	4,373	3,902	2,961
L4 solutions	1,465	14,280	13,872
Engineering services	3,152	4,376	2,592
Number of completed projects²	215	129	171
L2-L2+ solutions	195	100	121
L4 solutions	17	21	36
Engineering services	10	11	16
Average revenue per project (RMB in thousands)	947	3,741	3,201
L2-L2+ solutions	942	1,873	1,150
L4 solutions	431	11,560	10,404
Engineering services	1,261	4,774	2,106
Number of design wins³	8	26	46
L2-L2+ solutions	8	26	45
L4 solutions	—	—	1
Number of mass-production projects converted from design wins⁴	22	35	28
L2-L2+ solutions	22	35	28
L4 solutions	—	—	—
Installation volume⁵	149,304	233,326	985,731
L2-L2+ solutions	149,304	233,326	985,731
L4 solutions	—	—	—

Notes:

- The number of customers by solution type is not additive, as certain customers purchased our solutions across more than one solution type during the same period and are therefore counted under each applicable category.
- Project number stated herein represents the number of projects completed and delivered during the respective period.
- The number stated here represents the number of projects completed and delivered during the respective period. After the Track Record Period and up to the Latest Practicable Date, we have secured 50 L2-L2+ solutions design wins, with no additional L4 design wins.
- After the Track Record Period and up to the Latest Practicable Date, 17 of our L2-L2+ design wins were converted into mass-production projects.
- Installation volumes stated herein represent L2-L2+ solutions only as L4 solutions are measured on project basis. Installation volume or sales volume refers to the number of solutions activated by our customers, which typically occurs once the relevant vehicles are manufactured. Shipment volume refers to the number of vehicles equipped with our solutions that have been sold, delivered to end customers. OEMs may hold inventory after manufacturing vehicles equipped with our solutions, and therefore our installation volumes may not immediately translate into vehicle sales to end customers, giving rise to a timing gap between the two measures. After the Track Record Period and up to the Latest Practicable Date, our installation volume was 266,111.

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The number of our customers increased on a year-over-year basis in 2024 while the number of projects decreased, primarily because we sold L2-L2+ aftermarket integrated solutions prior to 2024 under which the same customer would place multiple orders that were counted as multiple projects. As we shifted from aftermarket integrated solutions to factory-installed solutions, such scenarios decreased, leading to a decline in the number of projects notwithstanding the increase in customers.

The significant increase in average revenue per project in 2024 was primarily attributable to the increase of L4 projects, which carry higher revenue per project than L2-L2+ solutions. Our average revenue per project decreased in 2025 as compared with 2024, primarily due to the decrease in average revenue per L2-L2+ project, in particular the decrease in average software development and engineering income per project. This was mainly because, as our software development processes became increasingly standardized and delivery efficiency improved, customers tended to allocate more project economics to the subsequent mass-production stage, to be shared with us through royalty income and/or sales of integrated software and hardware products, thereby further supporting our continuous and stable delivery capabilities. As a result, the average software development and engineering project size in 2025 decreased by 29.1% as compared with 2024.

L2-L2+ Solutions

We have accumulated nearly a decade of experience in L2-L2+ driving solutions. By developing customized driving solutions for Tier-1 Suppliers and OEMs, we continuously validate and iterate our AI algorithm models and software. Leveraging our strong engineering capabilities, we have accomplished large-scale deliveries for mass-production projects and established a solid reputation among our customers.

Our industry-leading, highly competitive L2-L2+ solutions are mainly comprised of three categories — CalmPilot, CalmCockpit and CalmAssistant.

CalmPilot

Our CalmPilot solutions are primarily comprised of high-speed driving solutions and low-speed parking solutions. We also provide an integrated driving-and-parking system that supports highway and urban NOA, which is designed to address the complexities of various traffic scenarios and achieve spot-to-spot intelligent mobility experience through collaboration between driving and parking.

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Solution Description

CalmPilot Highway and Urban NOA System

Our proprietary CalmPilot highway and urban NOA system is designed for diverse mobility scenarios, including highways, urban expressways and complex urban environments. It delivers an advanced driving experience featuring hands-free driving on highways and minimal intervention in urban settings. The system incorporates multi-layered safety redundancy and constructs a comprehensive understanding of driving environments, which can effectively reduce collision risks, while complying with multiple major global regulatory standards, including GB, ISO, E-NCAP, C-NCAP, i-VISTA, and EU GSR.



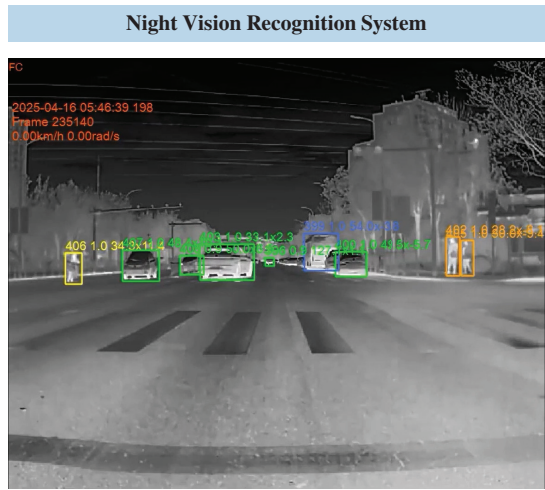
Core Functions

- **Highway NOA System** focuses on highway scenarios. It enables spot-to-spot driving, supporting various functions such as automatic following, automatic lane changes, and ramp entering and exiting. It maintains stable performance even under challenging conditions such as multi-tunnel or long downhill. The success rate of automatic lane change exceeds 95%, with ability to determine the best timing for lane change; the lateral control error during ramp navigation is less than 0.3 meters, ensuring precise cornering; and the response time to vehicles in front is less than 150 milliseconds at a speed of 120 km/h, effectively preventing rear-end collisions. Real-world tests show an exceptionally low takeover rate of less than one per 100 kilometers.
- **Urban NOA System** targets complex urban environments with numerous pedestrians, non-motor vehicles and intersections. This system has successfully overcome three core challenges — unprotected turns, mixed traffic with passengers and vehicles, and traffic light recognition. It delivers exceptional performance with a target positioning error rate of less than 5%, providing precise data for decision-making; a traffic light recognition accuracy rate of over 99%; and an unprotected left-turn success rate of over 95%. The system can predict the trajectories of nearby objects (such as vehicles and pedestrians) several seconds in advance.

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Solution Description

Core Functions



The system is deeply integrated with our proprietary AI Planner, which fuses multi-source data, such as perception outputs, map information, and vehicle trajectory and status. It performs analysis of dynamic scenarios through a spatiotemporal attention mechanism, assesses risks in real time, and makes optimal driving decisions. CalmPilot mimics the behavior of experienced human drivers leveraging reinforcement learning (RL) and contrastive imitation learning (CIL), delivering driving behaviors that are safe, smooth and efficient.

The CalmPilot highway and urban NOA system has high performance and strong scalability. It supports multiple levels of driving functionalities across a wide range of vehicle models and application scenarios.

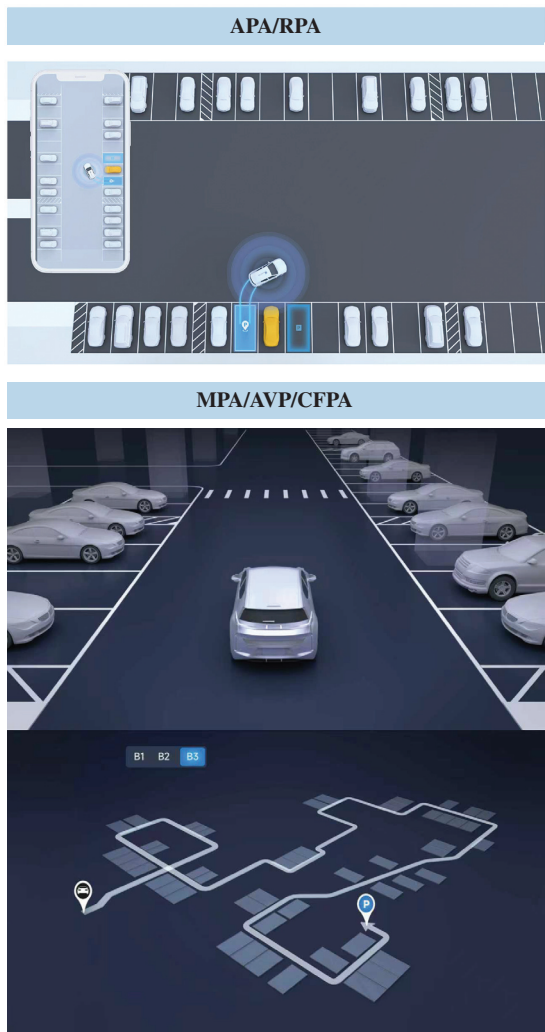
- **Night Vision Recognition System** is specifically designed to enhance nighttime driving safety. This system employs far-infrared thermal imaging cameras to accurately detect pedestrians and vehicles in extremely low-light conditions, achieving over 95% recognition accuracy with zero false detections. Integrated with collision avoidance and AR-HUD display functions, the system provides real-time visual alerts to drivers. The system satisfies all verification scenarios of C-NCAP and can effectively prevent over 80% of nighttime collision incidents.
- **Other Navigation Assistance Functions:** The CalmPilot system also integrates various types of regular ADAS functions, including Adaptive Cruise Control (ACC); Lane Support Systems (LSS), such as Lane Departure Warning (LDW), Lane Keeping Assist (LKA), Lane Centering Control (LCC), Emergency Lane Keeping (ELK), and Intelligent Collision Avoidance (IC); Traffic Sign Recognition (TSR); and Automatic Emergency Braking (AEB). Such functions combine with other functional modules to form a complete NOA solution.

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Solution Description

CalmPilot Parking System

The CalmPilot parking system is designed to handle a wide range of parking scenarios. The system can be seamlessly integrated with our highway and urban NOA functions to collectively deliver a smooth spot-to-spot driving experience from driving to parking, which significantly enhances parking convenience and effectively addresses urban parking challenges. Vehicle models equipped with this system have achieved a “Good” rating in the authoritative i-VISTA evaluation.



Core Functions

- **Automated Parking Assist (APA):** The system automatically detects available parking spaces and generates optimal parking trajectory, guiding the vehicle into parallel, perpendicular or angled parking spots. The driver only needs to monitor the process while the vehicle autonomously completes the parking maneuver.
- **Remote Parking Assist (RPA):** The system allows drivers to remotely control the vehicle’s park-in, park-out and straight-line movements via a mobile app while outside of the vehicle. It is particularly useful in tight parking spaces. It also has obstacle detection and avoidance capabilities to ensure safety.
- **Memory Parking Assist (MPA):** Powered by advanced visual SLAM technology, the vehicle can learn and memorize the environment and driving paths within a specific parking lot. This enables fully automated parking from any point on the recorded path to a designated parking space without manual intervention.
- **Automated Valet Parking (AVP):** The vehicle can autonomously drive from the drop-off point to a designated or non-designated parking spot and complete the entire parking process without driver intervention. It is designed for structured parking facilities such as shopping malls and office buildings. It supports a crowdsourced mapping mechanism, where users’ maps are updated and integrated on the cloud, enabling users who enter an unfamiliar parking facility for the first time to access shared map data on the cloud.
- **Cross-Floor Autonomous Parking (CFAP):** As an advanced version of MPA and AVP, CFAP enables both functionalities in multi-level parking facilities.

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Solution Description

By fusing data from around-view cameras, ultrasonic sensors and radars, CalmPilot detects nearby obstacles in real time through precise environmental modeling capabilities. Its robust perception capabilities enable reliable performance even in highly constrained environments such as narrow mechanical parking spaces, ensuring precise automated parking and vehicle summoning functions.

Core Functions

- **Other Parking Assistance Features:** These include the Around View Monitoring (AVM) system, Parking Distance Control (PDC), Rear Automatic Emergency Braking (RAEB) and Tracking Back Assist (TBA). Such functions combine with other functional modules to form a complete parking solution.

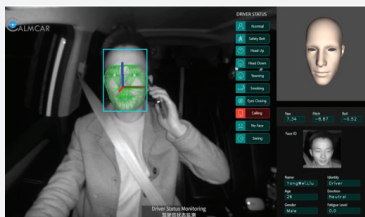
CalmCockpit

Our intelligent cockpit system, CalmCockpit, enables a broad array of real-time monitoring and safety enhancement functions that assure multiple layers of safety protections by integrating in-cabin cameras, sensors and AI-powered perception algorithms. CalmCockpit features the following two major functions:

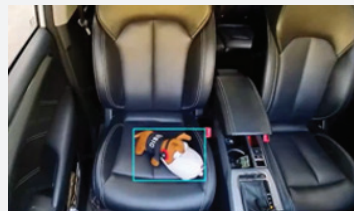
- **Driver Monitoring System (DMS):** Our DMS employs interior infrared cameras and sensors to continuously monitor the driver’s facial features, pupil and iris characteristics, gaze direction and head posture in real time. The system accurately identifies risky behaviors such as drowsiness, distraction, eye closure and yawning, ensuring safe vehicle operation by drivers. The facial recognition function of the system can automatically identify the driver’s identity and adjust vehicle settings based on driver information. It also supports multimodal interactions with in-cabin devices such as the HUD, rearview mirror and central display based on gaze tracking, offering a personalized and intuitive experience. The system incorporates our proprietary Dual-Stream Gaze Pyramid Transformer (GazeDPTR) model and an enhanced bionic facial landmark localization algorithm. The related research was presented at Conference on Computer Vision and Pattern Recognition (CVPR), a top-tier conference on computer vision. Our DMS complies with EU DDAW and ADDW certifications and ENCAP 2024/2026 rating requirements. We were the first among all domestic peers to obtain EU DDAW and ADDW certifications, according to CIC.
- **Occupant Monitoring System (OMS):** Our OMS system supports deep integration with the HMI, voice assistant and in-vehicle interaction systems, and delivers personalized experiences by intelligently identifying the identity, gender, age and emotion of the passenger. For instance, if the system detects a child crying, it can automatically play nursery rhymes to calm the child. The OMS also features gesture recognition, allowing drivers and passengers to control vehicle systems with simple hand movements. In addition, the OMS can detect left-behind items such as bags, phones, laptops and pets, and promptly alert the driver to prevent loss.

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CalmCockpit



Driver Monitoring System



Occupant Monitoring System

Through these innovative functions, the CalmCockpit system not only enhances driving safety and comfort, but also delivers a smarter, more personalized in-cabin experience for both drivers and passengers.

CalmAssistant

Leveraging our proprietary technologies and industry-leading SoC platform adaptability, our CalmAssistant software-and-hardware integrated solutions have delivered substantial value to a number of clients in the L2-L2+ domain. The CalmAssistant product series encompasses three main categories, domain controllers, IFCs, and other premium ADAS solutions (such as AI collision avoidance devices and active safety monitoring systems), which are tailored for applications across both passenger and commercial vehicles, driving the commercial deployment of our technologies.

- **Domain Controllers:** Based on our deep understanding of software systems R&D and hardware performance, we have developed multiple software-and-hardware integrated domain controllers based on requirements for different scenarios. Our domain controllers support a variety of SoC platforms based on different functional and cost requirements, with computing power ranging from 8 TOPS to 500 TOPS.
- **IFCs:** Our IFCs integrate camera modules and SoC platforms, and are installed with our proprietary L2-L2+ solutions. This solution supports essential ADAS functions and certain L2 high-speed driving functions. We have developed our IFCs on multiple domestic and international mainstream SoC platforms. It has become a cost-effective solution favored by some OEMs (particularly overseas OEMs).
- **Other Premium ADAS Solutions:** Our premium ADAS solutions are active safety products targeting differentiated markets, covering AI collision avoidance devices and active safety monitoring systems. The AI collision avoidance device targets passenger vehicles. It integrates driving recording and ADAS functions, characterized by lightweight hardware and cost-effective algorithms that provide consumers with practical and reliable safety assurance through early warning assistance. The active safety monitoring system targets ride-hailing vehicles, taxis and logistics fleets. It integrates front-view ADAS functions and in-cabin DMS system with relevant hardware to detect and monitor in real time behaviors such as driver fatigue and traffic rule violations.

Customization

We also provide customization services for L2-L2+ solutions based on the needs of specific projects.

- **VinFast:** We provided customized development services for L2 driving-assistance and automated parking systems to four vehicle models of VinFast. Based on VinFast's specific functional and regulatory requirements, we designed and optimized the driving-assistance and parking features to ensure compliance with European and U.S. regulatory standards. In addition to basic system development, we also provided system maintenance and change-request development based on VinFast's specific requirements,

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including function customization and calibration arising from vehicle model variations and market-specific compliance requirements. This demonstrates our ability to deliver comprehensive, tailor-made solutions for mass-production vehicles.

- **ZF ADAS BU:** We collaborated with ZF ADAS BU to develop customized parking functions for various vehicle models of a domestic OEM and a Swedish OEM. For each model, we developed customized parking modules based on the vehicle model’s specific technical and market requirements and ensured seamless integration of the system with each vehicle model.

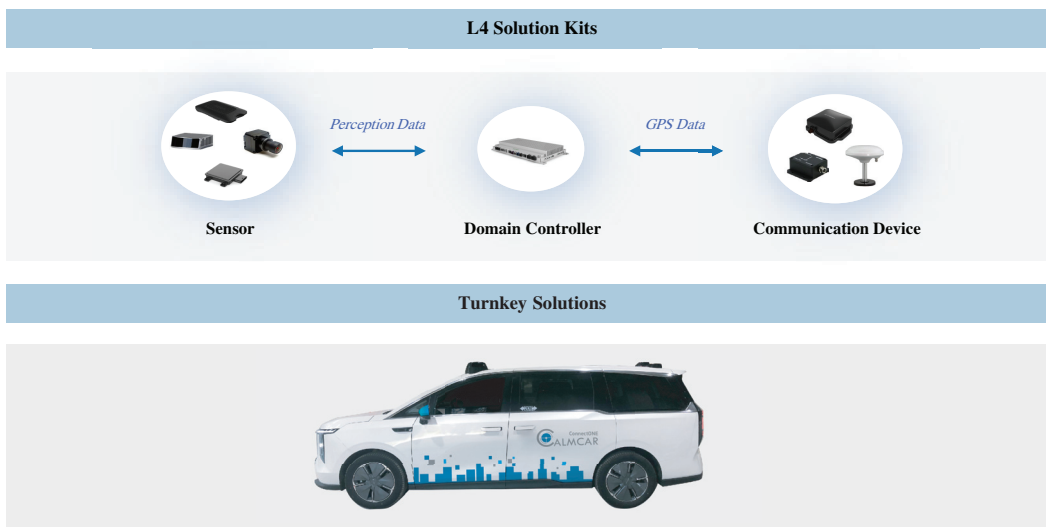
L4 Solutions

Leveraging our software library as well as engineering capabilities accumulated through deliveries of L2-L2+ solutions in mass-production projects, we have developed our L4 solutions on a unified system architecture and optimized our L4 solutions based on different operating scenarios.

Through a combination of “system solutions” and “supporting solutions,” our L4 solutions enable large-scale deployment and commercialized operation of various L4 vehicles, such as Robobuses, Robotruck, Robotaxis and Robsweepers. The “system solutions” primarily include L4 kits and turnkey solutions, and vehicle-road-cloud integrated solutions, while the “supporting solutions” comprise our remote driving platform and L4 fleet operation platform.

- ***Our Kits and Turnkey Solutions***

We offer kits deeply integrated with our L4 software, including domain controllers, cameras, millimeter-wave radars, ultrasonic radars, LiDAR and other core sensors, and positioning and communication devices to our customers. We can make customized development of L4 functions for different vehicle models to meet customer requirements for specific application scenarios. We also offer turnkey solutions — ready-to-deploy L4 vehicles — to facilitate deployment and commercialization by our customers. Customers may select the most suitable solution for efficient deployment and operation based on their own needs, such as budget, fleet size and operational complexity.



- ***Vehicle-Road-Cloud Integrated Solutions***

We assist our customers in building V2X vehicle-road-cloud infrastructure for L4 driving systems and cloud-based collaborative solutions. For hardware, we offer lightweight in-vehicle communication devices, roadside units and sensors that ensure real-time data exchange between vehicles and roads through upgrading existing infrastructure. For software,

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our proprietary vehicle-road-cloud integrated platform leverages digital twin technology to create virtual road environments, synchronize real-time dynamic information such as traffic lights and pedestrians, and enhance the vehicle’s perception capabilities. Powered by cloud computing, the platform optimizes fleet scheduling and route planning to improve transit safety and efficiency in complex traffic scenarios.

- ***Remote Driving Platform***

Our remote driving platform provides reliable emergency support for L4 driving solutions. The remote driving platform is comprised of an integrated cockpit, displays, driving simulation kits and a monitoring system. The platform leverages advanced dynamic compression technologies to provide video transmissions of low latency and high reliability through vehicle-end 5G high-bandwidth communication and real-time video streaming. Remote safety operators can clearly monitor the vehicle’s surroundings with 100 millisecond-level latency and automatically intervene or take over in complex scenarios. This system acts as the “last line of defense” providing an additional layer of safeguard for L4 vehicles to ensure their safe operations. Our customers may acquire all components of the platform from us or only the software component.



- ***L4 Fleet Operation Platform***

Leveraging a cloud-based operation center and in-vehicle devices, our fleet operation platform helps our customers and us to achieve efficient operations through strong information collection, processing and scheduling capabilities. The workflow of the platform includes order management and settlement, route planning, vehicle scheduling, driving status monitoring, data synchronization and fault handling.

Customization

In L4 projects, we provide highly customized software, hardware and system-level services based on customer-specific operating scenarios.

- **L4 driving kits and turnkey solutions:** We provide hardware kits that are deeply integrated with L4 software for different customers, vehicle models and operating scenarios. The core components include domain controllers, key sensor combinations, and high-precision positioning and communication equipment. Leveraging the engineering experience accumulated from L2-L2+ mass-production, we are able to

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complete differentiated hardware selection, sensor layout design, and vehicle-level system adaptation based on customers’ vehicle platforms, sensor installation space, compute-budget constraints, safety-redundancy requirements, and target operating scenarios, thereby achieving rapid customized deployment of software-and-hardware integrated solutions. We further provide turnkey solutions covering the entire process — from solution design, software-and-hardware integration and deployment, scenario calibration and debugging, to testing, validation and trial-operation support — which helps customers shorten the L4 development and implementation cycle and accelerate deployment and commercialization. Specifically, we can deliver turnkey solutions in various formats such as Robotaxi, Robobus and Robotruck according to customer needs, which cover typical scenarios including mobility, logistics and industrial parks, and support project-based functional and operational-strategy customization.

- **V2X solutions:** We provide hardware and software solutions and retrofitting services for V2X infrastructure required in L4 deployment. Based on the specific features of parks or road conditions, communication conditions, roadside resources and cloud-dispatching requirements, we customize roadside perception configuration, edge-computing deployment, communication channel design and cloud-control adaptation based on specific scenarios. For example, we collaborated with an edge computing company to co-develop a driving computing platform. In such collaboration, we contributed vehicle-end algorithms and V2X collaboration algorithms to enable deployment of customized V2X solutions in multiple cities such as Suzhou and Shenzhen.
- **L4 fleet operation platform:** We offer L4 fleet operation platform that can be customized based on each customer’s operating model to support order management, route generation, vehicle dispatching, real-time operation monitoring, data synchronization, remote diagnostics and fault handling. For instance, we developed a customized cloud-control platform for Suzhou Taihu New Town, which supports the safe and efficient operation of the local L4 fleet.

Case Study: Launch of the World’s First L4 Robotaxi Powered by Domestic Processing Hardware — ConnectOne

In 2025, we partnered with Lenovo Connect and SAIC Maxus to launch ConnectOne, the world’s first L4 robotaxi powered by domestic processing hardware, based on the MIFA 7 and set for near-term commercial deployment. ConnectOne is equipped with Horizon Robotics’ Journey 6 automotive-grade processing hardware. It enables 360-degree high-precision environmental modeling and dynamic trajectory planning. ConnectOne possesses efficient decision-making capability in complex traffic scenarios, such as unprotected intersections and lane changes in congested traffic, while ensuring robust system performance in challenging conditions, such as sudden vehicle cut-ins and GNSS signal loss inside tunnels.

Engineering Services

As a supplement to our L2-L2+ and L4 driving solutions, we also provide various types of engineering services to better serve our customers and increase customer stickiness. Our engineering services mainly include road testing, data collection support and data labelling services, which are necessary verification and validation procedures prior to our customers’ mass-production. Notably, our road testing services comprehensively validate the adaptability of mechanical parts, operating condition of various electronic systems and thermal stability under various domestic and overseas scenarios, including different regions, road types, climate conditions and network environments. The tests not only evaluate objective performance, but also take into account subjective assessment factors, such as integration with local cultural and social environment and driving habits. The aim is to thoroughly validate overall vehicle performance and ensure smooth

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operation and optimal user experience under overseas road conditions, and to provide our proprietary toolchain — either in whole or in part — as a product to meet customers’ broader needs in areas such as data labelling, data analysis, system development, verification and validation.

OUR BUSINESS AND REVENUE MODEL

We have adopted an asset-light, software-focused business model to provide L2-L2+ and L4 driving solutions to our customers. A majority of our revenue during the Track Record Period was generated from our software solutions. This allowed us to maintain low capital intensity and achieve a high gross margin. We also derive revenue from our software-and-hardware integrated solutions as well as engineering services under specific scenarios and business models in order to cater to our customers’ diversified needs and as part of our L2-L2+ and L4 driving solutions.

L2-L2+ Solutions

For our L2-L2+ solutions, we generate revenue from both software development and engineering model and royalty model. The combination of these two business models allows us to balance upfront development costs with long-term continuous revenue, enables us to cover the full lifetime cycle of our customers’ vehicle models, and ensures our financial stability and sustainable growth. In addition, we address customers’ requests by providing software-and-hardware integrated solutions while ensuring that our overall business is operated under an asset-light model.

Software Development and Engineering

For L2-L2+ projects, we conduct customized system development based on the SoC platform and sensor layouts pursuant to customers’ functional requirements. This process encompasses a series of work, such as software adaptation, validation and seamless integration with the customer’s hardware, to ensure optimal performance and compliance with stipulated standards. We charge our customers a one-time software development fee at this stage for our reliable, robust and high-performance software solutions. The fee is set at a premium over the cost of our upfront R&D investment. When determining the pricing of our software development and engineering solutions, we take into account the R&D personnel required for the project, third-party service cost and the potential scale of the project. When setting the price, we also take into account the projected production volume after the projects enter into mass-production.

Software Royalty

After our software solution has been developed and validated, the project moves into the Start of Production (SoP) stage. Given that our system architecture is already deeply integrated with the SoC platform and sensor layout of the designated vehicle model during the early R&D stage, switching to a new supplier for subsequent software services would require a complete redevelopment and revalidation cycle, resulting in substantial switching costs for the customer. As a result, customers at the SoP stage typically prefer to continue using our software and make large-scale deployment in future production with our solutions incorporated into their standard delivery packages. Under this arrangement, we are able to charge royalty for each unit of the designated vehicle model produced, which generates sustainable royalty revenue throughout the full lifecycle of the designated vehicle model. When determining the pricing of our software royalty solutions, we take into account the number of vehicle models during the project lifecycle, potential future needs for model iteration and anticipated personnel required throughout the project lifecycle. We are also able to charge additional software development fee or royalty if customers subsequently request additional software upgrades after mass-production and delivery. The royalty model ensures strong customer retention and a stable, continuously increasing revenue.

It is worth noting that by reusing the existing software architecture developed for prior mass-production projects, we are able to help our customers rapidly deploy L2-L2+ functionalities on new vehicle models. For example, once we complete deliveries of a mass-production project and

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begin charging royalty for one vehicle model of a particular brand, we can swiftly deploy the same functionalities across other vehicle models of the same brand with similar configurations and SoC platforms. This approach significantly shortens customers’ development cycles of vehicle models and reduces overall development costs. Likewise, as our customers expand their strategic footprint globally, the royalty model allows our software services to expand into additional countries and regions, which contributes to the strong growth of our software royalty revenues in recent years.

Software-and-Hardware Integrated Solutions

We also offer L2-L2+ software-and-hardware integrated solutions in order to meet diverse customer needs. We only participate in the product design and verification, while outsourcing the manufacturing process to external suppliers. Revenue is primarily generated through the sale of these integrated solutions to customers. When determining the pricing of our software-and-hardware integrated solutions, we take into account the personnel required for the project, outsourced manufacturing cost and raw material cost.

L4 Solutions

We have taken a prudent approach for our L4 solutions and refrained from making heavy capital commitment to investing in and running fleets ourselves. Instead, we primarily provide L4 software solutions to fleet operators to help them set up local fleets in a fast, highly efficient and cost-effective manner. We generate revenue from sale of our L4 software-only solutions and software-and-hardware integrated solutions (including L4 driving kits and turnkey solutions, vehicle-road-cloud integrated solutions, remote driving platform and L4 fleet operation platform) to fleet operators. When determining the pricing of our L4 solutions, we take into account our R&D cost, primarily cost of our R&D personnel, as well as cost for raw materials, assembly and testing.

Engineering Services

Engineering services serve as another effective complement to our other solutions to improve the functionality of our L2-L2+ and L4 driving solutions and enhance overall customer satisfaction in the form of value-added services. Engineering services are typically offered as a bundle with our mass-production projects to provide verification, validation and other supports to our software solutions. In addition, we also offer engineering services on a standalone basis, such as on-site engineer assistance and tool chain products. We charge project-based service fees to our customers for providing engineering services. The pricing of our engineering services takes into account upfront investments, including labor costs, equipment rental, customs clearance, insurance and vehicle registration-related expenses.

The following table sets forth a breakdown of our revenue and gross profit margin by solution during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin
		%		%		%
<i>(in thousands, except for percentages)</i>						
L2-L2+ Solutions	183,672	36.4	187,280	32.4	139,167	43.8
CalmPilot	161,905	39.4	161,108	33.6	96,989	43.4
CalmCockpit	2,513	58.0	12,662	34.1	29,822	58.8
CalmAssistant	19,254	8.4	13,510	16.3	12,356	11.3
L4 Solutions	7,325	35.4	242,758	26.0	374,532	27.0

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For the year ended December 31,						
	2023		2024		2025	
	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin	Revenue	Gross Profit Margin
		%		%		%
<i>(in thousands, except for percentages)</i>						
Engineering						
Services	12,607	22.4	52,511	39.4	33,693	29.8
Others	—	—	400	100.0	518	100.0
Total	203,604	35.3	482,949	30.0	547,910	31.4

OUR STRATEGIC COLLABORATIONS

Strategic Collaboration with ZF ADAS BU

We have established a long-term strategic collaboration with ZF ADAS BU. Our collaboration began in 2016, with an initial focus on jointly developing a multi-camera around perception system. In April 2022, we started to collaborate with ZF ADAS BU on various projects, including L2-L2+ solutions with Around View Monitoring (AVM), Parking Distance Control (PDC) and Automated Parking Assist (APA) functions for a domestic OEM and L2-L2+ solutions with AVM and PDC functions for a Swedish OEM. Over the years, the collaborations between ZF ADAS BU and us have produced substantial synergies across both market and technology domains and we expect such collaboration to continue notwithstanding potential changes to the owners of ZF ADAS BU as announced by ZF. As of the Latest Practicable Date, we had obtained 40 design wins for OEMs based on the collaboration with ZF ADAS BU.

Both ZF ADAS BU and us may assume either a Tier-1 or Tier-2 Supplier role, and we jointly bid, develop and deliver for mass-production projects to serve a broader market. ZF ADAS BU’s access to global OEMs, rigorous quality control system and professional project management have contributed to our success in overseas commercialization. We provide key software deliverables and related development services under our cooperation arrangements. In particular, ZF ADAS BU has engaged us to develop and deliver parking and around view software, including automated parking and related functionalities, for customer vehicle programs. We also provide services supporting its delivery activities, including data management and system verification and validation testing services.

We have entered into a number of contracts with ZF ADAS BU, covering the development of L2-L2+ solutions and data management and validation services. The milestones for development projects generally include the completion of software architecture development, delivery of software products, and satisfaction of quality standards through testing. It makes payment to us at the point of the achievement of each such milestone. Upon completion of the development work, the intellectual property rights arising from the development projects will be owned by ZF ADAS BU.

Strategic Collaboration with Horizon Robotics

Amid the broader trend of localization of automotive processing hardware in China, we, as an L2-L2+ and L4 driving solutions provider, have continuously strengthened our collaborations with domestic vehicle automation processing hardware providers in recent years, especially with Horizon Robotics. Our collaboration with Horizon Robotics follows a “capital + technology” cooperation model. Horizon Robotics became our strategic shareholder in 2025, and the two of us have since established multi-dimensional collaborations in joint technology development and commercial deployment to jointly advance the large-scale application and global expansion of China’s vehicle automation technologies.

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Leveraging Horizon Robotics’ domestic processing hardware, we have jointly developed a series of vehicle automation products, including driving, parking and fully driverless solutions, as well as IFCs and domain controllers, to meet the diverse software and hardware requirements across different automation levels in domestic and overseas markets. Through model compression and computing power optimization technologies, we have deeply adapted our systems to Horizon Robotics’ Journey 5 and Journey 6 series processing hardware, achieving performance on mid-range computing power platforms comparable to that on higher computing power platforms. For example, our ConnectOne Robotaxi launched in 2025 is the world’s first complete L4 Robotaxi system developed on Horizon Robotics’ Journey 6 processing hardware with mid-range computing power. The same solution has also been adopted in our L4 Robobus project delivered to CRRC Zhiyu in Chengdu. These achievements benefited not only from our own strength in model performance optimization, but also from toolchains and certain technology modules provided by Horizon Robotics. Such solution results in more than 30% reduction in domain controller costs compared with equivalent solutions based on processing hardware of Horizon Robotics’ global peers or Horizon Robotics’ higher-tier processing hardware. In addition to maintaining performance and robustness, the solution enables us to deliver superior cost-effectiveness to our global customers, thereby accelerating the commercialization of L2-L2+ and L4 driving solutions.

Our contracts with Horizon Robotics primarily relate to our procurement of algorithms from Horizon Robotics. Horizon Robotics grants us white-box licenses, under which it will disclose the source codes of the relevant programs or scripts to us. We may then develop our own products based on these, including making improvements thereto and creating derivative codes. Pursuant to the collaboration terms, we pay the corresponding licensing fees to Horizon Robotics.

Strategic Collaboration with Lenovo Connect

We have been continuously deepening our strategic collaboration with Lenovo Connect in the field of L4 driving solutions. Our collaboration primarily focuses on L4 driving solutions, with application scenarios such as Robotaxi and Robobus and product categories covering vehicles, roads and cloud. Collaboration with Lenovo Connect not only significantly accelerated the commercialization of our L4 solutions, but also provided us with a reliable supply chain partner.

In 2025, we established strategic collaborations with Lenovo Connect and SAIC Maxus on L4 Robotaxi solutions. In the first half of 2025, we had completed delivery of algorithms and 30 Robotaxis to Lenovo Connect. We also plan to deliver 1,000 Robotaxis to Lenovo Connect over a two-year period for operation across approximately 15 cities, including but not limited to Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Zhongshan, Jiangmen, Huizhou and Qingyuan. This collaboration model allows us to engage in L4 business under an asset-light model.

We are also advancing our collaboration with Lenovo Connect on L4 Robobus. We seek to jointly promote L4 Robobus globally through a collaboration model of “hardware + algorithm optimization.” Under such collaboration model, the IoV platform of Lenovo Connect’s affiliate, which covers over 160 countries, has been integrated with our cloud-based data management system. It enables real-time vehicle status upload, remote OTA updates, multi-vehicle coordinated scheduling and remote control, thereby forming a vehicle-road-cloud integrated solution.

Pursuant to the cooperation agreement with Lenovo Connect, we provide L4 solution development services to Lenovo Connect and Lenovo Connect shall pay service fees to us. The R&D milestones for the development include finalization of L4 solution architecture design, completion of core function development, satisfaction of system integration and stability test criteria, and support for road test permit applications. Upon completion, we need to deliver all source codes to Lenovo Connect, with intellectual property rights generated to be jointly owned by Lenovo Connect and us. The agreement also contains an exclusivity clause restricting us from engaging in similar business with any third party within the Guangdong-Hong Kong-Macao Greater Bay Area during our cooperation term.

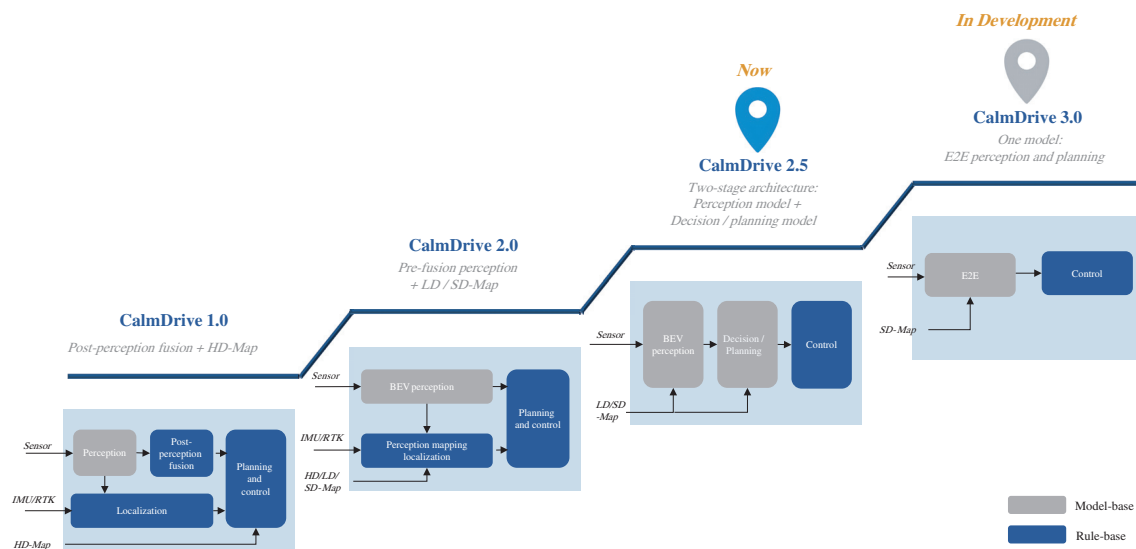
BUSINESS

OUR TECHNOLOGY

Our Continuously Advanced Technology Roadmap

We have consistently focused on the research and development of the core functional modules of our systems — perception, prediction and planning. Over the past decade, we have been closely following industry trends of technology development and customer requirements in shaping our R&D roadmap, evolving from multi-module collaboration toward end-to-end large models for development and iterations.

The chart below sets forth the evolvement of our technology architecture. We have gone through four key stages of our technology development — CalmDrive 1.0, CalmDrive 2.0, CalmDrive 2.5 and CalmDrive 3.0.

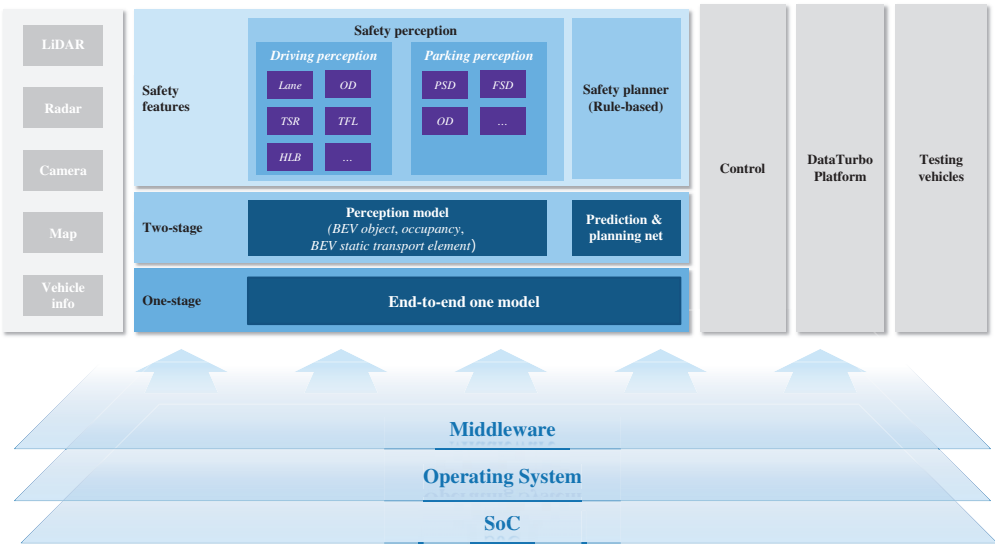


- **CalmDrive 1.0** forms a series of stable and reliable L2-L2+ and L4 driving solutions by integrating multiple AI perception algorithm models, post-perception fusion models, and rule-based planning modules and control modules. This was the mainstream technical approach at the early stage of the vehicle automation industry.
- **CalmDrive 2.0** adopts a BEV-based pre-fusion perception algorithm to integrate visual and point-cloud data from different sensors, and combines rule-based planning strategy and model-based planner into one planning module to address cross-modal spatial matching challenges. The system enhances temporal modeling capability, reduces missed and false detections. It has become a mainstream technology architecture for mass-production projects in recent years.
- **CalmDrive 2.5** adopts a two-stage end-to-end architecture composed of a perception module and a decision/planning module. The system leverages large models to power the perception module for precise environmental understanding, outputs the perception results to model-based planning module, and outputs control commands.
- **CalmDrive 3.0** is a one-stage end-to-end system integrating perception and planning. Leveraging a large model, the system starts from processing inputs of sensor data, and outputs control commands. This architecture further simplifies system structure, enhances efficiency of model execution and generalization capability, and improves system integration and operability. In addition, we have further enhanced the system’s explainability through VLM/VLA architecture.

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Highly Flexible and Adaptable System

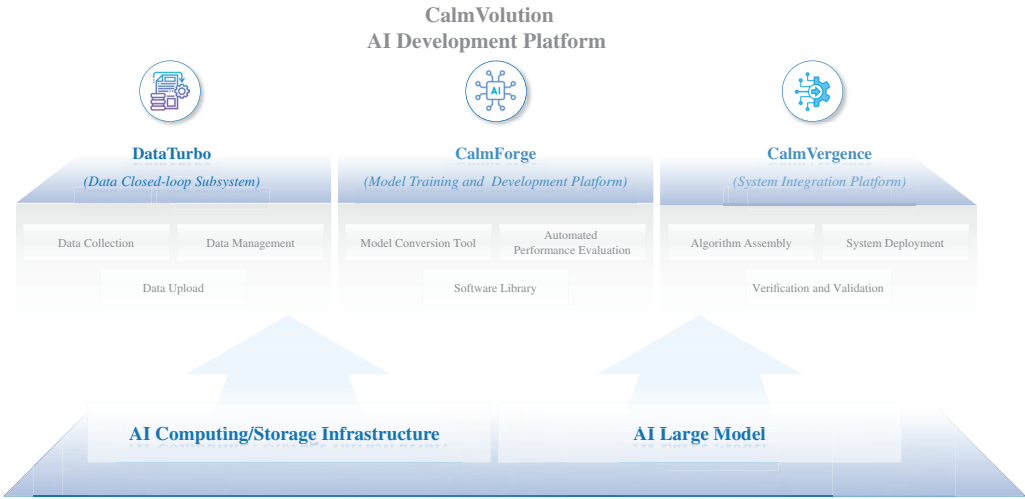
Leveraging by the robust collaborative development capabilities for software and hardware and accumulated AI expertise in fields including in visual perception and multi-sensor fusion, we had built a unified and highly flexible heterogeneous computing development architecture. which could be adaptable to various chip platforms, sensor architectures, computing resource availabilities and requirements for multi-level automation function, thereby achieving fast deployment and flexible adaption to L2-L2+ and L4 system, and maximizing the reuse of our existing R&D accumulations. In terms of hardware platform adaptation, we have adopted a system architecture featuring unified platform interfaces, data protocols and layered decoupling to achieve the standardization of our systems’ external interfaces. Thus, the barriers among different hardware architectures have been broken down. Through automated model conversion tools, we support the in-depth adaptation of AI algorithm models to computing chips, sensors and other hardware, ensuring that the L2-L2+ and L4 system can be rapidly deployed and verified across different chip platforms while maintaining consistent and stable performance. In terms of functional level adaptation, whether for L2-L2+ and L4 driving solutions, we have built them based on a unified foundation model. Taking into account different application scenarios, performance requirements and computing resource availabilities, we have achieved model optimization and customization through technologies such as model pruning, quantization and distillation, thereby striking a balance between lightweight deployment and high performance.



Distinctive and Efficient AI Development Platform

We have built a data-driven, one-stop AI development platform — CalmVolution, which enables us to establish full-chain closed-loop capabilities from data collection, data cleansing and data labelling to model training, system deployment, verification and validation, and data upload. The CalmVolution platform consists of three core subsystems.

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Subsystems of CalmVolution

Core Functions

DataTurbo — the data closed-loop subsystem

It has established a complete chain from data generation to value realization through deep coordination among three modules — data collection, data management and data upload. With a focus on comprehensiveness, high fidelity and high reliability, DataTurbo supports the synchronized collection and management of heterogeneous data from multiple sources and vehicle models, both offline and via the cloud. It also facilitates collaboration between internal and external data labelling teams and data management throughout the entire R&D process. We have established a positive “data-model-application” loop that continuously enhances our algorithms. DataTurbo has established a functional system with “full-chain closed-loop + multi-scenario coverage”.

- Supports centralized access and unified management of multi-source data from offline and cloud, enabling structured storage of multidimensional information;
- Enables synchronized collection of heterogeneous data across multiple vehicle models and sensors, which is compatible with various types of sensors and vehicle signals;
- Incorporates a proprietary time synchronization algorithm that effectively resolves timestamp deviations of multi-source data, ensuring spatiotemporal consistency between collected data and real-world scenarios;
- Supports management of data labelling tasks and seamless integration with third-party platforms, allowing management personnel to monitor progress and quality of labelling in real time via a visualized dashboard, which improves the efficiency of cross-platform collaboration;

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Subsystems of CalmVolution

Core Functions

CalmForge — the model training and development platform

Our model training and development platform, CalmForge, enables us to manage AI algorithm models at different stages throughout their lifecycle, including training, fine-tuning, evaluation and monitoring, thereby enhancing the traceability of the model development process. CalmForge allows for the independent training and efficient iteration of multiple types of AI models in parallel, which improves utilization of our AI training servers. In addition, the model conversion tool embedded in CalmForge automatically converts our AI models to adapt to various SoC platforms, which enhances our cross-platform compatibility while reducing R&D expenses. Moreover, the automated performance evaluation module of CalmForge facilitates rapid performance analysis and verification of AI models and improves our model iteration and optimization efficiency.

CalmVergence — the automated system integration platform

CalmVergence allows our team to efficiently deploy and migrate the same set of core algorithms and software architecture across different SoC platforms and operating systems simply by ticking checkboxes. With CalmVergence, the reuse rate of our software and AI algorithm models in different projects exceeds 70%. We are able to complete deployment of a full set of systems on a new SoC platform within one month for verification and validation purpose, while it takes less than six months to complete the full cycle from deployment, verification and validation, to the final delivery of a mass-production project for a new vehicle model on a previously-deployed SoC platform.

- Supports customized and optimized model training frameworks and helps to increase the utilization of GPU through measures, which enables us to reduce AI model training cycles by over 30% compared with conventional approaches;
- Supports the integration with World Model modules it provides automated evaluation of key performance metrics for the AI models generated, compares the performance of different versions, and generates comprehensive evaluation reports. This ensures that no version rollback occurs; and
- Enables automated cross-format conversion of trained AI models for adaptation across different SoC platforms. The functions include deployment parameter generation, version control and consistency check to ensure consistency between the expected results of models and real in-vehicle performance.
- Algorithm integration, system deployment, and verification and validation;
- Supports connections with the Virtual Simulation system.
- Enables seamless migration and integration of our AI algorithms with various vehicle interfaces through unified internal software interfaces and independent external interfaces to maximize the reuse of R&D outputs;
- Supports selection of AI algorithms and software modules from a centralized software library using a visualized interface, enables plug-and-play of each modules;
- Supports connections with the Virtual Simulation system.

Through our proprietary AI development platform CalmVolution, we have deeply integrated the workflows of various R&D stages. This not only significantly improves development of our software, but also helps us to meet customers’ demands for rapid iteration, high-quality delivery and traceable issue resolution, thereby strengthening our competitive advantages in cost efficiency and large-scale delivery.

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Extensive Application of Multimodal Large Models in Our Development Workflow

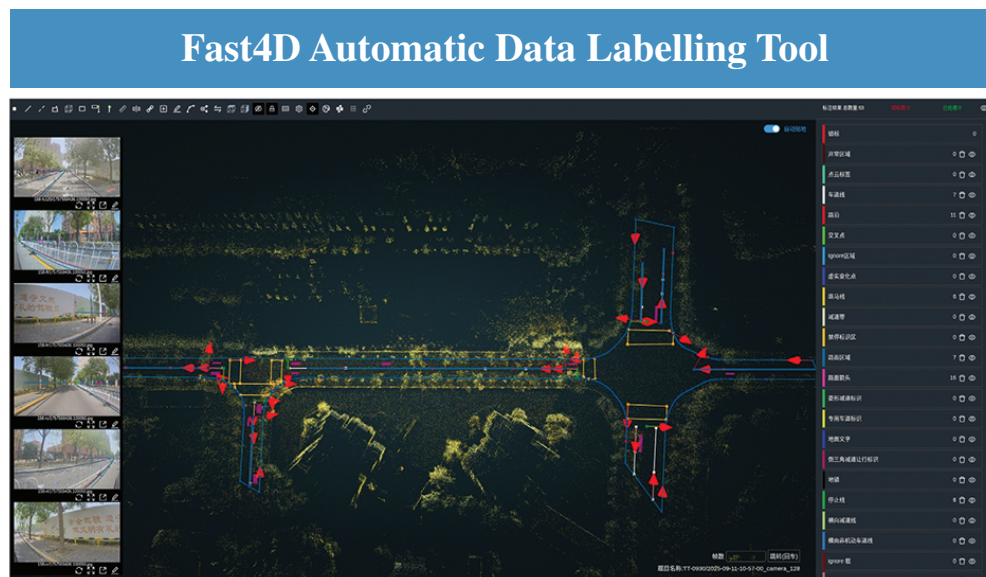
We have integrated multimodal AI large models into multiple sectors of CalmVolution and deeply integrated them with our existing automated toolchains to form an open development workflow. The multimodal AI large models helps us to conduct analysis, breakdown and review of customer requirements during the R&D and delivery process, and to accelerate code generation and make code quality assessment. This approach also helps us sort out the traceability among requirements, development, and verification and validation, which further improves our problem-solving capability and enables us to shorten development cycles while ensuring high software quality.

Other Utility Toolchain Products Integrated into the AI Development Platform

To maximize the efficiency and performance of our AI development platform, we have developed a series of specialized toolchain products. These tools further enhance the platform’s advantages in data processing, model training, and post-delivery support. Set forth below are selected examples of the toolchain products.

- ***Fast4D Automatic Data Labelling Tool***

To better conduct end-to-end model training, we independently developed Fast4D, a proprietary 4D automatic data labelling tool. Building upon traditional 3D labelling, Fast4D introduces a temporal dimension to continuously and coherently track dynamic objects’ motion trajectories, status changes and interactions with their surroundings, ensuring spatiotemporal consistency in the dataset. Fast4D employs an enhanced 3D Gaussian Splatting technique, improving reconstruction efficiency by 16 times compared with traditional NeRF-based methods. The tool generates pre-annotated 4D data by fusing and processing multi-sensor data, and manually refine such data to produce high-quality datasets that can be used in AI model training. Fast4D increases our data labelling efficiency by approximately 120 times compared with traditional 2D/3D labelling methods.



- ***SuperPangoo Issue Data Management Platform***

To better track the entire process of development and delivery and to provide customers with high-quality and timely support, we developed SuperPangoo, a closed-loop issue data management platform. The platform supports rapid logging, assignment, processing and

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archiving of issues, and can interface seamlessly with various mainstream workflow management systems used by our customers to ensure trackability and traceability of all customer issues both internally and externally. Through SuperPangoo, we synchronize issue resolution progress and plans in real time, automatically transmits key information back to customers' internal management systems, and enables customers to stay informed of issue handling status. SuperPangoo significantly improves customer experience and satisfaction.

DATA PRIVACY AND SECURITY

Protection of data privacy and security is one of our highest priorities. During the Track Record Period, we did not store personal information from our business entity customers or end users, as we did not interact directly with individual end users; however, we stored limited personal information of R&D employees (such as faces captured by in-vehicle cameras during testing) with their prior written consent for specific R&D purposes. Our perception system may also inadvertently capture personal information during road testing, such as license plates and faces. We have desensitized and anonymized such data to ensure data privacy. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not encountered any material data or personal information leakage.

We strictly follow the requirements of applicable laws and regulations on data privacy and security. We have established our internal control system and internal policies on protecting data security, including Data Security Emergency Management Policy, Cybersecurity Management Policy, Data Security Management Policy and Data Medium Management Policy.

Set forth below are the details of the measures we have taken to protect data security.

ISMS-14-A/0 Data Security Emergency Management Policy: This policy sets out our procedures for identifying, responding to, investigating and mitigating data security incidents;

ISMS-17-A/0 Cybersecurity Management Policy: This policy establishes the requirements for the construction, operation and maintenance of our cybersecurity management system;

ISMS-18-A/0 Data Security Management Policy: This policy provides internal procedures governing the collection, backup and encryption of operational data; and

ISMS-26-A/0 Data Medium Management Policy: This policy regulates the classification, use, reuse, storage and secure disposal of removable storage media.

According to our legal advisor as to PRC cybersecurity and data protection law, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance in all material respects with all applicable cybersecurity and data protection laws and regulations, for the following reasons: (i) we have adopted comprehensive internal policies and measures on protection of cybersecurity, data and privacy to ensure continuous regulatory compliance; (ii) we have not received any investigation, enquiry, warning, penalty or sanction from governmental authorities (including the Cyberspace Administration of China and its local branches) with regard to our practices in relation to cybersecurity, data and privacy; (iii) we have not been involved in any legal proceedings initiated by governmental authorities or third parties in relation to cybersecurity, data and privacy; and (iv) there has not been any cybersecurity incident or unauthorized misappropriation, leakage or loss of data that had any material adverse impacts on our business operations. During the Track Record Period and up to the Latest Practicable Date, our current business operations in PRC and business expansion plans did not involve any cross-border transmission of personal information from PRC to overseas jurisdictions (and vice versa). In case any cross-border transmission of data is involved in our business operations in PRC or expansion plans in the future, we will take measures accordingly to ensure compliant transmission.

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OUR CUSTOMERS

We have a track record of successfully commercializing our L2-L2+ and L4 driving solutions. Our end-customers are predominantly OEMs. We serve a diverse customer base that includes OEMs, Tier-1 Suppliers, technology companies engaged in vehicle automation, and fleet operators. Our end customers are predominantly OEMs and fleet operators, to whom we supply our driving solutions either directly or indirectly through Tier-1 Suppliers and other channel partners, supporting a broad range of use cases from passenger vehicles to L4 applications.

Revenue from our five largest customers in each year of the Track Record Period amounted to RMB186.1 million, RMB215.4 million and RMB193.5 million, representing 91.4%, 44.6% and 35.3% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. Revenue from our largest customer in each year of the Track Record Period amounted to RMB126.5 million, RMB73.5 million and RMB57.1 million, representing 62.1%, 15.2% and 10.4% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. The credit terms that we grant to our five largest customers typically range from 30 days to 210 days for each year of the Track Record Period. The high revenue concentration from our major customers aligns with industry norms, as confirmed by CIC. The composition of our major customers changes over time due to several key factors, including market demand, regulatory policies and the execution timeline of specific projects.

The following tables set forth certain information of our five largest customers for each year during the Track Record Period.

For the fiscal year ended December 31, 2023

Customer	Transaction amount (RMB in thousands)	% of total revenue	Major products/services provided	Commencement of business relationship	Background
Customer A . .	126,531	62.1	L2-L2+ driving solutions	2021	A Vietnamese public company founded in 2017 that engages in the R&D and production of electric vehicles.
ZF ADAS BU .	22,308	11.0	L2-L2+ driving solutions	2016	A subsidiary of a private company in Germany founded in 1915 that engages in automotive systems, industrial technology and mobility solutions.
Customer C . .	16,133	7.9	L4 driving solutions and engineering services	2017	A public company in Shanghai founded in 1984 that engages in passenger car manufacturing.
Customer D . .	14,994	7.4	L2-L2+ driving solutions	2019	A private company in Zhejiang Province founded in 2014 that engages in manufacturing new energy vehicles.

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Customer	Transaction amount (RMB in thousands)	% of total revenue	Major products/services provided	Commencement of business relationship	Background
Customer E . . .	6,139	3.0	L2-L2+ driving solutions	2020	A private company in Guangdong Province founded in 2011 that engages in manufacturing in-vehicle devices.
Total	<u>186,105</u>	<u>91.4</u>			

For the fiscal year ended December 31, 2024

Customer	Transaction amount (RMB in thousands)	% of total revenue	Major products/services provided	Commencement of business relationship	Background
Customer F ¹ . . .	73,496	15.2	L4 driving solutions	2023	A private company in Guangdong Province founded in 1992 that provides mobility services and NEV charging facilities, and its affiliate.
Customer G ² . . .	60,085	12.4	L4 driving solutions	2023	A private company in Jiangsu Province founded in 2012 that engages in supply chain services.
Customer A . . .	33,607	7.0	L2-L2+ driving solutions	2021	A Vietnamese public company founded in 2017 that engages in the R&D and production of electric vehicles.
Customer H ³ . . .	27,434	5.7	L4 driving solutions	2021	A public company in Beijing founded in 2014 that engages in the provision of artificial intelligence platforms.
Customer I ⁴ . . .	20,774	4.3	L4 driving solutions	2023	A private company in Shandong Province founded in 2011 that engages in technology services.
Total	<u>215,396</u>	<u>44.6</u>			

Notes:

1. A traditional fleet operator that owns and operates vehicles in its ordinary course of business. Our solutions were applied to its vehicle fleet through retrofitting and system integration to enhance vehicle automation, operational efficiency and fleet management capabilities.

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2. A logistics group with demand for unmanned logistics solutions in closed or semi-closed operating scenarios. Our solutions were incorporated into its logistics vehicles through autonomous-driving retrofitting and system integration to support unmanned transportation within logistics parks or similar controlled environments and improve operational efficiency.
3. An AI model development and commercialization company with capabilities to integrate third-party technology modules into its own solutions. We provided L4 driving model capabilities and related technical components to the customer, which were integrated into its broader AI solution offerings for onward delivery to Tier-1 customers or autonomous-driving technology companies.
4. An industrial park operation and management entity responsible for closed or semi-closed park scenarios with demand for autonomous shuttle services. Our unmanned shuttle L4 solution was applied in its park operations to support intra-park transportation, last-mile mobility and intelligent park management.

For the fiscal year ended December 31, 2025

Customer	Transaction amount (RMB in thousands)	% of total revenue	Major products/services provided	Commencement of business relationship	Background
Customer J ¹ . .	57,052	10.4	L4 driving solutions	2025	A private company in Hubei Province founded in 2005 that engages in information system integration and the sale of computer hardware and software and related equipment.
Customer K ² . .	48,193	8.8	L4 driving solutions	2025	A private company in Jiangsu Province founded in 2002 that engages in the manufacturing and sale of precision electromechanical equipment and metal components.
Customer L ³ . .	34,814	6.4	L4 driving solutions	2024	A private company in Guangdong Province founded in 2011 that engages in the development and sale of communication products and computer system integration.
Lenovo Connect ⁴ . .	27,449	5.0	L4 driving solutions	2024	A private company in Guangdong Province founded in 2016 that engages in Internet of Things technology services and 5G communication technology services.

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Customer	Transaction amount (RMB in thousands)	% of total revenue	Major products/services provided	Commencement of business relationship	Background
Customer N . . .	25,986	4.7	L4 driving solutions	2025	A private company in Shanghai founded in 2015 that engages in automotive technology services and the manufacture and sale of auto parts and related products.
Total	<u>193,494</u>	<u>35.3</u>			

Notes:

1. A system integrator with access to end markets and complementary non-driving software development capabilities. We delivered software-and-hardware integrated solutions for unmanned vehicles in specific scenarios, such as golf course shuttles and transportation hub shuttles, which the customer packaged with its own complementary capabilities into integrated solutions for onward delivery to downstream customers.
2. A customer engaged in the production and sales of robosweepers. We provided algorithms and key components for robosweepers, while the customer undertook production and manufacturing and further sold the completed robosweeper products to downstream markets.
3. An AI system integrator with capabilities to integrate algorithms and hardware devices into vehicle automation solutions. We delivered algorithms and hardware devices to the customer, which integrated them into solution offerings for onward delivery to Tier-1 customers or autonomous-driving technology companies.
4. A dedicated robotaxi operation platform established within its group for the provision of robotaxi operation services. The customer procured our L4 robotaxis and applied them in its robotaxi operation services for end users.

Salient Terms of Customary Agreements with Our Customers

Customary Agreements for L2-L2+ Solutions

- **Solution specifications.** When we act as a Tier-1 Supplier, we contract directly with OEM customers. When we act as a Tier-2 Supplier, we contract with the relevant Tier-1 Supplier to provide solutions to its downstream OEM customer. In both cases, development plans and technical requirements are set forth in the contract or its appendices.
- **Payment.** Customers generally make payments in accordance with development milestones. For procurement of software-and-hardware integrated solutions, payment terms are made in accordance with delivery and acceptance specified in the framework agreement or separately issued purchase orders.
- **Product warranty, liability and after-sales services.** We warrant compliance with contractual technical requirements and the absence of design defects that may endanger persons or property, and we indemnify our customers for losses arising from quality or safety issues. As our solutions are fully tested and verified prior to delivery, we incurred virtually no warranty expenses during the Track Record Period. We do not have a uniform after-sales policy; relevant terms are negotiated on a case-by-case basis and may include complimentary post-acceptance technical support, OTA upgrade support, training materials and/or continued supply of conforming spare parts. We generally charge separately agreed fees for services beyond the expressly contracted scope. We also remain subject to statutory product quality obligations under PRC law.
- **Outsourcing.** We shall not outsource any obligations to third-party service providers without our customer’s prior consent.

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- ***Delivery.*** Software is delivered in the form accepted by both parties on a case-by-case basis. For software-and-hardware integrated solutions, ownership and risk transfer to customers upon acceptance at the agreed delivery location.
- ***Intellectual property ownership.*** Each party retains its pre-existing intellectual property. The ownership of new intellectual property arising from the project is determined through mutual agreement on a case-by-case basis.
- ***Termination.*** Where we act as a Tier-1 Supplier, the customer is generally entitled to terminate only upon our material breach. Where we act as a Tier-2 Supplier, the customer may terminate at any time, in which case we are entitled to payment for services rendered and compensation for losses incurred.

Customary Agreements for L4 Solutions

- ***Solution specifications.*** Our customers engage us to offer L4 solutions, with the development plans and technical requirements set forth in the appendices to the contracts.
- ***Payment.*** For the development services of L4 solutions, the customer shall make payments in accordance with the respective project development milestones and the final delivery.
- ***Product liability and safety and after-sales services.*** We generally warrant that our solution fits the technical requirements under the contracts and is free from any design defect or other errors which may impair the safety of human bodies and/or other properties. Given that our solutions are fully tested and verified prior to delivery, we incurred virtually no warranty expenses during the Track Record Period. Our after-sales arrangements are negotiated on a case-by-case basis having regard to customer requirements. The after-sales support we typically provide includes: (i) in respect of software and related deliverables, complimentary technical support, training, deployment assistance, performance optimization and version upgrades for a specified period following acceptance; and (ii) in respect of hardware deliverables such as retrofitted vehicles, complimentary inspection and repair services within a specified period or up to a specified cumulative mileage (whichever is earlier), with maintenance services available at agreed preferential rates thereafter. We generally charge fees for services beyond the scope expressly provided for in the contract, with the fees to be separately agreed between the parties. We also remain subject to statutory product quality obligations under PRC law.
- ***Indemnification.*** We shall, in general, indemnify our customers for any loss or damage resulted from us with the upper limit of such indemnification obligation generally capped at 20% of the total contract price.
- ***Outsourcing.*** We generally shall not outsource any obligations under our contracts to third party service providers without our customer's prior consent.
- ***Delivery.*** The software developed under the contracts shall be delivered in the form accepted by both parties on a case-by-case basis. For software and hardware integrated solutions, the ownership and the risk is transferred to our customers upon the customers' acceptance of the hardware at the agreed delivery location.
- ***Intellectual property ownership.*** The ownership of new intellectual property arising from the project is determined through mutual agreement on a case-by-case basis. The intellectual property rights originally owned by us that are directly related to the contract shall be jointly owned by both parties.
- ***Termination.*** The customers shall only be entitled to unilaterally terminate the contracts if we commit a material breach of the contracts.

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To the best of our knowledge, other than ZF ADAS BU, affiliated to our shareholder ZF Holdings B.V., and Customer C, one of our shareholders, all of our five largest customers in each year during the Track Record Period are independent third parties and none of our Directors, their respective associates or any shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our top five customers in each year during the Track Record Period. Purchases by ZF ADAS BU and Customer C from us aligned with industry practice and were commercially necessary to our business. All transactions with ZF ADAS BU and Customer C were conducted on an arm’s length basis and on normal commercial terms.

OUR SUPPLIERS

During the Track Record Period, our major suppliers are primarily suppliers of ancillary technology services, chips and sensors. While we self-develop all core components of our L2-L2+ and L4 driving solutions based on our CalmVolution platform, we outsource the development of ancillary components of our solutions to third party software service providers to increase efficiency and reduce overall development costs. In particular, we engage service providers in the development and delivery of our solutions primarily to support model training through data collection, cleaning and annotation and to undertake development tasks beyond our core competencies, such as cloud platforms, visualization, road testing, or customer-designated functions in specific projects, and the related outsourced technical services expenses mainly represent fees paid for such services.

Purchases from our five largest suppliers in each year of the Track Record Period amounted to RMB114.9 million, RMB116.0 million and RMB140.4 million, representing 72.6%, 34.9% and 23.6% of our total purchases for the years ended December 31, 2023, 2024 and 2025, respectively. Purchases from our largest supplier in each year of the Track Record Period amounted to RMB60.7 million, RMB35.6 million and RMB41.6 million, representing 38.4%, 10.7% and 7.0% of our total purchases for the years ended December 31, 2023, 2024 and 2025, respectively. The credit terms granted to us by our five largest suppliers typically range from 0 to 180 days for each year of the Track Record Period. We generally become acquainted with our suppliers through prior working relationships with members of their core teams, referrals from industry partners, investors or existing business contacts, or introductions arising from project-specific requirements. For each category of services or products procured, there are typically multiple qualified suppliers in the market, and we select suppliers based on pricing, quality and technical capabilities through price comparisons. As the relative pricing competitiveness and project suitability of different qualified suppliers may change from time to time, our selection of suppliers based on cost-effectiveness, quality and technical capabilities resulted in changes in the composition of our five largest suppliers during the Track Record Period. Such changes were also attributable to the evolution of our business and technological focus, including our increasing focus on factory-installed software algorithm development and the deployment of L4 solutions since 2024. As our procurement needs evolved, we engaged a more diversified supplier base, including suppliers of specialized data annotation, software engineering and algorithm R&D services, as well as hardware and edge computing-related products and services required for L4 driving kits, turnkey solutions and vehicle-road-cloud integrated solutions. We believe the transaction amounts with each of our five largest suppliers during the Track Record Period were reasonable having regard to their respective scale of operations and prevailing market rates.

The following tables set forth certain information of our five largest suppliers by purchase amount for each year during the Track Record Period.

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For the fiscal year ended December 31, 2023

Supplier	Purchase amount (RMB in thousands)	% of total purchase	Major services/ products purchased	Commencement of business relationship	Background
Supplier A . .	60,652	38.4	Data Labelling Services	2021	A private company in Tianjin founded in 2021 that engages in big data and technology services.
ZF ADAS BU	24,538	15.5	L2-L2+ Solutions Related Technology Services	2016	A subsidiary of a private company in Germany founded in 1915 that engages in automotive systems, industrial technology and mobility solutions.
Supplier C . .	14,140	8.9	Data Labelling Services	2021	A private company in Tianjin founded in 2021 that engages in technology services.
Supplier D . .	9,323	5.9	Monitors	2019	A private company in Guangdong Province founded in 2016 that engages in semi-conductor equipment sales.
Supplier E . .	6,235	3.9	Data Labelling Services	2021	A private company in Tianjin founded in 2021 that engages in software development.
	<u>114,888</u>	<u>72.6</u>			

For the fiscal year ended December 31, 2024

Supplier	Purchase amount (RMB in thousands)	% of total purchase	Major services/ products purchased	Commencement of business relationship	Background
Supplier F . .	35,558	10.7	Hardware and Edge Computing Solutions	2024	A private company in Guangdong Province founded in 2013 that engages in AI software development, security monitoring systems and information system integration.
Supplier A . .	23,458	7.1	Data Labelling Services	2021	A private company in Tianjin founded in 2021 that engages in big data and technology services.
Supplier G . .	19,019	5.7	V2X Technology services	2024	A private company in Beijing founded in 2001 that engages in IT services.
Supplier H . .	19,019	5.7	Computing Power Services	2024	A public company in Fujian Province founded in 2006 that engages in IT services.

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Supplier	Purchase amount (RMB in thousands)	% of total purchase	Major services/ products purchased	Commencement of business relationship	Background
Supplier I . . .	18,925	5.7	Data Labelling Services, IoT and Edge Computing Platforms, and Parking and Traffic Management Systems	2024	A public company in Guangdong Province founded in 2007 that engages in IT services.
	<u>115,979</u>	<u>34.9</u>			

For the fiscal year ended December 31, 2025

Supplier	Purchase amount (RMB in thousands)	% of total purchase	Major services/ products purchased	Commencement of business relationship	Background
Supplier F . . .	41,606	7.0	Hardware and Edge Computing Solutions	2024	A private company in Guangdong Province founded in 2013 that engages in AI software development, security monitoring systems and information system integration.
Supplier J . . .	39,115	6.6	Hardware and Edge Computing Solutions	2024	A private company in Guangdong Province founded in 2018 that engages in database services, software development and IT consulting.
Supplier K . . .	24,425	4.1	L4 Vehicle Drive-by-wire Platform and Operation System Development	2024	A private company in Guangdong Province founded in 2001 that engages in specialized printing equipment and information system integration services.
Supplier G . . .	21,491	3.6	L4 Vehicle Planning and Control Function Development	2024	A private company in Beijing founded in 2001 that engages in software development, cloud/internet data services and information system integration.
Supplier L . . .	13,717	2.3	Hardware and Edge Computing Solutions	2024	A public company in Guangdong Province founded in 2016 that engages in real-time data infrastructure and analytics solutions.
Total	<u>140,354</u>	<u>23.6</u>			

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We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or disruption to our business as a result of any significant shortages or delays in providing related products or services.

Salient Terms with Suppliers

Contracts with Technology Service Suppliers

- **Service Specifications.** We enter into contracts with suppliers pursuant to which such suppliers provide software development services to us.
- **Payment.** We shall make the corresponding payments when the development work reaches the respective milestones and upon final delivery.
- **Product liability and safety.** The supplier warrants that the software developed by it shall comply with the technical requirements and specifications as stipulated in the contracts. If the software fails to pass our acceptance inspection, our suppliers shall rectify the defects at its own cost.
- **Outsourcing.** The outsourcing provisions shall generally not apply to the technical service contracts entered into between us and the suppliers.
- **Intellectual property ownership.** The intellectual property shall remain the property of the respective owner of such rights. Any new intellectual property, know-how and technical information arising from the development of our project shall be the property of us.

Contracts with Hardware Suppliers

- **Service Specifications.** We enter into contracts with suppliers for the procurement of specific hardware.
- **Payment.** Payment is generally made on a cash-on-delivery (COD) basis.
- **Product liability and safety.** The supplier shall warrant the quality of the subject hardware, and shall repair, replace or provide a refund for any products found to be defective.
- **Outsourcing.** Outsourcing is generally not applicable to hardware procurement contracts.
- **Intellectual property ownership.** Intellectual property rights are usually not applicable to hardware procurement contracts.

To the best of our knowledge, other than ZF ADAS BU, affiliated to our shareholder ZF Holdings B.V., all of our five largest suppliers in each year during the Track Record Period are independent third parties and none of our Directors, their respective associates or any shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our top five suppliers in each year during the Track Record Period. Procurement through ZF ADAS BU aligned with industry practice and was commercially necessary to our business. All transactions with ZF ADAS BU were conducted on an arm's length basis and on normal commercial terms.

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OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, to the best knowledge of our Directors:

- (i) ZF ADAS BU, one of our five largest suppliers in 2023, was also one of our five largest customers in 2023. For the years ended December 31, 2023, 2024 and 2025, our revenue generated from ZF ADAS BU amounted to RMB22.3 million, RMB18.9 million and RMB19.2 million, accounting for 11.0%, 3.9% and 3.5% of our total revenue, respectively;
- (ii) Customer C, one of our five largest customers in 2023, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer C amounted to nil, nil and RMB13.6 million, accounting for nil, nil and 2.3% of our total purchases, respectively.
- (iii) Customer D, one of our five largest customers in 2023, was also a supplier. For the years ended December 31, 2023, 2024 and 2025, our purchases from Customer D amounted to RMB228.1 thousand, nil and RMB130.0 thousand, accounting for 0.1%, nil and 0.0% of our total purchases, respectively.

Our purchase amount attributable to these customer-suppliers accounted for 15.7%, 2.4% and 3.7% of our total purchase amount in 2023, 2024 and 2025, respectively. Our revenue attributable to these customer-suppliers accounted for 26.2%, 6.6% and 5.7% of our total revenue in 2023, 2024 and 2025, respectively. Gross profit for the sales to these customer-suppliers for each of 2023, 2024 and 2025 was approximately RMB18.6 million, RMB17.7 million and RMB13.7 million, respectively. The relevant gross profit margin for each of 2023, 2024 and 2025 was approximately 34.8%, 55.5% and 43.8%, respectively, whereas our overall gross profit margin for the corresponding periods was approximately 35.3%, 30.0% and 31.4%, respectively.

Except for ZF ADAS BU, Customer C and Customer D, for the years ended December 31, 2023, 2024 and 2025, none of our five largest suppliers/customers in any year was also our customer/supplier in the same year.

The gross profit margins for sales to overlapping customer-suppliers during the Track Record Period were generally in line with the Group’s overall gross profit margins and comparable to those for sales to other customers of similar nature. The terms of purchases from overlapping customer-suppliers were also comparable to those from other independent suppliers. Our Directors confirmed that all aforementioned transactions were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis.

BUSINESS SUSTAINABILITY

We achieved rapid revenue growth during the Track Record Period. Our revenue increased significantly by 137.2% from RMB203.6 million in 2023 to RMB482.9 million in 2024, and further increased by 13.5% to RMB547.9 million in 2025. We recorded gross profit margins that were above industry average during the Track Record Period, according to CIC. In 2023, 2024 and 2025, our gross profit margin was 35.3%, 30.0% and 31.4%, respectively. However, our growth in revenue had yet been able to fully cover the various costs and expenses incurred during the Track Record Period. In 2023, 2024 and 2025, we had loss and total comprehensive expense of RMB231.2 million, RMB462.8 million and RMB207.9 million, respectively. Our loss and total comprehensive expense decreased significantly by 55.1% from RMB462.8 million in 2024 to RMB207.9 million in 2025, reflecting the continued improvement in our underlying operating performance.

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The following table sets forth certain financial data for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands, except for percentages)		
Revenue	203,604	482,949	547,910
Gross profit	71,881	144,682	172,226
Gross profit margin	35.3%	30.0%	31.4%
Loss and total comprehensive expense . .	(231,179)	(462,776)	(207,887)

Our loss-making position was primarily due to the following reasons:

- ***In the early stages of expansion and scaling up operations.*** We are still at a ramp-up stage and aim at long-term business success and financial return in the L2-L2+ and L4 driving solutions market, rather than seeking near-term profitability at the expense of long-term market potential. To scale up our business, we have made significant investments in product development, talent recruitment and market expansion. Such expenses related to our growth initiatives outweighed immediate revenues, which affected our profitability in the short term. But in the long run, we believe these are investments critical for us to secure a competitive position in the evolving L2-L2+ and L4 driving solutions market and establish a solid foundation for future profitability.
- ***Nature of software development business.*** Given the inherent complexity of L2-L2+ and L4 driving solutions, the development and validation cycle for a new software development project can be lengthy. We are deemed to have obtained a design win at the time of signing the contract. After entering into the contract, we will start software development and engineering. After completing the development of the solution, the OEM or Tier-1 Supplier will conduct validation on the solution. Upon satisfaction of the validation, the solution will be delivered and accepted, and revenue will be recognized. The timeline for the end-to-end process varies for different projects. For example, the development cycle of L2-L2+ solutions is around 14 months on average following a design win. Consequently, we typically incur significant upfront investment in a software development project well before we begin to recognize revenue, resulting in a temporary period of losses. However, as an increasing number of projects transition from the software development phase to the software royalty phase, we expect to generate recurring revenue with minimal incremental cost, which will improve our profitability.
- ***Investment in R&D.*** We made significant investment in R&D during the Track Record Period. Our research and development expenses in 2023, 2024 and 2025 were RMB105.5 million, RMB117.2 million and RMB92.3 million, respectively, representing 51.8%, 24.3% and 16.8% of our total revenue in the same periods, respectively. We’ve made significant investment in R&D during the Track Record Period. Although our R&D expenses as a percentage of revenue decreased during the Track Record Period as a result of our improved R&D efficiency, the absolute amount of R&D expenses was still very high. We are committed to further advancing our technologies and developing enhanced solutions through our investment in R&D activities, which we believe will further drive our future revenue growth and profitability.
- ***Impact of one-off loss on the fair value of financial liabilities at FVTPL.*** We recorded large amount of loss on the fair value of financial liabilities at FVTPL of RMB143.1 million, RMB458.4 million and RMB176.9 million in 2023, 2024 and 2025, respectively, which accounted for 70.3%, 94.9% and 32.3% of our revenue in the same

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years, respectively. The loss on fair value changes of financial liabilities at FVTPL mainly represents equity value change of financial liabilities including preferred shares and convertible bonds, which were one-off, non-cash expenses not directly related to our operating performance.

Despite our net losses during the Track Record Period, we believe that we have established a clear path toward sustained profitability. We plan to narrow our net losses and achieve profitability by focusing on the following strategies: (i) driving revenue growth; (ii) improving gross profit margin; and (iii) enhancing R&D efficiency.

Driving Revenue Growth

We experienced strong revenue growth during the Track Record Period. We expect our revenue to continually grow, driven by the following factors:

- ***High-Quality Customer Base and Pipeline***

While we continuously scaled our business, we strategically developed and retained long-term relationships with reputable and credible customers. As of the Latest Practicable Date, we had collaborated with over 30 OEMs, including 9 of the top ten OEMs in China by sales volume in 2024. We also maintained long-term collaborations with a number of experienced and renowned Tier-1 Suppliers. Through the superior customer base, we were able to secure a robust project pipeline. We have been prudent and selective when bidding for new projects. We focused our resources on high-quality projects with better prospects in terms of revenue and delivery volume.

We also endeavor to engage with additional new customers and expand our customer base. We have established strong industry reputation by completing a number of large-scale mass-production projects both in China and abroad and collaborating with renowned industry players such as ZF ADAS BU, Horizon Robotics and Lenovo Connect. Such successful track record helps us to attract new customers and further grow our business. The number of our customers increased from 222 as of December 31, 2023 to 330 as of the Latest Practicable Date, which contributed to our continued business growth.

- ***Diversified Solutions Portfolio***

We have a diversified solutions portfolio that covers both software-only and software-and-hardware integrated solutions and spans the automation levels of L2-L2+ and L4. We also offer engineering services as a supplement to increase customer stickiness. We believe our comprehensive offerings can satisfy various customer demand and bring in sustainable revenue. We seek to further expand and diversify our solutions portfolio to closely align with the evolving market trend. For instance, we plan to develop and introduce innovative solutions, such as cockpit-driving integrated solution, and to extend the application scenarios of our solutions, such as L2-L2+ solutions for commercial vehicles and L4 mining and logistics vehicles.

- ***Global Market Expansion***

We have established a leading market position in software-focused L2-L2+ and L4 driving solutions in China, according to CIC. We are also the largest software-focused L2-L2+ driving solutions provider in terms of the overseas shipment volume of factory-installed solutions in 2024. We will continue to solidify our market leadership in China and further grow our market share with our continuously iterated L2-L2+ and L4

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driving solutions. We also seek to expand our global market presence leveraging both China’s supply chain advantages and our strong technological capabilities. We believe our expanding market share both domestically and globally will further boost our revenue growth.

Improving Gross Profit Margin

We recorded gross profit margins that were above industry average during the Track Record Period, according to CIC. We endeavor to further improve our gross profit margin through the following measures:

- ***Asset-light, Software-focused Strategy***

We were able to record high gross profit margins during the Track Record Period due to our asset-light, software-focused strategy as we avoided incurring excessive cost for hardware. For L2-L2+ solutions, we generated most of our revenues through software development and engineering services and software royalty. For L4 solutions, we primarily empower fleet operators as a third-party technology provider; and while we also provide hardware components, we conduct R&D and production activities based on the actual needs of fleet operators and avoid engagement in the capital-intensive activities such as fleet building and operations.

- ***Software Royalty Model with Higher Gross Profit Margin***

We started to generate revenue under the software royalty model in 2021. The software royalty model provides us with a stable revenue stream after our customers commence mass-production. As we can leverage existing platform and technologies at the software royalty phase, we are able to generate recurring revenue during the project lifecycle with minimal marginal cost, leading to a high gross profit margin. Our revenue under the royalty model increased rapidly by 74.3% from RMB12.1 million in 2023 to RMB21.1 million in 2024 and further increased by 50.4% to RMB31.7 million in 2025. During the Track Record Period, gross profit from royalty income represented 7.8% to 15.0% of our total gross profit. As we enhance our mass-production and delivery capabilities to accelerate the transition of more projects from the software development and engineering phase to the royalty phase, we expect that the percentage of software royalty income will continue to increase and it will have greater positive impact on our total gross profit. Our ability to monetize through the royalty model evidences customer recognition of our technology capabilities and the value of intellectual property inherent in our solutions. We seek to offer additional solutions under the software royalty model in order to further drive the growth of our gross profit margin.

Enhancing R&D Efficiency

We believe we will be able to generate net profitability through enhanced R&D efficiency.

- ***Rapid application of L2-L2+ know-how to L4 hardware selection and system development, thereby shortening development cycles***

- a. ***Optimization of hardware selection***

In developing L4 solutions, we can effectively migrate the experience on optimization of hardware selection gained from L2-L2+ projects to achieve a balanced configuration of sensor resolution, detection range and installation layout without over-reliance on high-precision LiDAR or overly complex sensor architectures typically seen in early-stage L4 systems. For example, in high-safety-redundancy applications such as Robotaxi, our ConnectOne solution adopts a computing platform similar to our

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L2-L2+ mass-production system to maintain a unified technology stack and reduce repetitive work in the development process, thereby significantly improving the delivery efficiency and accelerating the L4 development process.

b. Reuse of system architecture and AI models in software development

We have built all AI models, whether for L2-L2+ or L4 models, on a unified foundational model. Such approach enhances system development efficiency while ensuring effectiveness and consistency of algorithms, which lays a solid foundation for rapid iteration and high performance of L4 solutions. For example, our ConnectOne solution adopts a lightweight algorithm architecture similar to that used in our L2-L2+ mass-production systems, with over 90% code reuse rate for certain perception modules, thereby materially improving delivery efficiency and accelerating the L4 development process. It took approximately five months from the start of the project to final acceptance, representing a reduction of nearly 60% compared to the average delivery cycle for L2-L2+ mass-production projects.

- ***Accelerating R&D efficiency through data closed-loop and automated management to drive profitability***

a. Early issue spotting through data closed loops to reduce late-stage rework and improve overall R&D efficiency

Leveraging the CalmVolution platform, we have established a standardized scenario labeling system and scenario library, which enables us to effectively shift issue spotting from the system integration and testing phase to an earlier phase to significantly reduce late-stage rework and repetitive validation. At the same time, the platform automates the work flows of data filtering, data labeling, model training and version release, minimizing manual handoffs and idle time. Such data closed-loop and automated process enabled us to improve our overall R&D efficiency by deploying approximately 20% fewer R&D personnel to deliver the same or larger scale of data closed-loop operations.

b. Unified data management system to shorten the time for data preparation and issue localization

Through the CalmVolution platform, we have established a unified data management system that enables centralized ingestion and standardized storage of multi-source data (including sensor data, protocol data and business data). With sensor snapshot visualization and multi-dimensional combined search capabilities, the platform significantly enhances the efficiency of engineers and testing personnel in searching target data and reconstructing scenarios.

c. Deployment of multimodal AI large models to enhance efficiency in requirement analysis, code review and test preparation

We have deeply integrated multimodal AI large models into the CalmVolution platform to intelligentize core R&D processes, including requirement analysis, code review and test case generation. This has increased per-capita productivity of R&D personnel and thus allows us to save R&D personnel cost.

d. Closed-loop issue management to shorten the issue analysis and resolution cycle

Through the SuperPangoo issue data management platform, we implement unified closed-loop management of customer issues, internal R&D issues and testing issues, and integrates the platform with the customers’ internal systems and mainstream R&D

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management tools. This ensures full traceability throughout the entire process from issue identification and analysis to resolution and verification. By automating and standardizing the issue handling process, we reduced the average time required for single-issue analysis preparation by approximately one-third, effectively lowering the time cost associated with issue resolution during system deployment.

- e. Automated integration and version deployment to improve system integration and model iteration efficiency*

Leveraging CalmForge and CalmVergence platforms, we have built an integrated automated toolchain covering model integration, system deployment and operation monitoring to achieve coordinated management of model versions and system software versions. The platform supports independent modularized updates of models and software, allowing R&D teams to determine whether to update the whole system or just specific modules as needed. We shortened the iteration cycle from completion of training to deployment verification for a single new model version from approximately 14 days to around four days for mass-production projects during the Track Record Period.

Driven by the collaborative application of the multiple R&D efficiency initiatives described above in mass-production projects, the full system deployment cycle was reduced by over 60% after the CalmVolution platform has been developed and fully utilized. For example, the development cycle of a parking mass-production project for a domestic OEM was over 12 months prior to the adoption of CalmVolution. After we adopted CalmVolution, combined with data management, testing management, closed-loop issue resolution, automated integration and other modules, the development cycle of a similar system was shortened by two-thirds to approximately four months.

Our R&D expenses as a percentage of revenue continuously decreased during the Track Record Period, from 51.8% in 2023 to 24.3% in 2024 and further to 16.8% in 2025. During the same period, our revenue increased from RMB203.6 million in 2023 to RMB482.9 million in 2024 and further to RMB547.9 million in 2025. We also maintained gross profit margins above the industry average during the Track Record Period, with our gross profit margin rebounding from 30.0% in 2024 to 31.4% in 2025. Together with the business initiatives described above, these trends are expected to support the continued improvement of our operating efficiency and profitability.

Based on the foregoing, and given that our loss and total comprehensive expense has been significantly narrowed during Track Record Period, our Directors are of the view, and the Joint Sponsors concur, that the efforts described above have contributed to and are expected to continue to drive and maintain the sustainability of our Group’s business.

SALES AND MARKETING

We primarily rely on industry reputation for sales and marketing. We have developed a reputable brand name within the industry with our high-performance L2-L2+ and L4 driving solutions, innovative technologies and strong engineering and delivery capabilities, and our sales team focuses on cultivating relationships with current and prospective customers. We typically acquire new business opportunities through evolving needs of our existing customers and referral from other industry participants. In addition, we participate in industry events and conferences to showcase our technology and connect with potential customers. Our team is proactive in engaging with industry leaders and staying up-to-date on emerging trends and technologies to ensure that our solutions remain competitive.

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RESEARCH AND DEVELOPMENT

We aspire to stay abreast of the frontier technologies in the industry. To this end, we have invested, and expect to continue to invest in R&D activities. In 2023, 2024 and 2025, our R&D expenses were RMB105.5 million, RMB117.2 million and RMB92.3 million, respectively, representing 51.8%, 24.3% and 16.8% of our revenue in the corresponding years. As of the Latest Practicable Date, we had a R&D team of 192 employees, representing 69.6% of our total employees. Our R&D team is comprised of highly qualified employees specializing in a large variety of areas including hardware, software, big data, algorithms and system architecture. As of the Latest Practicable Date, 91.2% of our R&D team received bachelor’s or higher degree.

COMPETITION

The vehicle automation industry is highly competitive. We face competition from other external providers of L2-L2+ and L4 driving solutions, including Tier-1 and Tier-2 Suppliers that provide software, hardware and software-and-hardware integrated L2-L2+ and L4 driving solutions. Our customers that are Tier-1 Suppliers may be developing or may in the future develop competing solutions. OEMs who have or are pursuing their own in-house solutions are also our indirect competitors. Our indirect competitors could become direct competitors in the future. According to CIC, production-ready L2-L2+ and L4 driving solutions are not easily replaceable in the short term. Developing comparable solutions generally requires sustained software algorithm capabilities, data closed-loop infrastructure, engineering toolchains, mass-production validation experience, OTA iteration capabilities, and functional safety and regulatory compliance systems. Although OEMs and Tier-1, Tier-2 Suppliers may have the motivation and resources to develop similar technologies in-house, achieving comparable maturity, scalability and vehicle-level integration performance may involve meaningful time, cost and execution uncertainties, particularly because such development requires large-scale real-world data, cross-platform deployment experience and a proven mass-production track record. See “Industry Overview” for the details of the competitive landscape.

We believe that we are well-positioned to effectively compete with our existing and potential competitors leveraging our extensive mass-production experience, advanced technological expertise, highly efficient development process and strong engineering and delivery capabilities. However, some of our current or future competitors may have longer operating histories, greater brand recognition, or greater financial, technical or marketing resources than we do. For a discussion of risks relating to competition, see “Risk Factors — Risks Relating to Our Business and Industry — We operate in highly competitive markets. We may not be able to compete effectively against our existing or potential competitors.”

INTELLECTUAL PROPERTY

Our trademarks, copyrights, domain names, patents, trade secrets and other intellectual property rights distinguish our products and services from those of our competitors and contribute to our ability to compete in our target markets. As of the Latest Practicable Date, we had registered one domain name relating to our business, which is used for our website, 93 software copyrights, 51 patents (including 35 inventions, three utility models and 13 designs) and 53 trademarks in the PRC. See “Appendix IV — Statutory and General Information — Further Information About The Business — Intellectual Property” for details of our material intellectual property rights.

We rely on a combination of copyright, patents, and trademark law, and confidentiality agreements with our key employees to protect our intellectual property rights. We enter into confidentiality agreements with our key employees that include a confidentiality clause, and a clause acknowledging that all inventions, trade secrets, developments and other processes generated by our employees during their employment with us are our property, and assigning to us any ownership rights that they may claim in those works. We also regularly monitor any infringement or misappropriation of our intellectual property rights.

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We did not have any material disputes or any other material pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

As of the Latest Practicable Date, we had 276 full-time employees. Substantially all of our full-time employees are located in China. The following table sets forth the number of our full-time employees as of the Latest Practicable Date:

Function	Number of Employees	% of Total
Operation, management and administration	48	17.4
Research and development	192	69.6
Sales and marketing	36	13.0
Total	276	100.0

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages self-development and, as a result, have generally been able to attract and retain qualified personnel.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and provident funds. We are required under PRC law to make contributions to employee benefit plans for our PRC-based employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

We enter into standard employment agreements with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management in accordance with market practice.

We believe that we maintain a good working relationship with our employees. None of our employees are represented by labor unions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

INSURANCE

Pursuant to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) and other relevant laws and regulations, if any solution provided by our Group is defective and causes personal injury or property damage to others, we may be subject to corresponding tort liability. According to our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the Company has not been subject to any material product liability claims, nor has it been involved in any material litigation, arbitration or administrative penalty arising from product defects.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claim or dispute not covered by our insurance policies. We do not maintain insurance policies covering damages to our network infrastructures or information technology systems. We also do not maintain business interruption insurance or general third-party liability insurance, nor

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do we maintain product liability insurance or key personnel insurance. We do not maintain product liability insurance primarily because we consider the likelihood of material product liability claims arising directly from our solutions to be relatively low, in light of our quality control and validation procedures and our historical claim experience. According to CIC, our practice of not maintaining product liability insurance is in line with the industry norm. We consider our insurance coverage to be in line with that of other companies of similar size and business nature in China. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed.

Our business is, however, susceptible to risks arising from losses we sustain during the course of our business operations and we cannot assure you that the insurance policies we have taken out are always able to cover all losses we sustain. For further details see “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be adequate to protect us from all business risks, which could subject us to significant costs and business disruption.”

PROPERTIES

Our corporate headquarters office is located in Suzhou, Jiangsu Province, China. As of the Latest Practicable Date, we had land use right with respect to a parcel of land in Tangshan, Hebei Province of approximately 11,000.95 square meters, three self-owned properties in Shanghai, China with an aggregate gross floor area of 1,127.7 square meters and 11 leased properties in the PRC with an aggregate gross floor area of 20,063.57 square meters. Our self-owned and leased properties are primarily used for corporate administration, research and development, and office purposes. We expect to use the parcel of land in Tangshan as our office and testing facility.

As of the Latest Practicable Date, we had not completed lease registration or lease registration modification for certain of the properties we leased in China, primarily due to the difficulty of procuring the relevant landlords’ cooperation to register their leases. As the registration of a lease agreement requires the cooperation between the lessor and lessee and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of lease agreements mentioned above.

We have adopted internal policies that (i) request our employees to proactively coordinate with lessors to complete the registration for all of our lease agreements and (ii) require our employees to complete the registration of lease agreements in instances in which lessors are willing to cooperate in such procedures. We have made multiple attempts to seek the cooperation of the lessors and have completed the filing for certain leased properties in Suzhou, Shenzhen and Shanghai.

We have established contract management policy, which requires that after the lease contract is signed, the responsible department shall promptly complete the lease registration filing or housing lease information submission in accordance with the requirements of the local competent authority where the property is located.

As of December 31, 2025, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

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REGULATORY ENVIRONMENT

Tariffs

Trade and tariff policy with respect to China has remained fluid in the second Trump Administration. Starting in February 2025, the U.S. imposed significant tariffs on imports from China, including two sets of tariffs under the International Economic Emergency Powers Act ("IEEPA"), which prompted reciprocal tariffs from China and other countermeasures. After a brief escalation of tariffs on Chinese goods to a baseline of 145% in April and May 2025, the parties agreed to suspend heightened tariffs as negotiations continued. On November 1, 2025, the U.S. and China announced their agreement to relax certain tariff and other trade controls. The United States has lowered the tariffs on Chinese imports imposed to curb fentanyl flows by removing 10 percentage points of the cumulative rate of 20%, effective November 10, 2025, and continued its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. On February 20, 2026, the U.S. Supreme Court ruled that the President lacked authority to impose tariffs under IEEPA. The reciprocal and fentanyl tariffs imposed on goods imported from China are thus void ab initio. The Trump Administration has already sought to replace the IEEPA tariffs with a 10% tariff under Section 122 of the Trade Act, effective February 24, 2026. Section 122 authorizes the President to impose tariffs up to 15% to address "balance of payments" concerns for a maximum of 150 days. The Trump Administration may likely seek to impose additional tariffs under other statutory authorities, including Section 301, when the Section 122 tariffs lapse.

Separately, effective from October 30, 2024, the European Commission imposed countervailing duties on battery electric vehicles manufactured in China, resulting in total tariff rates ranging from 17.8% to 45.3% across the European Union, depending on the OEM with the lowest 17.8% rate applying for Tesla. During the Track Record Period and up to the Latest Practicable Date, the Group did not directly export any ADAS or ADS products to the European Union and did not record any revenue from the European Union in respect of such products. Accordingly, these countervailing duties did not have any direct impact on the Group's products during such period. In addition, we currently have no plan to directly export ADAS or ADS products to the European Union in the near term. On this basis, the Directors are of the view that the EU countervailing duties have not had, and are not expected to have, any material adverse effect on the Group's business, operations or financial performance during the Track Record Period and up to the Latest Practicable Date, or in the near future.

U.S. Export Control Laws and Regulations

The Export Control Reform Act of 2018 authorizes the U.S. President to implement "dual-use" export controls. Pursuant to this statutory authority, the U.S. Department of Commerce, Bureau of Industry and Security ("BIS") administers the Export Administration Regulations ("EAR"), codified at 15 C.F.R. § 730 et seq. The EAR control the export, reexport, and transfer (in-country) of dual-use commodities, software and technology. The EAR apply to all items "subject to the EAR" as defined at 15 C.F.R. §§ 734.2 — 734.5. Items subject to the EAR include U.S.-made items and items physically in the U.S. as well as certain non-U.S. made items. The EAR applies to goods, software and technology subject to the EAR located anywhere in the world. Depending on the destination country, end-user, end use, and the classification of the item on the Commerce Control List, transferring, exporting, or re-exporting an item subject to the EAR may require a U.S. export license unless a license exception is available.

In October 2022, BIS released broad changes in export control regulations, including new regulations restricting the export to China of advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors, and components and technology for the manufacturing in China of certain semiconductor manufacturing equipment. In October 2023, BIS issued updated and strengthened export controls restricting the export to China of advanced computing semiconductors, semiconductor manufacturing equipment and supercomputing items, that are intended to restrict China's ability to purchase and manufacture advanced chips, enhancing controls under the previous regulations from October 2022. Subsequently in December 2024, BIS introduced additional export controls on advanced computing and semiconductor manufacturing items. On January 20, 2025, President Donald J. Trump issued a memorandum titled "America First Trade Policy" directing the Department of Commerce to review existing measures to enhance export controls and eliminate loopholes.

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Under the EAR, the restrictions applicable to Entity List parties include licensing requirements for exports, re-exports or transfers of items subject to the EAR, which in most cases prevents these named entities from receiving essentially any such item, including, in some cases through the application of the EAR’s foreign direct product rules, to items produced outside the United States. In addition, on September 29, 2025, the BIS issued an interim final rule extending Entity List restrictions to non-listed foreign entities that are 50% or more owned, directly or indirectly and in the aggregate, by parties on the Entity List or certain other restricted party lists (the “Affiliates Rule”). However, the United States has suspended implementation of the Affiliates Rule for one year beginning November 10, 2025. As a result, this extension of Entity List restrictions is not expected to apply during the suspension period unless BIS issues implementing rules to the contrary or the suspension is modified or revoked.

U.S. Sanctions

The U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) administers regulations imposing economic sanctions on countries and designated individuals and entities. These regulations implement Executive Orders issued by the President primarily under the IEEPA. The United States maintains a set of complex restrictions on transactions involving embargoed countries and regions. As of the date of this Document, Cuba, Iran, North Korea, and the Crimea, Donetsk and Luhansk regions of Ukraine are the subject of comprehensive U.S. embargoes. Other sanctions programs target activities such as terrorism, drug trafficking, human rights, and other matters of importance to U.S. national security and foreign policy. There are also strict, “near-comprehensive” sanctions in place against certain other jurisdictions such as the Russian Federation. OFAC implements “primary” and “secondary” sanctions with specific restrictions unique to each individual sanctions program. Sanctioned persons are identified on OFAC’s List of Specially Designated Nationals and Blocked Persons (“SDN”). All assets of SDNs are blocked and U.S. persons are generally prohibited from dealing with them absent an applicable OFAC license or exemption.

U.S. Outbound Investment Rule

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies. For example, on October 28, 2024, the U.S. Department of the Treasury released a final rule (the “Outbound Investment Rule”) to implement the Executive Order 14105 issued by then President Biden on August 9, 2023. Effective on January 2, 2025, the Outbound Investment Rule represents the first comprehensive U.S. regulatory regime to prohibit or restrict investments by U.S. persons into companies based in or affiliated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) advanced microchips and microelectronics, (ii) quantum computing, and (iii) artificial intelligence systems. Investments by U.S. persons subject to the Outbound Investment Rule, which are defined as “covered transactions,” include acquisitions of equity interests (including purchases of shares in an initial public offering), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Outbound Investment Rule excludes some investments from the scope of covered transactions, including, with certain exceptions, those in publicly traded securities listed on a non-U.S. stock exchange.

In addition, on February 21, 2025, President Donald J. Trump issued a memorandum entitled “America First Investment Policy.” Among other things, this memorandum indicates that the Trump Administration may consider extending the application of the Outbound Investment Rule to a broader range of technology sectors — such as biotechnology, hypersonics, aerospace, advanced manufacturing, and directed energy — and to a wider scope of investments, including publicly traded securities.

On December 18, 2025, the U.S. Comprehensive Outbound Investment National Security Act of 2025 (the “COINS Act”) became law. The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally

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enacted and effective on December 18, 2025, it is not self-executing and it does not replace or amend the Outbound Investment Rule immediately. The COINS Act is a U.S. federal statute that provides the statutory basis for further rulemaking. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may then amend or replace the Outbound Investment Rule) to implement the statute. See “Risk Factors — Risks Relating to the Jurisdiction in Which We Operate — Changes in international trade policies, geopolitics and trade protection measures, export control, economic or trade sanctions and tariffs may materially and adversely affect our business, financial condition and results of operations.”

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses, approvals and permits from relevant regulatory authorities that are necessary to our business operations in the PRC, and such licenses, approvals and permits had remained in full effect. The table below sets out the details of the valid material licenses and permits held by us as of the Latest Practicable Date.

No.	Name of License	Issuing Authority	Number of License	Grant Date	Validity Period
1 . .	Suzhou Notice of Road Testing for Intelligent Connected Vehicles (蘇州市智能網聯汽車道路測試通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 9 of 2025	October 2025	18 months
2 . .	Suzhou Notice of Demonstration Application for Intelligent Connected Vehicle (蘇州市智能網聯汽車示範應用通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 26 of 2025	December 2025	18 months
3 . .	Suzhou Notice of Road Testing for Intelligent Connected Vehicles (蘇州市智能網聯汽車道路測試通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 1 of 2026	January 2026	18 months
4 . .	Suzhou Notice of Demonstration Application for Intelligent Connected Vehicle (蘇州市智能網聯汽車示範應用通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 4 of 2026	March 2026	18 months
5 . .	Suzhou Notice of Road Testing for Intelligent Connected Vehicles (蘇州市智能網聯汽車道路測試通知書)	Suzhou Municipal Bureau of Industry and Information Technology Suzhou Public Security Bureau Suzhou Municipal Bureau of Transportation	No. 3 of 2026	March 2026	18 months

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The above permits are typically issued for defined routes, areas, vehicle types and validity periods, and are subject to periodic renewal. Our ability to obtain new permits or renew or expand the scope of existing permits in a timely manner is subject to the approval process of relevant authorities and changes in applicable regulations and the regulatory environment, which involve uncertainties beyond our control. For further details, see “Risk Factors — Risks Relating to Our Business and Industry — We operate in a highly regulated and evolving industry, and any adverse regulatory changes, non-compliance or failure to obtain or maintain necessary approvals, licenses and permits in a timely manner may adversely affect our business.”

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management’s time and attention. For potential impact of legal or administrative proceedings on us, see “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations, and financial condition.” and “— We may be subject to third-party claims on intellectual property which may incur liabilities including financial penalties or injunctions, resulting in significant cost and materially and adversely impact our business operations.”

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. As advised by our PRC legal advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We strive to integrate social values into our business. We pay close attention to environmental, social and corporate governance (“ESG”) matters and take actions in our day-to-day operations to maximize our impact. We are committed to utilizing our technologies and solutions to bring greener and safer driving experiences to drivers and passengers. Our commitment to all our stakeholders and the society serves as the foundation for our values. Since the inception of our operations, we have established various ESG initiatives to comprehensively improve our corporate governance and benefit the society.

ESG Governance

Our ESG governance framework consists of three aspects: the Board, the Audit Committee and the ESG Working Group in charge of implementing our ESG policies.

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Our Board of Directors is ultimately responsible for overseeing ESG matters. They set ESG goals, approve policies and disclosures, and supervise ESG matters. The Audit Committee is the core decision-making and execution body of ESG matter. They formulate specific ESG strategic plan and targets, formulate policies and evaluate major ESG issues. To support these efforts, we’ve formed an ESG Work Group made up of team members from key departments like Capital Markets Department, Human Resources Department, Administration Department, and Software Engineering and Verification & Validation Department. This group helps manage ESG risks and opportunities, tracks performance, and prepares our annual ESG report, among others.

To effectively carry out ESG risk identification and risk monitoring, we have formulated the Comprehensive Risk Management Policy and the ESG Management Policy, which set forth the risk management system, risk assessment procedures, risk response mechanisms and ESG-specific risk evaluations. The Board is responsible for identifying ESG risks and opportunities that may have a significant impact on our operations, assessing their implications for our overall strategy, and supervising the implementation of ESG risk management measures. The Audit Committee is tasked with assessing ESG risks and opportunities, with support from the ESG Working Group, which assists in carrying out the evaluation process. Specifically, the ESG Working Group will collect ESG-related information to assist with identification of ESG risks, assess, monitor and manage ESG risks and opportunities in our day-to-day operations, and provide recommendations for response strategies based on the assessment results.

Compliance with Laws and Regulations

We are committed to complying with all applicable environmental, occupational safety, and employee protection laws and regulations in China, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》),

To ensure compliance, we have established an internal management system and operating procedures to ensure compliance of relevant laws and regulations, such as emergency response plans and employee training programs. Our ESG Working Group conducts regular internal audits and coordinates with functional departments to ensure the proper implementation of these policies.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any significant accident or claim for personal or property damage made by our employees. In addition, we have not incurred any significant capital expenditures or compliance costs related to ESG. We also do not expect to incur significant climate-related capital expenditures or compliance costs in the foreseeable future.

We may be subject to more stringent compliance requirements and may incur additional costs in the future if there is any change to the existing laws or regulations. See “Regulatory Overview” and “Risk Factors” for more details.

Environmental Protection

We are committed to environmental protection during our business operations, with a goal towards minimizing emissions and controlling resource usage.

Emissions

During our business operations, we strictly abide by the applicable laws and regulations such as the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》) and the Law of the PRC on Prevention and Control of Environmental Pollution by

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Solid Waste (《中華人民共和國固體廢物污染環境防治法》). We attach great importance to the management of exhaust gas, waste water and harmless waste. We endeavor to ensure that all of our emission indicators meet national and local emission standards and effectively reduce adverse impacts on the environment.

Air emissions

The primary air pollutants emitted by us include particulate matter, sulfur dioxide and nitrogen oxides, which mainly originate from vehicle exhaust emissions during the product testing phase. We have implemented the following measures to manage air emissions:

- We have organized onboarding training and regular training for employees responsible for product testing to ensure that our employees understand and are familiar with the procedures and safety requirements of product testing, so as to avoid additional emissions caused by improper operation.
- We have selected new energy vehicles for vehicle testing to the extent feasible based on project needs. In support of our 2026 quantitative ESG goals, at the end of 2026, compared to the emission data from the fiscal year 2025, the total amount of air pollutants emission per million yuan of revenue is expected to decrease by 1%.

Waste water

The waste water generated by us is domestic sewage, which is discharged into the municipal sewage network system in accordance with the regulations of the local government.

Waste

The waste generated by us includes office and general living waste as well as food waste, and does not involve hazardous waste. We implement harmless disposal of non-hazardous waste.

We operate our business in a digitalized manner. We aim to integrate environmental protection concepts into corporate culture and take practical actions to reduce the generation of office and daily life waste. For instance, we encourage employees to use online systems for work and meetings as much as possible to reduce the consumption of paper and other office supplies.

We strictly comply with the applicable laws and regulations, such as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》). The R&D and technical maintenance services of our data recording system and computer vision-assisted driving and parking systems (limited to no experimental exhaust gas, waste water or hazardous waste) and related management activities have been certified under the GB/T24001-2016/ISO14001:2015 Environmental Management System, evidencing that we have capabilities to provide products and services in accordance with established environmental protection standards and regulatory requirements.

Resource Usage

The resources used in our production process include fossil fuels, electricity, water resources and packaging materials. We have taken various measures to improve resource utilization efficiency as part of our business operations and in accordance with the applicable laws and regulations such as the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) and the Water Law of the PRC (《中華人民共和國水法》).

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Fossil fuel consumption

The fossil fuel primarily consumed in our operations is gasoline. We seek to reduce our use of fossil fuel through the following measures:

- We plan to dispose of idle vehicles to reduce the use of gasoline-powered vehicles.
- We have selected new energy vehicles for vehicle testing to the extent feasible based on project needs.

Electricity consumption

We manage electricity consumption in accordance with the Electric Power Law of the PRC (《中華人民共和國電力法》). To further reduce electricity consumption, we have taken the following measures:

- We have prioritized the purchase of office equipment with high energy-saving ratings to minimize energy consumption to the extent possible.
- We regularly inspect office equipment to promptly identify and rectify improper electricity usage to reduce power loss.
- The lighting facilities in our office have been fully upgraded to LED energy-saving lamps, and we have assigned dedicated personnel to patrol and ensure that the lights are turned off after the employees have left the office area, thus avoiding the waste of electrical resources.

Water resource consumption

Our water consumption is mainly for office use and does not involve production water use. We promote water-saving awareness as a crucial part of our water conservation efforts. We post relevant slogans and posters in the office to highlight the importance of water conservation to employees, aiming to enhance the awareness among all staff.

Consumption of packaging materials

The packaging materials used by us include document bags and cardboard boxes. To effectively manage the consumption of packaging materials, we provide only the necessary packaging materials during the distribution of hardware accessories to avoid over-packaging of products. In support of our 2026 quantitative ESG goals, at the end of 2026, compared to the emission data from the fiscal year 2025, the intensity of total greenhouse gas emissions (Scope 1 and Scope 2) per million yuan of revenue is expected to decrease by 1%.

Environmental Indicators

We endeavor to achieve the goals of carbon peak and carbon neutrality. We continuously focus on environmental protection and strive to integrate sustainable concepts into our corporate activities and decision-making. To this end, we have established environmental protection indicators to quantitatively evaluate our efforts and achievements in environmental protection, and continuously monitor the impact of our operations on the environment. The table below sets forth the quantitative data of our environmental performance for 2023, 2024 and 2025.

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	Category	unit	2023	2024	2025
Waste gas emission ¹	Nitrogen oxides (NOx)	kilogram	4.51	3.45	2.54
	Sulfur oxides (SOx)	kilogram	0.07	0.05	0.04
	Particulate Matter (PM)	kilogram	0.33	0.25	0.19
Total greenhouse gas (GHG) emissions and intensity ² . .	Scope One – Direct Emissions	ton	11.31	8.13	6.94
	Scope Two – Indirect Energy Emissions	ton	350 ³	316	349
	Scope Three – Other Indirect Emissions	ton	67.14 ³	58.99	145.58 ¹⁰
	Total GHG emissions ⁴	ton	428 ³	383	501 ¹⁰
	Intensity of total GHG emission	tons/million yuan ⁹	1.99 ³	0.80	0.91
Waste	Non-hazardous Waste ⁵	ton	1.9	2.7	7.6
	Intensity of Non-hazardous Waste	tons/million yuan ⁹	0.01	0.01	0.01
Energy Consumption	Direct energy consumption ⁶ Gasoline	Liter	4,736.72	3,406.80	2,908.00
	Indirect energy consumption ⁷ Electricity Purchased	MWh	563.36	508.59	603.30 ¹¹
	Total Direct Energy Consumption	MWh	45.91	33.02	28.18
	Total Indirect Energy Consumption	MWh	563.36	508.59	603.30
	Total energy consumption ⁸	MWh	609.27	541.61	631.49
	Intensity of Total Energy Consumption	MWh/million yuan ⁹	2.83	1.14	1.15

Notes:

- Our exhaust emissions mainly originate from vehicle emissions, with emission factors referenced from the Hong Kong Environmental Protection Department's Vehicle Emission Calculation Model.
- To provide a more comprehensive overview of our greenhouse gas emissions, we have categorized them into the following three scopes according to the Guidelines for the Implementation of Climate-related Disclosure under the Environmental, Social, and Governance Framework of the Hong Kong Exchanges and Clearing.
 - Scope 1 – direct emissions from sources that are owned or controlled by the issuer

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- Scope 2 – “energy indirect” emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the issuer
 - Scope 3 – all other indirect emissions which are a consequence of our activities, but occur from sources not owned or controlled by the issuer.
3. The COVID-19 control measures ended in December 2022, and our employees resumed normal office work and business travel in 2023, leading to increased electricity usage in office spaces and more business trips.
 4. The data on greenhouse gas emissions is presented in terms of carbon dioxide equivalents and refers to:
 - The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) (2023)
 - Ministry of Ecology and Environment of the People’s Republic of China
 5. Our non-hazardous waste can be categorized into office and general household waste, kitchen waste, etc.
 6. We consume only gasoline as direct energy.
 7. The indirect energy consumed by our company mainly takes the form of purchased electricity.
 8. The total energy consumption is calculated based on the directly obtained energy consumption, indirect energy consumption, and the units and conversion factors listed in Annex III of the International Energy Agency’s Energy Data Manual.
 9. The intensity ratio is calculated using the total operating revenue during the reporting period as the indicator.
 10. To further expand our sales business and strengthen customer cooperation, our employees made more business trips in 2025.
 11. Due to our sales business growth in 2025, our purchased electricity increased in 2025.

Social Responsibility

We actively fulfill our social responsibilities by identifying and focusing on human resources management, occupational health and safety, supply chain management, product quality, business ethics and community activities.

Human Resources Management

We view employees as the most important asset of our company. We have been committed to creating an equal and inclusive work environment. We have also formulated and implemented a series of internal policies, such as the Employee Handbook and the Employee Benefits and Welfare Program, to ensure compliant and sound human resources management.

Employee rights and diversity

We are committed to creating an inclusive and diverse work environment where all employees are treated equally regardless of their race, religious beliefs, age, nationality, gender, sexual orientation, gender identity, marital status, disability, or any other background, and we respect the individual differences of our employees.

Ensuring employees’ rights is an indispensable part of a fair and just workplace environment. We prohibit the employment of child labor, forced labor and human trafficking, and eliminate mental or physical coercion, sexual harassment, non-sexual harassment, and gender-based violence or verbal abuse. To enhance transparency and employee engagement, we track and analyze key workforce metrics including age and gender diversity. As of December 31, 2025, we had 174 male employees and 72 female employees. Among them, 82 employees were under 30 years old, 159 employees were aged between 30 and 45, and five employees were over 45 years old.

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Employee training

We organize onboarding training for new employees to ensure that they fully understand our culture and policies. We are committed to helping employees to enhance their job skills through a variety of position-related training programs. We also encourage employees to participate in further education and obtain professional qualifications.

Employee care

To enhance employees’ well-being and sense of belonging, we offer a variety of non-salary benefits. We actively assist employees from other regions in resolving issues related to children’s education and housing allowances, and send gifts and souvenirs on holidays and employment anniversaries. We pay social insurance and housing provident fund for employees according to relevant regulations.

Occupational Health and Safety

We prioritize the health and safety of our employees. We provide them with occupational physical examinations before they start to work and organize health check-ups after they are on board. We strictly adhere to the applicable laws and regulations such as the Work Safety Law of the PRC (《中華人民共和國安全生產法》), the Fire Protection Law of the PRC (《中華人民共和國消防法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), and the Personal Information Protection Law (《中華人民共和國個人信息保護法》). In addition, the R&D and technical maintenance services of our data recording system and computer vision-assisted driving and parking systems (limited to no experimental exhaust gas, waste water or hazardous waste) and related management activities have been certified under the GB/T45001-2020/ISO 45001:2018 Occupational Health and Safety Management System. This evidences our compliance with occupational health and safety laws and regulations and our achievements in safeguarding the occupational health and safety of our employees.

Supply Chain Management

We recognize that supply chain management plays a critical role in the quality of our products. As such, we proactively establish long-term, stable collaborations with suppliers across various regions to ensure supply chain resilience. Our supply chain security management activities involved in the R&D and technical maintenance services of our data recording system and computer vision-assisted driving and parking systems (limited to no experimental exhaust gas, waste water or hazardous waste) have passed the ISO 28000:2022 Supply Chain Security Management System certification. This evidences that we have implemented adequate supply chain security measures and comply with relevant laws and regulations. To effectively manage our supply chain, we have adopted the Procurement Management Policy to regulate the processes of supplier screening, selection and evaluation.

- **Supplier Screening and Selection:** We have implemented a rigorous supplier screening procedure during the supplier onboarding phase in accordance with the Procurement Management Policy. We require suppliers to submit three certificates (i.e., Business License, Organization Code Certificate and Tax Registration Certificate) as well as environmental protection system certifications. We give priority to suppliers who have obtained environmental protection systems certifications, with an aim to promote environmental responsibility among our partners and jointly fulfill our social responsibilities. In addition, we enforce strict oversight in our supplier selection and management processes, ensuring that ESG factors are a key criterion. For new suppliers, we make specific requirements for ESG assessment, and these requirements aim to enhance overall ESG performance across the supply chain and achieve green, responsible procurement.

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- **Supplier Evaluation:** We conduct regular assessments of our suppliers to ensure they consistently provide high-quality products and services.

Product Quality

Products are the cornerstone of our development. We strictly adhere to applicable laws and regulations, such as Product Quality Law of the PRC (《中華人民共和國產品質量法》), Advertising Law of the PRC (《中華人民共和國廣告法》), Trademark Law of the PRC (《中華人民共和國商標法》), and Guarding State Secrets Law of the PRC (《中華人民共和國保守國家秘密法》). We have established an internal management system to provide high-quality products and services and protect customer interest. The R&D and technical maintenance services of our vehicle automation data recording system and computer vision-assisted driving and parking systems have passed the GB/T19001-2016/ISO 9001:2015 quality management system certification, evidencing that the quality of such products and services satisfy the relevant standards.

We have adopted internal policies such as the R&D Project Management Policy and the Quality Management Policy to ensure that we follow the principle of “quality first” at every stage of product design and development. We have clearly defined the delivery standards in our contracts and standardized the internal procedures throughout the design, development and validation process to ensure product quality. We have designated teams that are responsible for software testing and vehicle simulation environment testing. All products will be delivered to the customers only after passing verification. We have also adopted Sales Management Policy, which clearly sets forth the procedures for handling customer complaints. We designate project manager to follow up on customer feedbacks with an aim to address customer requests swiftly and effectively.

Business Ethics

We strictly adhere to all applicable anti-corruption and anti-bribery laws and regulations. We have established a series of internal policies to prevent fraud, bribery and corruption, including the Policy on Reporting and Whistleblower Protection Regarding Fraud, Bribery and Corruption and the Employee Handbook.

We promote a corporate culture of integrity, honesty and transparency. The Board guides and oversees the management in establishing and implementing anti-fraud, anti-bribery and anti-corruption mechanism and maintaining effective internal controls to prevent ethical violations. We provide the management and employees with anti-bribery, anti-corruption and anti-fraud training sessions to raise awareness of business integrity and ensure compliance.

We have also established a whistleblower channel to allow all employees and external stakeholders to report suspected or actual misconduct. The Human Resources Department is in charge of handling and investigating whistleblower reports and forwarding them to the Legal Department. It also reports such investigations to the management, who in turn report findings and propose remediation plans to the Audit Committee.

Community Activities

We hold the belief that corporate development is closely linked to social responsibilities and calls for active fulfillment of such responsibilities. Our social responsibility management activities involved in the R&D and technical maintenance services of our vehicle automation data recording system and computer vision-assisted driving and parking systems (limited to no experimental exhaust gas, waste water or hazardous waste) have been certified under the GB/T39604-2020 Social Responsibility Management System. This demonstrates that we have integrated the concept of social responsibilities into our day-to-day business operations.

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RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Legal Compliance Risk Management

We have established stringent internal procedures to ensure our operations are compliant with relevant laws and regulations. This includes streamlined management of licenses, permits, and renewals. Regular assessments are conducted to ensure that we can efficiently detect risks. Additionally, we stay updated on legal changes and regulatory interpretations, promptly adjusting our internal protocols to maintain compliance.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our compliance team works closely with our finance and business departments to: (a) perform risk assessments and advise risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our Company. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our internal control team will review and monitor the status and effectiveness of those licenses and approvals. Our compliance team works with relevant business departments to obtain requisite governmental approvals or consents for filing with relevant government authorities.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. Through these trainings, we ensure that our staff's skill sets remain up-to-date and enable them to discover and meet our customers' needs. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence and corruption. We also provide employees with resources for explanation on guidelines contained in the employee handbook.

In addition, we have adopted a code of business conduct and ethics, and an anti-bribery and corruption policy approved by our board of directors, providing to our employees the best commercial practice and work ethics as well as our anti-bribery guidance and measures. We make our internal reporting channel open and available to our staff for any wrongdoing or misconduct. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings.

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Audit Committee Experience and Qualification and Board Oversight

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing, and mitigating risks involved in our business operations. The audit committee consists of three members, namely Mr. Zhang Ning, Mr. Zhang Weidong and Dr. BIAN, NING, all being independent non-executive Directors. For the professional qualifications and experiences of the members of our audit committee, see “Directors and Senior Management — Board Committees.”

We also maintain an internal audit department that is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department holds regular meetings with the management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation. The following table sets out major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Year	Award/Recognition	Awarding organization
2025 . .	Hurun Global Unicorn List of 2025 (2025年胡潤全球獨角獸榜)	Hurun Research Institute
2025 . .	“Little Giant” Enterprise Specialized in Niche and Innovative Fields (專精特新“小巨人”企業)	Ministry of Industry and Information Technology of the PRC
2025 . .	Key Enterprise in Artificial Intelligence Application in Suzhou (蘇州市人工智能應用重點企業)	Suzhou Development and Reform Commission, Suzhou Science and Technology Bureau, Suzhou Industry and Information Technology Bureau, and Suzhou Data Bureau
2025 . .	ISO28000:2022 Supply Chain Security Management System	China Federation of Logistics Certification Center
2025 . .	GB/T35770-2022/ISO37301:2021 Compliance Management System	China Federation of Logistics Certification Center
2024 . .	2024 Unicorn Enterprise of the Jiangsu Province (2024年江蘇省獨角獸企業)	The Productivity Promotion Center of Jiangsu Province
2024 . .	GB/T19001-2016/ISO9001:2015 Quality Management Systems	China Federation of Logistics Certification Center
2023 . .	ISO 9001:2015 Quality Management Systems	ACM (CHINA) LIMITED

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders include Mr. Wang, Qingyuan Tiantong, Ningbo Tiantong and WX Technology. Mr. Wang was interested in approximately 40.83% of our share capital through (i) his direct interest of approximately 27.86%; (ii) his indirect interest of approximately 8.62% through Qingyuan Tiantong, an Employees Shareholding Platform, of which Mr. Wang held as to 99% of Ningbo Tiantong, the general partner of Qingyuan Tiantong; (iii) his indirect interest of approximately 4.36% through WX Technology, an Employees Shareholding Platform, of which Mr. Wang is the sole director and as the administrator of the Company’s incentive plan with respect to the shares held by WX Technology, he controls the management decisions of WX Technology.

Immediately following the completion of the [REDACTED], our Controlling Shareholders will be interested in approximately [REDACTED]% interest of our share capital (assuming the [REDACTED] is completed and the [REDACTED] is not exercised) or approximately [REDACTED]% interest of our share capital (assuming the [REDACTED] is exercised in full). Accordingly, Mr. Wang, Qingyuan Tiantong, Ningbo Tiantong and WX Technology will remain as our Controlling Shareholders upon the [REDACTED].

Apart from the above, Mr. Wang is also the chairman of our Board, an executive Director and the chief executive officer of our Company. For further background details of Mr. Wang, please see the section headed “Directors and Senior Management — Executive Directors” in this document.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Each of the Controlling Shareholders confirms that, as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Taking into consideration the following factors, our Directors are of the view that we are capable of carrying on our business independently from the Controlling Shareholders and their close associates after completion of the [REDACTED].

Management Independence

- (a) Our Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Our daily operational and management decisions are made collectively by our Board and our senior management. We believe that our Directors and senior management can independently perform their duties in our Company and we can operate independently from our Controlling Shareholders for the following reasons: each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests; in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting at relevant Board meetings and shall not be counted towards the quorum for the voting;
- (b) Our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with our Controlling Shareholders or each of his or its associates; (b) our independent non-executive Directors account for one-third of the Board; and (c) our independent non-executive

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and

- (c) We will establish a series of corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. For details, see “— Corporate Governance” in this section.

Based on the above, our Directors believe that the Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the [REDACTED].

Operational Independence

Our Group holds all the relevant material intellectual properties rights, licenses, qualifications and permits required for conducting our Group’s business. Our Group has sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and each of his or its close associates. Our Group also has independent access to our customers. We have our own accounting and financial department, human resources and administration department, internal control department and technology department. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

Our Group has its own internal control, accounting, funding, reporting and financial management system as well as an accounting and finance department. Moreover, our Group opens and manages bank accounts independently, and does not share any bank accounts with our Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with Controlling Shareholders or any other entities controlled by it.

We are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. As of December 31, 2025, credit facilities of our Group in an aggregate amount of approximately RMB298.5 million were guaranteed by Mr. Wang. We expect that the personal guarantee granted by Mr. Wang to the Group will be released before the [REDACTED]. Furthermore, as of December 31, 2025, we had cash and cash equivalents amounted to approximately RMB234.9 million.

Based on the above, our Directors believe that we are capable to maintain financial independence from our Controlling Shareholders or their close associates after the [REDACTED].

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- (a) Where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders have a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting.
- (b) Where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting.
- (c) In the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements.
- (d) Our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisers at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.
- (e) Any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules.
- (f) We have appointed Guotai Junan Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of nine Directors, comprising four executive Directors, two non-executive Directors, and three independent non-executive Directors.

Name	Position	Age	Date of appointment as Director	Time of joining the Group	Role and responsibilities	Relationship with other Directors and senior management
Mr. Wang Xi (王曦)	Chairman of our Board, executive Director and Chief Executive Officer	42	March 2016	March 2016	Overseeing the overall management of the Group, implementing of the strategic planning and overseeing the business and daily operations of our Group	None
Dr. Wang Ruoyu (王若瑜) . . .	Executive Director, employees’ representative Director and president of the Low-Speed Vehicle Automation	42	June 2019	March 2018	Overseeing our technology research and development regarding Low-Speed Vehicle Automation	None
Mr. Yuan Jin (袁晉)	Executive Director and Chief Financial Officer	36	September 2025	May 2024	Overseeing our Group’s financial management	None
Ms. Xu Jie (徐劼)	Executive Director and Chief Legal Officer	46	October 2025	January 2025	Overseeing our Group’s legal and compliance matters	None
Mr. Li Chengsheng (李程晟) . . .	Non-executive Director	38	October 2021	October 2021	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Mr. Pang Yi (龐毅)	Non-executive Director	39	September 2025	September 2025	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Mr. Zhang Ning (張寧)	Independent non-executive Director	40	[REDACTED]	[REDACTED]	Supervising and providing independent judgment to our Board	None
Mr. Zhang Weidong (張衛東) . . .	Independent non-executive Director	61	[REDACTED]	[REDACTED]	Supervising and providing independent judgment to our Board	None
Dr. BIAN, NING	Independent non-executive Director	46	[REDACTED]	[REDACTED]	Supervising and providing independent judgment to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Mr. Wang Xi (王曦), aged 42, is our founder, chairman of our Board, executive Director and our Chief Executive Officer. He is primarily responsible for overseeing the overall management of the Group, implementing of the strategic planning and overseeing the business and daily operations of our Group. Mr. Wang has been serving as our Director and our Chief Executive Officer since March 2016. Mr. Wang was redesignated as an executive Director in September 2025. Mr. Wang has held directorships in our various subsidiaries.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang has over 18 years of extensive experience in automotive active safety electronics development. From July 2007 to January 2008, Mr. Wang was an electronics development engineer at van Aaken Developments Ltd, a motor manufacturing company, in the United Kingdom. From May 2008 to April 2012, Mr. Wang was an electronics engineer at TRW Automotive UK, an automotive company, in the United Kingdom. From August 2012 to November 2014, Mr. Wang served as a product engineer at Lumen Australia, a communication services company, in Australia. Mr. Wang graduated from Beihang University in the PRC with a bachelor’s degree in automation in July 2007. He graduated from the University of Reading in the United Kingdom with a Master of Engineering degree in Computer Science and Cybernetics in July 2007.

Mr. Wang obtained several awards including the followings: (i) “Wuzhong Leading Talents in Technology Innovation and Entrepreneurship (吳中區科技創新創業領軍人才)” issued by Wuzhong District People’s Government of Suzhou City in July 2016; (ii) “Suzhou Gusu Innovation and Entrepreneurship Leading Talents (蘇州市姑蘇創新創業領軍人才)” issued jointly by Suzhou Wuzhong District Talent Work Leading Group Office, Suzhou Wuzhong District Science and Technology Bureau and Suzhou Wuzhong District Finance Bureau in March 2017; (iii) “Jiangsu Province “Dual Innovation Talents” (江蘇省“雙創人才”)” issued by, among others, the Jiangsu Provincial Organization Department of the Communist Party of China and the Jiangsu Provincial Talent Work Leading Group Office in December 2017; and (iv) the “Thousand Talent Plan” Entrepreneurial Talent in Tianjin (天津市“千人計劃”創業人才) issued by the Office of the Leading Group for Talent Work of Tianjin City in February 2017.

Dr. Wang Ruoyu (王若瑜), aged 42, is our co-founder, executive Director, employees’ representative Director and president of the Low-Speed Vehicle Automation. He is primarily responsible for overseeing our technology research and development regarding Low-Speed Vehicle Automation Division. Dr. Wang has been serving as a Director since June 2019 and was redesignated as an executive Director since September 2025. In addition, Dr. Wang held various positions in our Company, including the chief product officer and vice president since March 2018 and was redesignated as our president of the Low-Speed Vehicle Automation since September 2025. Dr. Wang has been serving as an employees’ representative Director of our Company since September 2025.

Dr. Wang has over 17 years of extensive experience in technology, radar electronics development, and vehicle automation. From June 2008 to April 2015, Dr. Wang was a research and development personnel at IHP GmbH, a research company in Germany. From April 2015 to October 2016, Dr. Wang was a technical director of Millimeter-Wave Radar at Dalian Roiland Technology Co., Ltd.* (大連樓蘭科技股份有限公司), a technology company. From December 2016 to February 2017, Dr. Wang served as a technical expert of the radar product line of Freetech Intelligent Systems Co., Ltd, a driving technology company. From June 2017 to March 2018, Dr. Wang served as an electrical control system engineer in Zhengzhou Yutong Bus Co., Ltd.* (鄭州宇通客車股份有限公司), a vehicle manufacturing company listed on the Shanghai Stock Exchange (stock code: 600066).

Dr. Wang graduated from Tianjin University in the PRC with a bachelor’s degree in communications engineering in July 2006. Dr. Wang graduated from Chalmers University of Technology in Sweden with a master’s degree in Science in Engineering in April 2008 and thereafter graduated from the University of Paderborn in Germany with a doctoral degree in microelectronics in December 2014. Dr. Wang obtained several awards, including (i) “Dongwu Leading Talents in Technology Innovation and Entrepreneurship (東吳科技創新創業領軍人才)” issued by Wuzhong District People’s Government of Suzhou City in July 2018, (ii) “Jiangsu Province “Dual Innovation Talents” (江蘇省“雙創人才”)” issued by, among others, the Jiangsu Provincial Organization Department of the Communist Party of China and the Jiangsu Provincial Talent Work Leading Group Office in 2019.

Mr. Yuan Jin (袁晉), aged 36, is an executive Director and our Chief Financial Officer. He is primarily responsible for overseeing our Group’s financial management. Mr. Yuan was appointed as our Chief Financial Officer in May 2024. Mr. Yuan became an executive Director in September 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yuan has over 13 years of extensive experience in financial management. From October 2012 to October 2016, Mr. Yuan served as an audit assistant manager at the Shanghai office of KPMG Huazhen LLP. From October 2016 to June 2020, Mr. Yuan served as the financial director of Hangzhou Yuyi Technology Co., Ltd.* (杭州語憶科技有限公司), currently known as Zhejiang Yuyi Technology Co., Ltd.* (浙江語憶科技有限公司), a technology service company. From July 2020 to June 2022, Mr. Yuan served as the investor relation budget director of Clobotics, an intelligent technology company. From August 2022 to April 2024, Mr. Yuan served as the senior financial expert (高級財務專家) of Qianxun Spatial Intelligence Inc.* (千尋位置網絡有限公司), a company engages in the business of navigation and positioning.

Mr. Yuan graduated from East China Normal University with a bachelor’s degree in telecommunications engineering in the PRC in July 2012 and graduated from Fudan University with a master’s degree in finance and business administration in the PRC in June 2023. In addition, he was accredited as a certified public accountant in the PRC by Shanghai Institute of Certified Public Accountants in June 2018.

Ms. Xu Jie (徐劼), aged 46, is an executive Director and our Chief Legal Officer. She is primarily responsible for overseeing our Group’s legal and compliance matters. Ms. Xu was appointed as Chief Legal Officer in January 2025. She became an executive Director in October 2025.

Ms. Xu has over 17 years of extensive experience in the legal services industry. From August 2007 to December 2024, Ms. Xu was a consultant of Global Law Office Shanghai Office. Ms. Xu graduated from the University of Luton (currently known as the University of Bedfordshire) in the United Kingdom with a bachelor’s degree in law in July 2004. Ms. Xu graduated from University College London in the United Kingdom with a master’s degree in law in November 2005.

Non-executive Directors

Mr. Li Chengsheng (李程晟), aged 38, is our non-executive Director. He is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Mr. Li was appointed as a Director in October 2021 and was redesignated as a non-executive Director in September 2025.

Mr. Li served as the following positions: (i) from November 2009 to August 2010, Mr. Li served as a technical staff member for China National Software & Service Co., Ltd.* (中國軟件與技術服務股份有限公司), whose shares are listed on Shanghai Stock Exchange (Stock Code: 600536) and it is a technology service company; (ii) from May 2013 to March 2016, Mr. Li served as an investment manager for Shenzhen Capital Group Co., Ltd.* (深圳市創新投資集團有限公司), an investment company; (iii) from May 2017 to December 2023, Mr. Li served as a supervisor for Suzhou Oriental Semiconductor Company Limited (蘇州東微半導體股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 688261) and it is a semiconductor technology company; (iv) from August 2018 to April 2025, Mr. Li served as a director (and subsequently redesignated as a non-executive director) of iMotion Automotive Technology (Suzhou) Co., Ltd. (知行汽車科技(蘇州)股份有限公司), whose shares are listed on the Stock Exchange (stock code: 01274), and it is an automotive technology company.

Mr. Li has been serving as the following positions: (i) the executive director of Shenzhen Guozhong Venture Capital Management Co., Ltd.* (深圳國中創業投資管理有限公司), a fund management company, since June 2016; (ii) a director of Guangzhou Perception Vision Medical Technologies Co., Ltd.* (廣州柏視醫療科技有限公司), a medical technology company, since April 2018; (iii) a director of Shenzhen Deepcam Information Technology Co., Ltd.* (深圳神目信息技術有限公司), a technology service company, since July 2020; (iv) a director of Anhui Volboff Electron Science & Technology Co., Ltd.* (安徽沃弗電子科技有限公司), a technology service company, since February 2022; (v) a director of Zhejiang Laifual Drive Co., Ltd.* (浙江來福諧波傳動股份有限公司), a components manufacturing company, since November 2021; (vi) a supervisor of

DIRECTORS AND SENIOR MANAGEMENT

Shanghai Slamtec Co., Ltd.* (上海思嵐科技有限公司), an information technology company, since January 2018; and (vii) a director of Microtera (微龍(廣州)半導體有限公司), a semi-conductor company, since February 2025. Mr. Li graduated from Beijing Institute of Technology in the PRC with a bachelor’s degree in mechanical and electronics in June 2009. Mr. Li graduated from Polytechnic Institute of New York University in the United States of America with a master’s degree in electronic engineering in May 2012.

Mr. Pang Yi (龐毅), aged 39, is our non-executive Director. He is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Mr. Pang was appointed as a non-executive Director in September 2025.

From September 2011 to August 2012, Mr. Pang served as a credit analyst of Credit Agricole Corporate Investment Bank, a corporate and investment bank. From October 2016 to May 2018, Mr. Pang served as the M&A and strategic planning manager of Valeo S.A, an automobile component manufacturer. Mr. Pang has been serving as the head of strategy and M&A, Asia Pacific of ZF Asia Pacific Group Co., Ltd, responsible for regional strategy and investment decision, since January 2019. Mr. Pang graduated with a bachelor’s degree in management in languages from ESC Saint-Etienne (currently known as Emlyon Business School) in September 2009 and obtained a Master of Science in Management from École de Management de Lyon (currently known as Emlyon Business School) in September 2014.

Independent Non-executive Directors

Mr. Zhang Ning (張寧), aged 40, is our independent non-executive Director. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Zhang was appointed as an independent non-executive Director in October 2025 with effect upon [REDACTED].

Mr. Zhang has over 17 years of extensive experience in financing and capital management. From July 2008 to July 2011, Mr. Zhang was an accountant in Huawei Technologies Co., Ltd. From July 2011 to July 2016, Mr. Zhang was a department general manager at Huarong Rongde Asset Management Co., Ltd. From April 2016 to June 2019, Mr. Zhang served as chief investment officer of Huarong Rongde (Hong Kong) Investment Management Co., Ltd. Mr. Zhang graduated from Nankai University with a bachelor’s degree in financial management in the PRC in June 2008. Mr. Zhang was qualified as a certified public accountant in the PRC by The Chinese Institute of Certified Public Accountants in December 2018.

Mr. Zhang Weidong (張衛東), aged 61, is our independent non-executive Director. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Zhang was appointed as an independent non-executive Director in October 2025 with effect upon [REDACTED].

Mr. Zhang has almost 40 years of extensive experience in finance and capital management. Mr. Zhang worked in Industrial and Commercial Bank of China Limited (“ICBC”), a company listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) from July 1987 to August 1998. During the years in the ICBC, Mr. Zhang served in the foreign exchange management division, foreign exchange credit division and Asia development bank division of the international department and subsequently served as the head of the treasury and credit department (deputy division chief level) in the Almaty branch of the ICBC, and a director of overseas institutions management division within the international department of the head office in the ICBC. Mr. Zhang served as an assistant to the president (deputy general manager level of the head office department) at ICEA Finance Holdings Limited (a joint venture established by the ICBC and the Bank of East Asia) from September 1998 to April 2002. From April 2002 to March 2003, Mr. Zhang pursued further studies in the United States, during which, from September to November in 2002, he obtained the certificate of management development program from Harvard Business School. From January 2008 to April 2020, Mr. Zhang served as an executive director, at OP Financial Investments Limited, a company listed on the Hong Kong Stock Exchange (stock code: 01140), currently known as HK.AI Capital Limited.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang graduated from Tianjin University of Finance and Economics with a bachelor’s degree of economics with a major in international finance in the PRC in July 1987, and then graduated from Renmin University of China with a master’s degree in Economics in the PRC in July 1996 and obtained a certificate from Harvard Business School for a management development program in November 2002. Mr. Zhang was accredited as a senior economist (高級經濟師) by the Industrial and Commercial Bank of China in August 1999.

Since June 2012, Mr. Zhang has also been an independent non-executive director, chairman of the nomination committee, member of the audit committee, and member of the remuneration committee of Tianjin Port Development Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 03382). From July 2016 to August 2024, he served as an independent non-executive director of Kingwisoft Technology Group Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 08295). From November 2021 to October 2023, he also served as an independent non-executive director of China Brilliant Global Limited, a company listed on the Hong Kong Stock Exchange (stock code: 08026).

Dr. BIAN, NING, aged 46, is our independent non-executive Director. He is primarily responsible for supervising and providing independent judgment to our Board. Dr. BIAN was appointed as an independent non-executive Director in October 2025 with effect upon [REDACTED].

Dr. BIAN has over 20 years of extensive experience in automotive industry. From 2005 to 2012, he worked in BMW Forschung und Technologie GmbH, a R&D center and Conti AG, a tire manufacturer. From 2013 to 2024, he served various positions in Technical Center of Dongfeng Motor Corporation, including deputy-director, director, and Chief Engineer. From 2018 to 2021, he was the chairman of Intelligent Connected Technology Committee of Dongfeng Motor Corporation. From February 2024 to December 2025, Dr. BIAN was a consultant in Dongfeng Motor Group Co., Ltd Mengshi Automobile Technology Company.

Dr. BIAN received the M.S. degree in electrical and information technology from Technical University of Munich, Germany, in 2005, and the Ph.D. degree in automotive control and vehicle automation from University of Duisburg-Essen, Germany, in 2009. Dr. BIAN received a Master of Business Administration degree from Tsinghua University in the PRC in June 2024.

Dr. BIAN was awarded “2014 Overseas High-level Talent (2014海外高層次人才)” in January 2014 and “Hubei Province Chu Talents Class A Distinguished Expert (湖北省楚才A類特聘專家)” in June 2014. He was awarded the second prize of Science and Technology Progress Award (科學技術進步獎二等獎) of 2023 Hubei Province Science and Technology Progress Award (2023年度湖北省科學技術獎) in January 2024. He was also awarded the second prize of Science and Technology Progress Award (科技進步獎二等獎) of the China Society of Automotive Engineers Science and Technology Award in 2023. He obtained the first prize of 2022 Dongfeng Motor Group Co., Ltd. Science and Technology Progress Award (2022年度東風汽車集團有限公司科技進步獎) in September 2023. Dr. BIAN undertook one of the topics of the National Key Research and Development Project — Key technologies of self-evolving learning autonomous driving systems (國家重點研發計劃項目-自進化學習型自動駕駛系統關鍵技術) in December 2022. He participated in the Xiangshan Science Conference (香山科學會議) in April 2021 and delivered a keynote speech. Dr. BIAN was a Guest Professor of Tsinghua University from 2020 to 2023. From January 2021 to January 2024, he was a Guest Professor of Tongji University in the PRC. Dr. BIAN has been serving as (i) a vice chairman of the Electronic Technology Division of the Society of Automotive Engineers of China since October 2021; and (ii) vice chairman of the China Association of Vehicle Control and Intelligentization* (中國車輛控制與智能化協會).

Save as disclosed in this document, each of our Directors confirms with respect to himself or herself, to the best of his or her knowledge, information and belief, that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as at the Latest Practicable Date; (2) had no other relationship with any Directors, senior management or substantial

DIRECTORS AND SENIOR MANAGEMENT

Shareholders of our Company as at the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director’s appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. Our senior management team consists of our four executive Directors, namely Mr. Wang Xi, Dr. Wang Ruoyu, Mr. Yuan Jin and Ms. Xu Jie, as well as the following senior management members:

Name	Position	Age	Date of Appointment	Date of joining the Group	Role and responsibilities	Relationship with other Directors and senior management
Ms. Tao Zhiheng (陶知烜) . . .	Board Secretary, Chief Capital Officer and company secretary	38	June 2025	June 2025	Overseeing board-related matters, corporate governance and strategic and capital market operations of our Group	None
Mr. Cheng Shiqing (程士慶) . . .	President of the High-Speed Vehicle Automation Division	37	June 2020	June 2017	Responsible for the management of the research and development team of the High-Speed Vehicle Automation Division	None
Mr. Song Jianming (宋健明) . . .	President of the Progressive Technology Research Lab	35	February 2020	March 2016	Responsible for exploring cutting-edge algorithmic solutions	None
Mr. DU, BO . . .	President of the Software Engineering and Verification & Validation Division	41	August 2021	August 2021	Responsible for the software integration and delivery, testing including verification and validation, and the definition and optimization of engineering processes	None
Mr. Chen Qiang (陳強)	President of the Project Management and Systems Division	43	August 2021	August 2021	Comprehensive Management of clients’ projects	None

Please see “— Board of Directors — Executive Directors” for details of the other senior management.

Ms. Tao Zhiheng (陶知烜), aged 38, is our Board Secretary, Chief Capital Officer and our company secretary. She is primarily responsible for overseeing board-related matters, corporate governance and strategic and capital market operations of our Group. Ms. Tao was appointed as Board Secretary and Chief Capital Officer in June 2025. Ms. Tao was appointed as a company secretary with effect from the date of [REDACTED].

Ms. Tao has over 14 years of professional experience spanning the capital markets, corporate finance and media sectors, having held senior roles in various financial institutions and listed companies. From June 2020 to May 2025, Ms. Tao served as general manager of the Capital Market division of Star Plus Legend Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 06683). Prior to that, from August 2018 to September 2019, Ms. Tao served as general

DIRECTORS AND SENIOR MANAGEMENT

manager of the Capital Market division of Carnival Group International Holdings Limited, a former listed company listed on the Hong Kong Stock Exchange (stock code: 996). Her earlier career included positions such as vice president of the Institutional Sales Division at Ping An Securities Group from January 2018 to August 2018, vice president of Institutional Sales and Client Relations at AMTD Group Company Limited (currently known as AMTD Group Inc.), a financial service company, from June 2017 to January 2018, and deputy general manager at Wonderful Sky Financial Group Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 01260) from May 2012 to June 2017. She began her career as a journalist and editor at Xinhua News Agency Hong Kong Branch from June 2011 to May 2012.

Ms. Tao graduated from Hong Kong Baptist University with a bachelor’s degree in international journalism in November 2010 and a master’s degree in media management from the same university in November 2011. Ms. Tao graduated from the Hong Kong Metropolitan University with a master’s degree in corporate governance in September 2024. Ms. Tao was also admitted as an associate of the Chartered Governance Institute (CGI) of both London and Hong Kong in January 2025 with the qualifications of Chartered Secretary and Chartered Governance Professional.

Mr. Cheng Shiqing (程士慶), aged 37, is the president of our High-Speed Vehicle Automation Division. He is primarily responsible for the management of the research and development team of the High-Speed Vehicle Automation Division. Mr. Cheng joined our Group in June 2017 and has been appointed as a vice president and director of system research and development of the Company in June 2020 and was redesignated as the president of our High-Speed Vehicle Automation Division since September 2025. Mr. Cheng has been appointed as a Director from June 2019 until his resignation upon the [REDACTED].

Mr. Cheng has over 15 years of extensive experience in algorithm and system research and development. From May 2013 to February 2016, Mr. Cheng was a senior algorithm engineer in Beijing Deep Glint Technology Co., Ltd, a company listed on the Shanghai Stock Exchange (stock code: 688207). From February 2016 to May 2017, Mr. Cheng was also a senior algorithm engineer in Beijing GEO Network Technology Co., Ltd.* (北京集奧聚合網絡技術有限公司), a software development company. Mr. Cheng graduated from Shandong Normal University in the PRC with a bachelor’s degree in electronic information engineering in June 2010 and graduated from Zhejiang University in the PRC with a master’s degree in software engineering in September 2014.

Mr. Song Jianming (宋健明), aged 35, is the president of our Progressive Technology Research Lab. He is primarily responsible for exploring cutting-edge algorithmic solutions. Mr. Song joined our Company in March 2016 and has been appointed as a vice president, director of planning and control, director of perception algorithm research and development of our Company in February 2020 and was redesignated as the president of our Progressive Technology Research Lab since September 2025. Mr. Song has been appointed as a Director from June 2019 until his resignation in October 2025.

Mr. Song has over 10 years of extensive experience in algorithm research and development. From March 2015 to December 2015, Mr. Song was an algorithm engineer in Beijing Hanwang Zhitong Technology Co., Ltd.* (北京漢王智通科技有限公司), currently known as Beijing Digital Intelligence Technology Co. Ltd* (北京數字智通科技有限公司), a subsidiary under Beijing eGOVA Co. Ltd, a company listed on Shenzhen Stock Exchange (stock code: 300075).

Mr. Song graduated from Zhengzhou University with a bachelor’s degree in computer science and technology (software engineering) in the PRC in July 2012 and then graduated from Tianjin University of Technology (天津理工大學) with a master’s degree in computer application technology in the PRC in March 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. DU, BO, aged 41, is the President of the Software Engineering and Verification & Validation Division. He is primarily responsible for software integration and delivery, testing including verification and validation, and the definition and optimization of engineering processes. Mr. DU joined our Group in August 2021. He was appointed as Director of Base Software Engineering in August 2021 and subsequently appointed as the President of the Software Engineering and Verification & Validation Division in September 2025.

Mr. DU has over 15 years of extensive experience in automotive engineering. Mr. DU joined TRW Automotive UK (which was acquired by ZF Friedrichshafen AG in 2015) in January 2010 as an Electronics Engineer, and left the company in March 2017 as a Senior Engineer. From April 2017 to March 2018, Mr. DU served as a Software Engineer (Advanced) at Dyson Technology Limited in the UK. From April 2018 to August 2021, he was a Principal Product Engineer at ZF Friedrichshafen AG in the UK. Mr. DU graduated from Dalian University of Technology in the PRC with a bachelor’s degree in Electronics Engineering in July 2008, and subsequently obtained a master’s degree in Analogue and Digital Integrated Circuit Design from Imperial College London in the UK in November 2009.

Mr. Chen Qiang (陳強), aged 43, is the president of our Project Management and Systems Division. He is primarily responsible for the comprehensive management of clients’ projects. Mr. Chen has been appointed as the director of project management of our Company in August 2021 and was redesignated as the president of our Project Management and Systems Division since September 2025.

Mr. Chen has 15 years of extensive experience in engineering project management. From March 2008 to May 2010, Mr. Chen was a project engineer in Beijing NAURA Microelectronics Equipment Co., Ltd.* (北京北方華創微電子裝備有限公司) of NAURA Technology Group Co., Ltd. (北方華創科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002371). From June 2010 to August 2021, Mr. Chen was a engineering project manager in ZF Automotive Technology Shanghai Co., Ltd.* (採埃孚汽車科技上海有限公司) (previously known as TRW Automotive Shanghai). Mr. Chen graduated from Beihang University with a bachelor’s degree in optoelectronic information engineering in the PRC in July 2005 and then graduated from the same university with a master’s degree in Testing Measurement Technology and Instruments in the PRC in January 2008. In June 2015, Mr. Chen was accredited as a project management professional by Project Management Institute.

COMPANY SECRETARY

Ms. Tao Zhiheng (陶知姮), see “Senior Management” for details.

BOARD COMMITTEES

We have established the Audit Committee, Remuneration Committee and Nomination Committee.

Audit Committee

We have established an Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of Mr. Zhang Ning, Mr. Zhang Weidong and Dr. BIAN, NING, with Mr. Zhang Ning being the chairman of the committee.

The primary function of the Audit Committee is to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board which includes, amongst other things: (i) proposing to the Board of Directors the

DIRECTORS AND SENIOR MANAGEMENT

appointment and replacement of external audit firms; (ii) supervising the implementation of our internal audit system; (iii) liaising between our internal audit department and external auditors; (iv) reviewing our financial information and related disclosures; and (v) other duties conferred by the Board.

Remuneration Committee

We have established a Remuneration Committee with terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of Mr. Zhang Weidong, Mr. Yuan Jin and Mr. Zhang Ning, with Mr. Zhang Weidong being the chairman of the committee.

The primary function of the Remuneration Committee is to develop remuneration policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate employee benefit arrangements which includes, amongst other things: (i) establishing, reviewing and making recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management; (ii) determining the terms of the specific remuneration package of each Director and members of senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors; and (iv) other duties conferred by the Board.

Nomination Committee

We have established a Nomination Committee with terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of Mr. Zhang Weidong, Dr. BIAN, NING and Ms. Xu Jie, with Mr. Zhang Weidong being the chairman of the committee.

The primary function of the Nomination Committee is to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things: (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to the Board regarding any proposed changes; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (iii) assessing the independence of our independent non-executive Directors; (iv) making recommendations to the Board on matters relating to the appointment, re-appointment and removal of our Directors; and (v) other duties conferred by the Board.

CONFIRMATION FROM OUR DIRECTORS

Each of our Directors confirms that as at the Latest Practicable Date, he or she did not have any interest 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.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on October 20, 2025, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he 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 at the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointment.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Code Provision C.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. Mr. Wang is our chairman of the Board and the chief executive officer of our Company. With extensive experience in our industry and having served in our Company since its establishment, Mr. Wang is in charge of overall management, business, strategic development and scientific research and development of our Group. Accordingly, our Board considers that vesting the roles of chairman and our chief executive officer of the Company in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and diverse individuals. Our Board currently comprises four executive Directors (including Mr. Wang), two non-executive Directors and three independent non-executive Directors, and therefore has a strong independence element in its composition. Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the [REDACTED].

Board Diversity

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) prior to the [REDACTED] in order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Nomination Committee will consider a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at the Latest Practicable Date, our Board consists of eight male members and one female member with ages ranging from 36 years old to 61 years old. Our Directors have a balanced portfolio of knowledge and skills, including engineering, legal, finance and capital management. Our Company has reviewed the membership, structure, and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Upon the [REDACTED], the Nomination Committee will, from time to time, review the Board Diversity Policy and monitor the progress on achieving measurable objectives. The Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy in its annual corporate governance report.

EMOLUMENT OF DIRECTORS AND SENIOR MANAGEMENT

We offer our Directors and senior management members, who are also employees of our Company, emoluments in the form of salaries, allowances, bonuses, and benefits in kind. Our independent non-executive Directors receive emoluments based on their responsibilities.

For information on Directors’ remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to Note 13 of the Accountants’ Report in Appendix I to this document.

It is estimated that the aggregate amount of remuneration (including salaries and allowances, retirement benefits scheme contributions and discretionary performance related bonuses) payable to Directors for the year ending December 31, 2026 will be approximately RMB755 million under arrangements in force at the date of this document.

DIRECTORS AND SENIOR MANAGEMENT

None of our Directors or any past directors of any member of the Group has been paid any sum of money for the years ended December 31, 2023, 2024 and 2025 as (a) an inducement to join or upon joining the Company; or (b) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended December 31, 2023, 2024 and 2025. 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 of our Group during the Track Record Period.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances: (a) before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws; (b) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and securities 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 Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules. Pursuant to Rule 19A.06 of the Listing Rules, our compliance adviser will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. Our compliance adviser will also inform us of any amendment or supplement to applicable laws and guidelines.

The term of the appointment will commence on the [REDACTED] and end on the date on which we distribute the annual report of the first full financial year commencing after the [REDACTED] pursuant to the Rule 13.46 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

To the best of the knowledge of our Directors, the following persons will, immediately after the completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised), have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to 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 share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

Name of Shareholder	Nature of Interest	Class of Shares	Shares held as of Latest Practicable Date		Shares held following the completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised) ⁽¹⁾	
			Number	Percentage	Number	Percentage
Mr. Wang ⁽²⁾	Beneficial interest	H Shares	5,678,057	27.86%	[REDACTED]	[REDACTED]
	Interest in controlled corporation	H Shares	2,644,541	12.97%	[REDACTED]	[REDACTED]
Qingyuan Tiantong ⁽²⁾ . . .	Beneficial interest	H Shares	1,756,729	8.62%	[REDACTED]	[REDACTED]
Ningbo Tiantong ⁽²⁾ . . .	Interest in controlled corporation	H Shares	1,756,729	8.62%	[REDACTED]	[REDACTED]
SME Fund ⁽³⁾	Beneficial interest	H Shares	1,781,650	8.74%	[REDACTED]	[REDACTED]
Shenzhen Guozhong Venture Capital Management Co., Ltd. ⁽³⁾	Interest in controlled corporation	H Shares	1,781,650	8.74%	[REDACTED]	[REDACTED]
Shi Anping ⁽³⁾	Interest in controlled corporation	H Shares	1,781,650	8.74%	[REDACTED]	[REDACTED]
ZF Holdings B.V. ⁽⁴⁾ . . .	Beneficial interest	H Shares	1,412,905	6.93%	[REDACTED]	[REDACTED]
ZF Friedrichshafen AG ⁽⁴⁾ . . .	Interest in controlled corporation	H Shares	1,412,905	6.93%	[REDACTED]	[REDACTED]
Tibet FengLong ⁽⁵⁾	Beneficial interest	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]
Delian Capital ⁽⁵⁾	Interest in controlled corporation	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]
Beijing Delian ⁽⁵⁾	Interest in controlled corporation	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]
Tianjin Xinnuo ⁽⁵⁾	Interest in controlled corporation	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]
Beijing Guangrunlong ⁽⁵⁾ . . .	Interest in controlled corporation	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]
Jia Jing ⁽⁵⁾	Interest in controlled corporation	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]
Li Quan ⁽⁵⁾	Interest in controlled corporation	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]
Liu Shumin ⁽⁵⁾	Interest in controlled corporation	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]
Liu Ming ⁽⁵⁾	Interest in controlled corporation	H Shares	1,230,956	6.04%	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation is based on the assumption that (i) the [REDACTED] is completed, (ii) the [REDACTED] is not exercised, and (iii) the total number of the Shares in issue will be [REDACTED], H Shares immediately after completion of the [REDACTED].
- (2) Qingyuan Tiantong was held as to 0.01% by Ningbo Tiantong as its general partner, which in turn was owned as to 99% by Mr. Wang. By virtue of the SFO, both Mr. Wang and Ningbo Tiantong are deemed to be interested in the Shares held by Qingyuan Tiantong. Mr. Wang is the sole director of WX Technology and the administrator of the

SUBSTANTIAL SHAREHOLDERS

Company’s incentive plan with respect to the shares held by WX Technology. Therefore, WX Technology is accustomed to act in accordance with Mr. Wang’s direction. By virtue of the SFO, Mr. Wang was taken to be interested in the 887,812 H Shares (as of Latest Practicable Date) and [REDACTED] H Shares (immediately following the completion of the [REDACTED] and assuming the [REDACTED] is completed) held by WX Technology.

- (3) Shenzhen Guozhong Small and Medium Enterprise Development Private Equity Investment Fund Partnership (Limited Partnership) (深圳國中中小企業發展私募股權投資基金合夥企業(有限合夥))* (“**SME Fund**”) is managed by its general partner, Shenzhen Guozhong Venture Capital Management Co., Ltd. (深圳國中創業投資管理有限公司), which is in turn controlled by Mr. Shi Anping (施安平). By virtue of the SFO, Shenzhen Guozhong Venture Capital Management Co., Ltd. and Shi Anping are deemed to be interested in the Shares held by SME Fund.
- (4) ZF Holdings B.V. is a private limited liability company incorporated under the laws of the Netherlands on June 16, 2017, which is wholly owned by ZF Friedrichshafen AG. By virtue of the SFO, ZF Friedrichshafen AG is deemed to be interested in the Shares held by ZF Holdings.
- (5) Tibet FengLong Xinglian Investment Center (L.P.)* (西藏豐隆興聯投資中心(有限合夥)) (“**Tibet FengLong**”) was managed by its general partner, Dazi Delian Investment & Management Co., Ltd.* (達孜德聯投資管理有限公司) (“**Delian Capital**”). Delian Capital was wholly owned by Beijing Delian Investment & Management Co., Ltd. (北京德聯運通投資管理有限公司)* (“**Beijing Delian**”), which in turn was owned as to 60% and 40% by Tianjin Xinnuo Enterprise Management Partnership Enterprise (Limited Partnership)* (天津鑫諾企業管理合夥企業(有限合夥))* (“**Tianjin Xinnuo**”) and Beijing Guangrunlong Investment Co. Ltd.* (北京廣潤隆投資有限公司)* (“**Beijing Guangrunlong**”), respectively. Tianjin Xinnuo was controlled by Jia Jing (賈靜) as its general partner and as to 30% by Li Quan (李權) as its limited partner while Beijing Guangrunlong was controlled by Liu Shumin (劉淑敏) and Liu Ming (劉明). As such, Delian Capital, Beijing Delian, Tianjin Xinnuo, Beijing Guangrunlong, Jia Jing, Li Quan, Liu Shumin and Liu Ming are deemed under the SFO to be interested in the Shares held by Tibet FengLong.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the [REDACTED], have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

SHARE CAPITAL

Immediately before the [REDACTED]

As at the Latest Practicable Date, the registered share capital of the Company was RMB20,382,966, comprising of 20,382,966 Domestic Unlisted Shares with a nominal value of RMB1.00.

Upon the Completion of the [REDACTED]

Immediately after the [REDACTED] and conversion of Domestic Unlisted Shares into H Shares (assuming the [REDACTED] is completed and the [REDACTED] is not exercised), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic Unlisted Shares in issue	[REDACTED]	[REDACTED]%
H Shares to be converted from Domestic Unlisted Shares.	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

Immediately after the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] exercised in full), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic Unlisted Shares in issue	[REDACTED]	[REDACTED]%
H Shares to be converted from Domestic Unlisted Shares.	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

CLASS OF SHARES AND RANKING

Upon completion of the [REDACTED], we would have only one class of Shares, namely H Shares. Apart from certain qualified domestic institutional investors in the PRC, as well as certain PRC qualified investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval or filing with any competent authorities, including our existing Shareholders who may convert their Domestic Unlisted Shares into H shares upon completion of filing with the CSRC, H Shares generally cannot be [REDACTED] by or traded among legal and natural persons of the PRC.

SHARE CAPITAL

Domestic Unlisted Shares and H Shares are ordinary Shares and regarded as one class of Shares under the Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF OUR DOMESTIC UNLISTED SHARES INTO H SHARES

Our Company has [filed] for a “full circulation” of [REDACTED] Domestic Unlisted Shares into H Shares on a one-for-one basis, and submitted the application reports, authorisation documents of the shareholders of Domestic Unlisted Shares for which an H-share “full circulation” are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC. The relevant filings have been completed on [●].

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, the holders of our Domestic Unlisted Shares may, at their own option, authorise the Company to apply to the CSRC for conversion of their respective Shares to H Shares. After the conversion of Domestic Unlisted Shares, such converted Shares may be [REDACTED] or traded on an overseas stock exchange, provided that prior to the [REDACTED] and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval or filing from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and [REDACTED] shall in all respects comply with the regulations prescribed by the State Council’s securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the [REDACTED] of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Unlisted Shares into H Shares as described in this section, we can apply for the [REDACTED] of all or any portion of our Domestic Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any [REDACTED] of additional Shares after our [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong.

After the completion of filing and all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Unlisted Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our H Share register will be conditional on (a) the [REDACTED] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, [REDACTED] in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be [REDACTED] as H Shares.

No Shareholder voting by class is required for the [REDACTED] and trading of the converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted shares on the Stock Exchange after our initial [REDACTED] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

SHARE CAPITAL

[REDACTED] APPROVAL BY THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of [REDACTED] of, and permission to deal in, our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]), and the H Shares to be converted from [REDACTED] Domestic Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the conversion of Domestic Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

SHAREHOLDERS’ GENERAL MEETINGS

For details of the circumstances under which a Shareholders’ general meeting is required, please refer to “Appendix IV — Summary of Principal Legal and Regulatory Provisions” to this document.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the “Full Circulation” Programme for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請“全流通”業務指引) announced by the CSRC and latest amended on 10 August 2024, the shareholders of Domestic Unlisted Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) (the “CSDCC”). Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the CSDCC of the shares involved in the application is completed.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

Approval from our Shareholders is required for our Company to issue H Shares and apply the [REDACTED] of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders’ general meeting held on October 25, 2025.

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You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included in the Accountants’ Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

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

OVERVIEW

We are a leading software-focused L2-L2+ and L4 driving solutions provider in China, with a track record of commercialization at each of these automation levels.

For L2-L2+ solutions, we offer driving and parking solutions as well as intelligent cockpit solutions with active safety features such as DMS. We are the second largest software-focused L2-L2+ solutions provider in China that provides both driving and parking solutions in terms of installation volume in 2024, according to CIC. We are committed to serving the mass-market and making vehicle automation solutions accessible to a broader population. We had secured L2-L2+ solutions design wins for 198 vehicle models as of the Latest Practicable Date. Our comprehensive, high-performance and highly adaptable L2-L2+ solutions help OEMs accelerate product iteration and improve R&D cost efficiency in an increasingly competitive environment. We have completed deliveries for mass-production in both domestic and overseas markets. We were the first Chinese provider that delivered L2-L2+ solutions in the overseas market, according to CIC.

We are also a leading L4 solutions provider in China. We commercialized L4 solutions back in 2019 by providing software development service for the Yangshan Port 5G L4 heavy-duty truck project led by a state-owned OEM in Shanghai. We offer safe and reliable L4 solutions to help fleet operators accelerate commercialization across a variety of application scenarios. In 2025, we generated revenue of RMB374.5 million from our L4 solutions, which contributed to 68.3% of our total revenue, with the majority of such revenue from L4 software solutions. As of the Latest Practicable Date, we had obtained indicative orders for L4 solutions covering over 2,500 Robobuses, Robotaxis and Robotrucks with aggregate contract value of over RMB1 billion to be delivered in the next three to five years, which demonstrated customer recognition of our ability to commercialize L4 solutions in scale.

We have successfully commercialized both L2-L2+ and L4 solutions and adopted a dual-track approach to develop our L2-L2+ and L4 solutions. We accumulate extensive experience in research and development, engineering, verification and validation through L2-L2+ solutions, which lays the foundation for our L4 solutions developed on the same system architecture. At the same time, our L4 solutions generate high-quality data that are free from human bias and collected under real-world operating scenarios, which in turn facilitate the iteration and optimization of our L2-L2+ solutions.

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We have achieved rapid revenue growth, and recorded gross profit margins that were above industry average according to CIC, during the Track Record Period. Our revenue grew from RMB203.6 million in 2023 to RMB547.9 million in 2025 at a CAGR of 64.0%. Our gross profit margin was 35.3%, 30.0% and 31.4% in 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, we had loss and total comprehensive expense of RMB231.2 million, RMB462.8 million and RMB207.9 million, respectively.

BASIS OF PREPARATION

Our historical financial statements have been prepared in accordance with IFRS issued by International Accounting Standards Board and is presented in RMB unless otherwise stated. We have applied IFRS, amendments to IFRS and the related interpretations that are effective for the accounting periods beginning on January 1, 2022 consistently throughout the Track Record Period. Our consolidated financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities that are measured at fair value.

The preparation of historical financial information in conformity with IFRSs requires the use of certain accounting estimates, as well as our management’s judgment in applying our accounting policies. See Note 5 to the Accountants’ Report in Appendix I to this document for the areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

General Factors

Our business and results of operations are affected by the general factors that impact our total addressable market, including, among others:

- overall economic growth in China and globally and the consumer spending power;
- the growth of the vehicle automation industry, which in turn hinges on the general demand for automotive vehicles with advanced functions, the market acceptance and widespread adoption of L2-L2+ and L4 driving solutions and products;
- the development of vehicle automation technology;
- regulatory, tax and geopolitical environments; and
- the competitive landscape for L2-L2+ and L4 driving solutions.

Changes in any of these general factors could affect the demand for our solutions and our results of operations.

Company Specific Factors

In addition to the general factors mentioned above, we believe our results of operations are more directly affected by the following specific factors:

Our ability to successfully develop and commercialize our solutions under various business models

The growth of our business scale hinges on our ability to successfully develop and commercialize competitive L2-L2+ and L4 driving solutions at varying automation levels, including L2-L2+ parking and driving solutions and intelligent cockpit solutions as well as L4 solutions. During the Track Record Period, most of our revenues were generated from sales of our L2-L2+ and

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L4 driving solutions to OEMs and Tier-1 Suppliers. Our revenue increased by 137.2% from RMB203.6 million in 2023 to RMB482.9 million in 2024 and by 13.5% to RMB547.9 million in 2025, primarily due to the rapid expansion of our L4 solutions business and the continued growth of our software royalty revenue from L2-L2+ solutions. As of the Latest Practicable Date, we had secured design wins for 198 vehicle models. We are deemed to have obtained a design win at the time of signing the contract. After entering into the contract, we will start software development and engineering. After completing the development of the solution, the OEM or Tier-1 Supplier will conduct validation on the solution. Upon satisfaction of the validation, the solution will be delivered and accepted, and revenue will be recognized. The timeline for the end-to-end process varies for different projects. For example, the development cycle of L2-L2+ solutions is around 14 months on average following a design win.

In addition, our ability to monetize our solutions under different business models also contributes to our profitability. A mass-production project typically starts at the software development phase, for which we charge a one-time development fee. Once the software development phase is completed, the project typically enters into the software royalty phase, in which we are able to generate recurring revenue during the project lifetime cycle with minimal marginal cost as we can leverage existing platform and technologies. This leads to a higher gross margin. Therefore, our ability to convert additional mass-production projects from the software development phase to the software royalty phase helps drive our profitability. Our ability to secure additional L4 software projects with higher gross margin can also improve our profitability.

Our ability to deepen relationships with existing customers and expand our customer base

Our customers primarily consist of OEMs that install our L2-L2+ and L4 driving solutions. Tier-1 Suppliers that directly serve the OEMs, and fleet operators. Our existing customers are critical to our success as they can bring in additional projects and growth opportunities. We endeavor to maintain stable and long-term business relationships with our customers by delivering L2-L2+ and L4 driving solutions with more advanced functions and providing supporting services that address customer demand. For instance, we offer engineering services, including road testing, data collection support and data labelling services as well as proprietary toolchain, to provide support to our customers and increase their stickiness. We also offer integrated solutions as a supplement to our software solutions. The diversification of our solution portfolio allowed us to meet diverse customer demand and provided cross-selling opportunities to increase our revenue.

We also endeavored to engage with additional new customers and expand our customer base. We have established strong industry reputation through completion of a number of large-scale mass production projects both in China and abroad and collaborating with renowned industry players such as ZF ADAS BU, Horizon Robotics and Lenovo Connect. Such successful track record helps us to attract new customers and further grow our business. The number of our customers increased from 222 as of December 31, 2023 to 330 as of the Latest Practicable Date, which contributed to our continued business growth.

Our ability to make effective investment in R&D

As a L2-L2+ and L4 driving solutions provider, our technological capability is critical to build up our competitive moat and increase our market share. Therefore, it is crucial for us to make effective investment in R&D to enhance the reliability, functionality and safety of our L2-L2+ and L4 driving solutions while keeping the relevant expenses at a reasonable level. We were able to improve our R&D efficiency leveraging our model pruning technology, which allows us to utilize and tailor existing model to develop various functionalities without incurring excessive R&D investment. We have also developed our proprietary toolchains, which helped us to accelerate development cycle and reduce R&D expenses. For the years ended December 31, 2023, 2024 and 2025, our R&D expenses were RMB105.5 million, RMB117.2 million and RMB92.3 million, respectively, representing 51.8%, 24.3% and 16.8% of our total revenue, respectively. Our R&D

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expenses as a percentage of our revenues continued to decrease during the Track Record Period, evidencing our high efficiency in R&D. As of the Latest Practicable Date, we had a R&D team of 192 employees, representing 69.6% of our total employees.

Our ability to manage cost and expenses and improve operating efficiency

Our future profitability depends to a large extent on our ability to effectively control our cost and expenses and improve operating efficiency. We have undertaken prudent cost control measures to optimize our organizational structure, streamline our operations across various business lines, and enhance the efficiency of our employees in order to achieve optimal operating efficiency. The sum of our selling and marketing expenses and administrative expenses was RMB51.1 million, RMB34.8 million and RMB61.8 million in 2023, 2024 and 2025, respectively. The percentage of such operating expenses as to our total revenue decreased significantly from 25.1% in 2023 to 7.2% in 2024, primarily driven by our prudent cost control measures and the growth in our revenue base, and increased to approximately 11.3% in 2025, primarily due to our increased brand promotion activities, normalization of management compensation and consulting service fees incurred in connection with multiple rounds of financing, which remained significantly below the 2023 level and demonstrated our effective cost discipline on an underlying basis. As our business continued to scale and as we work on a growing number of mass-product projects, we expect to benefit from economies of scale, which would lead to further enhancements in our operational efficiency.

Seasonality

Our results of operations are affected by seasonal fluctuations in demand for our L2-L2+ and L4 driving solutions, which are primarily driven by the seasonal nature of the automotive industry. Although our revenue is primarily derived from software development and pilot-stage projects billed by milestone completion, our business is nonetheless correlated with automotive industry seasonality because OEM vehicle model launch cycles and solution validation timelines drive the timing of milestone achievements and project acceptances. In addition, the pricing of our software royalty and software-and-hardware integrated solutions is based on the volume of vehicles manufactured, and vehicle production and sales volumes tend to be higher towards the end of each year. Given our customers in the automotive industry usually experience higher sales in the fourth quarter, our sales of L2-L2+ and L4 driving solutions typically increase accordingly during the same period. On the other hand, our sales of L2-L2+ and L4 driving solutions tend to decline in the first quarter, especially around the Chinese New Year holiday, which is also generally in line with the overall automotive industry in China. According to CIC, such seasonal fluctuation is an industry norm. Such fluctuations are seasonal in nature and are not indicative of our results of operations for the full year. We expect the impact of seasonality on our business to continue in the future, and we will implement the following measures to manage and mitigate the impact of such seasonality:

- (i) Increasing proportion of software royalty revenue. As a growing number of our projects transition from the software development and engineering phase to the software royalty phase, the proportion of our recurring royalty revenue will continue to increase. Although royalty revenue is also subject to seasonality to a certain extent, the magnitude of such impact is significantly smaller than that of software development and engineering revenue given the recurring nature of royalty income. Accordingly, the increasing contribution of royalty revenue is expected to mitigate the seasonality impact on our overall financial performance.
- (ii) Increasing proportion of factory-installed software-and-hardware integrated solutions. Our factory-installed software and hardware integrated solutions are priced on a per-unit volume basis and carry a higher unit price than software royalty. As the proportion of revenue from such integrated solutions increases, the revenue concentration in the fourth quarter is expected to be further moderated.

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MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgements related to accounting items. The estimates and assumptions we use and the judgements we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgements based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we did not make any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgements used in the preparation of our financial statements. Our material accounting policies, estimates, assumptions and judgements, which are important for understanding our financial condition and results of operations, are set forth in further details in Notes 4 and 5 to the Accountants' Report set forth in Appendix I to this document.

Revenue from Contracts with Customers

Software Development and Engineering Services and Software and Hardware Integrated Solutions

We provide (i) software development and engineering services, delivering customized software-based products to our customers, and (ii) software and hardware integrated solutions, delivering customized integrated hardware products to our customers.

We recognize revenue from such services at a point in time when the software-based products or integrated hardware products are accepted by customers, which generally occurs upon delivery of specific deliverables according to the terms of the underlying contracts.

Customers are generally required to make certain portion of prepayments before we deliver such services. Contract liabilities are recognized when consideration is received in which revenue has yet been recognized.

Software Royalty

For certain contracts related to software development and engineering services with OEM customers, we charge additional royalty per vehicle for mass-produced models equipped with relevant software. The software royalty is accounted for as variable consideration related to the performance obligation of software development and engineering services and is recognized as revenue when the software is installed in the designated vehicles. We determine the timing of installation based on confirmed installation reports received from the customer or telematics data transmitted from vehicles indicating successful software activation.

Engineering Services

We provide engineering services, including road testing, data collection support and data labelling services to OEM customers, as well as sales of our proprietary toolchain products. Revenue is recognized at a point in time upon customer acceptance of the related deliverables.

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Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When we make payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of Long Term Assets

We evaluate our long term assets including property, plant and equipment, intangible assets and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, we evaluate the

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recoverability of cash-generating units to which these assets are allocated by comparing the carrying amount of the relevant cash-generating unit to the recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, we recognize an impairment loss equal to the difference between the carrying amount and recoverable amount. We assessed indicators of potential impairment for long term assets and determined the following: (i) no significant decrease in the market price of any long term assets was observed; (ii) no material adverse changes were identified in the technological, market, economic or legal environment in which we operate or in the market to which the long term asset is dedicated; (iii) notwithstanding the operating losses and net cash operating outflows during the years ended December 31, 2023, 2024 and 2025, the expected commercialization and revenue growth prospects did not indicate impairment; and (iv) there was no expectation that any long term assets would be sold or disposed of significantly prior to the end of their previously estimated useful life. Based on the analysis, we did not identify any impairment indicator for our long term assets during the Track Record Period.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial information of the investee’s net assets.

In assessing recoverable amounts of the investments in subsidiaries, we considered the long-term strategic role of the subsidiaries, our ongoing financial support and future cashflow projections of the subsidiaries. Based on the impairment assessment as of each year ended December 31, 2023, 2024 and 2025, no impairment loss was recognized for the investments in subsidiaries in our separate financial statements.

See Note 4 and Note 5 of the Accountants’ Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth our consolidated results of operations for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
	<i>(in thousands, except for percentages and per share data)</i>					
Revenue	203,604	100.0	482,949	100.0	547,910	100.0
Cost of revenues	(131,723)	(64.7)	(338,267)	(70.0)	(375,684)	(68.6)
Gross profit	71,881	35.3	144,682	30.0	172,226	31.4
Other income	4,020	2.0	7,852	1.6	2,572	0.5
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets	(290)	(0.1)	1,363	0.3	(4,835)	(0.9)
Loss on fair value changes of financial liabilities at FVTPL	(143,082)	(70.3)	(458,398)	(94.9)	(176,905)	(32.3)
Other gains and losses	(416)	(0.2)	(267)	(0.1)	(8,280)	(1.5)
Selling and marketing expenses	(8,547)	(4.2)	(5,534)	(1.1)	(12,627)	(2.3)
Administrative expenses	(42,600)	(20.9)	(29,292)	(6.1)	(49,159)	(9.0)

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	Year ended December 31,					
	2023		2024		2025	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
	<i>(in thousands, except for percentages and per share data)</i>					
Research and development expenses	(105,538)	(51.8)	(117,186)	(24.3)	(92,314)	(16.8)
[REDACTED] expenses	—	—	—	—	[REDACTED]	[REDACTED]
Finance costs	(6,607)	(3.2)	(5,996)	(1.2)	(18,438)	(3.4)
Loss before tax	(231,179)	(113.4)	(462,776)	(95.8)	(207,887)	(37.9)
Income tax expense	—	—	—	—	—	—
Loss and total comprehensive expense for the year	(231,179)	(113.4)	(462,776)	(95.8)	(207,887)	(37.9)

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted loss for the year (non-IFRS measure) as an additional financial measure, which is defined as loss and total comprehensive expense for such year adjusted by adding back (i) loss on fair value changes of financial liabilities at fair value through profit or losses, (ii) [REDACTED] expenses. This non-IFRS measure is not required by, or presented in accordance with, IFRS Accounting Standards, may not be comparable to similarly titled measures presented by other companies and should not be considered in isolation from, or as a substitute for, our IFRS results.

The following table reconciles our adjusted loss for the year (non-IFRS measure) in the years presented to the nearest measure prepared in accordance with IFRS Accounting Standards:

	Year ended December 31,		
	2023	2024	2025
	<i>(in thousands)</i>		
Loss and total comprehensive expense for the year	(231,179)	(462,776)	(207,887)
Add:			
– Loss on fair value changes of financial liabilities at fair value through profit or losses	143,082	458,398	176,905
– [REDACTED] expenses	—	—	[REDACTED]
Adjusted loss for the year (non-IFRS measure)	(88,097)	(4,378)	(10,855)

Our adjusted loss for the year (non-IFRS measure) decreased significantly by 95.0% from RMB88.1 million in 2023 to RMB4.4 million in 2024 and increased to RMB10.9 million in 2025. The increase from 2024 to 2025 was primarily attributable to the increase in operating expenses as we conducted more frequent marketing activities to support customer engagement, business development and commercialization of our solutions.

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Description of Major Components of Results of Operations

Revenue

We primarily offer three categories of solution: (i) L2-L2+ solutions, which mainly consist of parking and driving solutions and intelligent cockpit solutions, (ii) L4 solutions, which mainly consist of Robotruck, Robobus and Robotaxi solutions, and (iii) engineering services, which mainly involve road testing, data collection support and data labelling services as well as our proprietary toolchain. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB203.6 million, RMB482.9 million and RMB547.9 million, respectively. For a description of our solutions, see “Business — Our Solutions” for more information.

The following table sets forth a breakdown of our revenue by solutions in absolute amounts and as percentages of our total revenue for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	% of revenue	RMB	% of revenue	RMB	% of revenue
<i>(in thousands, except for percentages)</i>						
Revenue						
L2-L2+ solutions	183,672	90.2	187,280	38.8	139,167	25.5
Software development and engineering services	152,328	74.8	152,699	31.6	95,118	17.4
Software royalty	12,090	5.9	21,071	4.4	31,693	5.8
Software and hardware integrated solutions	19,254	9.5	13,510	2.8	12,356	2.3
L4 solutions	7,325	3.6	242,758	50.2	374,532	68.4
Software solution	82	0.0	185,606	38.4	229,177	41.8
Software and hardware integrated solutions	7,243	3.6	57,152	11.8	145,355	26.5
Engineering services	12,607	6.2	52,511	10.9	33,693	6.1
Others	—	—	400	0.1	518	0.1
Total	203,604	100.0	482,949	100.0	547,910	100.0

See “Discussion of Historical Results of Operations” for details.

Cost of Revenues

Our cost of revenues consists of (i) outsourced technical service fees, (ii) employee benefit expenses, (iii) raw materials, (iv) travel expenses and (v) others, primarily consisting of surcharges and maintenance costs.

The following table sets forth a breakdown of our cost of revenues by nature in absolute amounts and as percentages of our total cost of revenues for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Cost of Revenues						
Outsourced technical services expenses	77,241	58.6	183,363	54.2	204,372	54.4

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	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee benefit expenses	28,075	21.3	95,449	28.2	43,860	11.7
Raw materials	22,260	16.9	58,402	17.3	126,278	33.6
Travel expenses	1,147	0.9	691	0.2	775	0.2
Others	3,000	2.3	362	0.1	399	0.1
Total	131,723	100.0	338,267	100.0	375,684	100.0

The following table sets forth a breakdown of our cost of revenues by solutions in absolute amounts and as percentages of our total cost of revenues for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Cost of revenues						
L2-L2+ solutions	116,795	88.6	126,664	37.4	78,153	20.8
Software development and engineering . .	92,663	70.3	111,220	32.9	61,385	16.4
Software royalty	6,492	4.9	4,137	1.2	5,810	1.5
Software and hardware integrated solution	17,640	13.4	11,307	3.3	10,958	2.9
L4 solutions	4,734	3.6	179,599	53.1	273,521	72.8
Software solution	8	0.0	129,308	38.2	150,529	40.1
Software and hardware integrated solution	4,726	3.6	50,291	14.9	122,992	32.7
Engineering services	9,777	7.4	31,826	9.4	23,668	6.3
Tax surcharge	417	0.4	178	0.1	342	0.1
Total	131,723	100.0	338,267	100.0	375,684	100.0

See “Discussion of Historical Results of Operations” for details.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by solutions for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<i>(in thousands, except for percentages)</i>					
L2-L2+ solutions	66,877	36.4	60,616	32.4	61,014	43.8
Software development and engineering . .	59,665	39.2	41,479	27.2	33,733	35.5
Software royalty	5,598	46.3	16,934	80.4	25,883	81.7
Software and hardware integrated solution	1,614	8.4	2,203	16.3	1,398	11.3

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	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
		%		%		%
<i>(in thousands, except for percentages)</i>						
L4 solutions	2,591	35.4	63,159	26.0	101,011	27.0
Software solution	74	90.2	56,298	30.3	78,648	34.3
Software and hardware integrated solution	2,517	34.8	6,861	12.0	22,363	15.4
Engineering services	2,830	22.4	20,685	39.4	10,025	29.8
Tax surcharge	(417)	N/A	(178)	N/A	(342)	N/A
Others	–	–	400	100.0	518	100.0
Total	71,881	35.3	144,682	30.0	172,226	31.4

See “Discussion of Historical Results of Operations” for details.

Other Income

Our other income primarily consists of (i) government grants, which mainly related to enterprise development support and innovation capability incentives, (ii) bank interest income, and (iii) others. For the years ended December 31, 2023, 2024 and 2025, we incurred other income of RMB4.0 million, RMB7.9 million and RMB2.6 million, respectively.

Impairment Losses (Including Reversals of Impairment Losses or Impairment Gains) on Financial Assets

Our impairment losses (including reversals of impairment losses or impairment gains) is primarily related to credit loss allowance for our trade receivables generated in the ordinary course of our business based on assumptions of the credibility of our customers. Our impairment losses (including reversals of impairment losses or impairment gains) on financial assets were net loss of RMB0.3 million and RMB4.8 million, respectively, in 2023 and 2025, and net gain of RMB1.4 million in 2024.

Loss on Fair Value Changes of Financial Liabilities at FVTPL

Our loss on fair value changes of financial liabilities at FVTPL mainly represent impairment losses on financial liabilities including preferred shares and convertible bonds. For the years ended December 31, 2023, 2024 and 2025, we recorded loss on fair value changes of financial liabilities at FVTPL of RMB143.1 million, RMB458.4 million and RMB176.9 million, respectively.

Other Gains and Losses

Our other gains and losses consist of (i) net foreign exchange (gain) loss, (ii) loss (gain) on disposal/write-off of property and equipment and intangible asset, (iii) contract compensation, (iv) loss on fair value changes of financial assets at FVTPL and (v) others. For the years ended December 31, 2023, 2024 and 2025, we incurred other losses of RMB0.4 million, RMB0.3 million and RMB8.3 million, respectively.

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Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses which includes salaries, social insurance and housing provident fund of our selling and marketing personnel, (ii) promotion and advertising expenses, (iii) depreciation and amortization expenses allocated to the sales and marketing department, and (iv) other expenses, primarily consisting of express delivery fees, travel expenses, maintenance costs, consulting service fees, etc. The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as percentages of total selling and marketing expenses for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Selling and marketing expenses						
Employee benefit expenses	6,259	73.2	4,244	76.7	8,012	63.5
Promotion and advertising expenses	801	9.4	78	1.4	2,293	18.2
Depreciation and amortization costs	948	11.1	1,017	18.4	1,566	12.4
Others	539	6.3	195	3.5	756	5.9
Total	8,547	100.0	5,534	100.0	12,627	100.0

For the years ended December 31, 2023, 2024 and 2025, we incurred selling and marketing expenses of RMB8.5 million, RMB5.5 million and RMB12.6 million, respectively, representing 4.2%, 1.1% and 2.3% of our revenue for the same years, respectively.

Administrative Expenses

Our administrative expenses consist of (i) employee benefit expenses which includes salaries, social insurance and housing provident fund of our administrative personnel, (ii) depreciation and amortization costs allocated to the administrative department, (iii) consulting service fees for fund raising activities, and (iv) other expenses, primarily consisting of property insurance expenses, travel expenses and office expenses. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of total administrative expenses for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Administrative expenses						
Employee benefit expenses	20,874	49.0	12,950	44.2	17,820	36.2
Depreciation and amortization	2,994	7.0	2,939	10.0	3,104	6.3
Consulting service fee	7,421	17.4	4,163	14.2	9,671	19.7
Others	11,311	26.6	9,240	31.6	18,564	37.8
Total	42,600	100.0	29,292	100.0	49,159	100.0

For the years ended December 31, 2023, 2024 and 2025, we incurred administrative expenses of RMB42.6 million, RMB29.3 million and RMB49.2 million, respectively, representing 20.9%, 6.1% and 9.0% of our revenue for the same years, respectively.

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Research and Development Expenses

Our research and development expenses consist of (i) design and development expenses, (ii) employee benefit expenses which includes salaries, social insurance and housing provident fund of our research and development personnel, (iii) depreciation and amortization allocated to research and development department and (iv) other expenses, primarily consisting of office fees, raw material expenses, consulting service fees and maintenance expenses. The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of total research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Research and development expenses						
Design and development expenses	88,472	83.8	96,201	82.1	65,374	70.8
Employee benefit expenses	3,868	3.7	4,165	3.6	4,118	4.5
Depreciation and amortization	10,234	9.7	15,160	12.9	19,333	20.9
Others	2,964	2.8	1,660	1.4	3,489	3.8
Total	105,538	100.0	117,186	100.0	92,314	100.0

For the years ended December 31, 2023, 2024 and 2025, we incurred research and development expenses of RMB105.5 million, RMB117.2 million and RMB92.3 million, respectively, representing 51.8%, 24.3% and 16.8% of our revenue for the same years, respectively.

[REDACTED] Expenses

We incurred [REDACTED] expenses of RMB[REDACTED] million in 2025 and did not incur [REDACTED] expenses in 2023 and 2024.

Finance Costs

Our finance costs primarily consist of (i) interest expenses on bank and other loans, and (ii) interest expenses on lease liabilities. For the years ended December 31, 2023, 2024 and 2025, we incurred finance costs of RMB6.6 million, RMB6.0 million and RMB18.4 million, respectively.

DISCUSSION OF HISTORICAL RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 13.5% from RMB482.9 million in 2024 to RMB547.9 million in 2025, primarily driven by the rapid expansion of our L4 business, especially the increase in delivered volume of software and hardware integrated solutions in 2025, which have higher unit prices.

L2-L2+ solutions. Revenue from L2-L2+ solutions decreased by 25.7% from RMB187.3 million in 2024 to RMB139.2 million in 2025, primarily due to the decrease in revenue of software development and engineering from RMB152.7 million in 2024 to RMB95.1 million in 2025 as a result of fewer vehicle models entering mass production in 2025, and the development fees for such vehicle models being relatively lower as well as our strategic reallocation of resources toward L4 business.

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L4 solutions. Revenue from L4 solutions significantly increased by 54.3% from RMB242.8 million in 2024 to RMB374.5 million in 2025, primarily due to the growth in both L4 software solutions and software and hardware integrated solutions. Our L4 customer base expanded from 17 in 2024 to 27 in 2025, with 20 new L4 customers acquired during the year, and the number of completed L4 projects increased from 21 to 36. We delivered more Robotaxi solutions and expanded into niche commercial vehicle segments including unmanned electric tricycles, robosweeper and unmanned golf carts.

Engineering services. Revenue from engineering services decreased by 35.8% from RMB52.5 million in 2024 to RMB33.7 million in 2025, primarily due to our allocation of more resources toward our L4 businesses, while engineering services remained relatively small in scale.

Cost of Revenues

Cost of revenues increased by 11.1% from RMB338.3 million in 2024 to RMB375.7 million in 2025, primarily due to the increase in volume of software and hardware integrated L4 solutions in 2025.

Gross Profit and Gross Profit Margin

Our gross profit increased by 19.0% from RMB144.7 million in 2024 to RMB172.2 million in 2025, which was largely driven by our revenue growth. Our gross profit margin increased from 30.0% in 2024 to 31.4% in 2025, primarily due to improved gross profit margin of our L2-L2+ solutions.

L2-L2+ solutions. Gross profit of L2-L2+ solutions increased from RMB60.6 million in 2024 to RMB61.0 million in 2025, notwithstanding the 25.7% decrease in L2-L2+ revenue during the same period. Our gross profit margin of L2-L2+ solutions increased from 32.4% in 2024 to 43.8% in 2025, primarily driven by the substantial increase in our L2-L2+ installation volume from 233,326 units in 2024 to 985,371 units in 2025, which generated higher software royalty income with a gross profit margin of over 80%.

L4 solutions. Gross profit of L4 solutions increased significantly from RMB63.2 million in 2024 to RMB101.0 million in 2025, generally in line with the increase of L4 solutions revenue. Gross profit margin of L4 solutions increased from 26.0% in 2024 to 27.0% in 2025, primarily due to our improved software delivery efficiency driven by the growing number of L4 projects, which expanded from 21 completed projects in 2024 to 36 in 2025. As our L4 project portfolio expanded, we were able to leverage reusable software modules, accumulated engineering know-how and data assets from prior projects, thereby reducing the marginal cost of software development and delivery for each additional project.

Engineering services. Gross profit of engineering services decreased from RMB20.7 million in 2024 to RMB10.0 million in 2025. Gross profit margin of engineering services decreased from 39.4% to 29.8%, primarily because higher-margin automated annotation toolchain services for customers outside the automotive value chain contributed less in 2025. Instead, our engineering services in 2025 were mainly road testing and data annotation services within the automotive value chain, which had comparatively lower margins.

Other Income

Our other income decreased by 67.2% from RMB7.9 million in 2024 to RMB2.6 million in 2025, primarily because we received more government grants in 2024 in connection with our initial recognition as a unicorn cultivation enterprise by the Suzhou municipal government, whereas the annual subsidy cap was reduced starting from the second year.

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Impairment Losses (Including Reversals of Impairment Losses or Impairment Gains) on Financial Assets

Our impairment losses (including reversals of impairment losses or impairment gains) on financial assets were net gain of RMB1.4 million in 2024, and net loss of RMB4.8 million in 2025, primarily due to the increase in trade receivables driven by revenue growth, resulting in higher expected credit loss provisions in 2025.

Loss on Fair Value Changes of Financial Liabilities at FVTPL

Our loss on fair value changes of financial liabilities at FVTPL decreased by 61.4% from RMB458.4 million in 2024 to RMB176.9 million in 2025. The fluctuation mainly reflects the fair value change in redeemable preferred equity. The fair value change in redeemable preferred equity is mainly affected by fair value of underlying equity and preferential rights. The preferential rights were terminated on June 30, 2025.

Other Gains and Losses

We recorded other losses of RMB0.3 million in 2024, compared to other losses of RMB8.3 million in 2025. The change was primarily due to foreign exchange losses and contract compensation incurred in connection with the settlement of a convertible loan in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased from RMB5.5 million in 2024 to RMB12.6 million in 2025, primarily due to our participation in more auto shows and increased brand promotion activities, and the near-doubling of our selling and marketing headcount.

Administrative Expenses

Our administrative expenses increased from RMB29.3 million in 2024 to RMB49.2 million in 2025, primarily due to (i) the normalization of management compensation as our liquidity position improved, (ii) an increase in the number of administrative personnel, and (iii) increased consulting service fees incurred in connection with multiple rounds of financing completed during the year.

Research and Development Expenses

Our research and development expenses decreased by 21.2% from RMB117.2 million in 2024 to RMB92.3 million in 2025, primarily due to reduced outsourced development expenses. Our research and development expenses as a percentage of our revenue declined from 24.3% to 16.8% during the same years, reflecting our improving R&D efficiency and the growing leverage from our expanding revenue base.

[REDACTED] Expenses

We incurred [REDACTED] expenses of RMB[REDACTED] million in 2025, as compared to nil in 2024.

Finance Costs

Our finance costs increased significantly by 207.5% from RMB6.0 million in 2024 to RMB18.4 million in 2025, primarily due to the increase in bank loans in 2025.

Loss and Total Comprehensive Expense for the Year

As a result of the foregoing, our loss and total comprehensive expense for the year decreased by 55.1% from RMB462.8 million in 2024 to RMB207.9 million in 2025.

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

Revenue

Our revenue increased by 137.2% from RMB203.6 million in 2023 to RMB482.9 million in 2024, primarily driven by the expansion of our customer base, with the number of customers increasing from 48 in 2023 to 73 in 2024, and the number of new customers increasing from 21 in 2023 to 54 in 2024.

L2-L2+ solutions. Revenue from L2-L2+ solutions slightly increased by 2.0% from RMB183.7 million in 2023 to RMB187.3 million in 2024, primarily driven by an increase in design wins from eight in 2023 to 26 in 2024 and an increase in the number of vehicle models entering the mass-production phase from 22 in 2023 to 35 in 2024, which contributed to growth in our software royalty revenue. Such increase was partially offset by the decrease in our revenue from software and hardware integrated solution as a result of our strategic shift away from L2-L2+ aftermarket integrated solutions with lower technical barriers to entry to factory-installed solutions in order to devote more resources to solutions that require more advanced technologies.

L4 solutions. Revenue from L4 solutions significantly increased from RMB7.3 million in 2023 to RMB242.8 million in 2024, primarily due to a substantial increase in revenue from L4 software solution from RMB0.1 million in 2023 to RMB185.6 million in 2024, and, to a lesser extent, an increase in revenue from L4 integrated solutions from RMB7.2 million in 2023 to RMB57.2 million in 2024. Such increases were primarily due to a significant increase in the number and scope of our L4 projects, which was in turn benefited from the increasing market acceptance of L4 solutions and the rapid growth of the L4 market in China. Specifically, during 2024, we delivered L4 taxi retrofitting services and traffic management platform project secured in 2023, recognizing revenue of RMB73.5 million, and also delivered an L4 Robotrucks solution project, recognizing revenue of RMB52.3 million. Following the commercialization of CRRC Zhiyu’s Robobuses project in Suzhou in 2023 and its successful delivery in 2024, we demonstrated our ability to deploy L4 solutions on mainstream platforms and in semi-closed operational scenarios. Building on the operational experience and as the industry environment became more mature, we secured additional L4 projects in 2024, including projects involving Robobuses and Robotrucks, thereby driving our revenue growth.

Engineering services. Revenue from engineering services increased by 316.5% from RMB12.6 million in 2023 to RMB52.5 million in 2024, primarily due to the expansion of our engineering services portfolio in 2024. In 2023, our engineering services were mainly on-site engineering support for OEMs and Tier-1 Suppliers, which carries lower gross profit margin, while we completed several orders for automated annotation services in 2024, which enhanced the efficiency and resulted in a higher gross margin.

Cost of revenues

Cost of revenues increased by 156.8% from RMB131.7 million in 2023 to RMB338.3 million in 2024, primarily due to the increase in volume of software and hardware integrated L4 solutions in 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased by 101.3% from RMB71.9 million in 2023 to RMB144.7 million in 2024, which was largely driven by our rapid revenue growth. Our gross profit margin decreased from 35.3% in 2023 to 30.0% in 2024, primarily due to the increased revenue contribution of our L4 solutions, along with an increase in the number of projects, which required higher software development cost.

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L2-L2+ solutions. Gross profit of L2-L2+ solutions decreased by 9.4% from RMB66.9 million in 2023 to RMB60.6 million in 2024, and our gross profit margin of L2-L2+ solutions decreased from 36.4% in 2023 to 32.4% in 2024, both primarily due to an increase in the number of projects and the need to allocate R&D resources for certain newly undertaken projects to meet specific customer requirements, leading to an increase in cost.

L4 solutions. Gross profit of L4 solutions significantly increased from RMB2.6 million in 2023 to RMB63.2 million in 2024, which was generally in line with the increase of L4 revenue. Gross profit margin of L4 solutions decreased from 35.4% in 2023 to 26.0% in 2024, primarily because the L4 solutions we provided in 2023 mainly consisted of Perception Data Acquisition (“PDAQ”), which generated a gross profit margin of over 40%. In 2024, however, our L4 business expanded to include development projects for Robobuses, Robotaxis and Robotrucks as well as V2X solutions in addition to PDAQ sales. These development services generally generate gross profit margins of below 30%, thereby dragging down the overall gross profit margin of L4 solutions.

Engineering services. Gross profit of engineering services increased significantly from RMB2.8 million in 2023 to RMB20.7 million in 2024, primarily due to an increase in scale of our engineering services. Gross profit margin of engineering services increased from 22.4% in 2023 to 39.4% in 2024, primarily driven by the completion of several orders for automated annotation services with higher gross margin in 2024.

Other Income

Our other income increased by 95.3% from RMB4.0 million in 2023 to RMB7.9 million in 2024, primarily due to an increase of government grants.

Impairment Losses under ECL Model, Net of Reversal

Our impairment losses under ECL model, net of reversal were net loss of RMB0.3 million in 2023, and net gain of RMB1.4 million in 2024, primarily due to the change in trade receivables during the respective years.

Loss on Fair Value Changes of Financial Liabilities at FVTPL

Our loss on fair value changes of financial liabilities at FVTPL increased by 220.4% from RMB143.1 million in 2023 to RMB458.4 million in 2024. The fluctuation mainly reflects the fair value change in redeemable preferred equity. The fair value change in redeemable preferred equity is mainly affected by fair value of underlying equity and preferential rights.

Other Losses

Our other losses remained relatively stable at RMB0.4 million and RMB0.3 million in 2023 and 2024, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 35.3% from RMB8.5 million in 2023 to RMB5.5 million in 2024, primarily due to a decrease in employee benefit expenses of RMB2.0 million, as a result of our strict internal control over selling and marketing expense. On the other hand, we have enhanced cross-selling, maintained stable business relationship and enhanced our brand awareness, which reduced our reliance on selling and marketing activities to promote our products. For the same reason, our selling and marketing expenses as a percentage of our revenues declined from 4.2% to 1.1% during the same years.

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Administrative Expenses

Our administrative expenses decreased by 31.2% from RMB42.6 million in 2023 to RMB29.3 million in 2024, primarily because we cut down the number of our administrative personnel with higher pay and implemented salary reductions for administrative personnel in 2024. For the same reason, our administrative expenses as a percentage of our revenues declined from 20.9% to 6.1% during the same years.

Research and Development Expenses

Our research and development expenses increased by 11.0% from RMB105.5 million in 2023 to RMB117.2 million in 2024, primarily due to (i) an increase of our design and development expenses from RMB88.5 million in 2023 to RMB96.2 million in 2024 as a result of the increase in our research and development projects, and (ii) an increase of depreciation and amortization expenses allocated to research and development department as a result of the increase in procurement and leasing of R&D infrastructure. Our research and development expenses as a percentage of our revenue declined from 51.8% to 24.3% during the same years, primarily due to the maturity of our technology and our enhanced R&D efficiency by leveraging existing models.

Finance Costs

Our finance costs remained relatively stable at RMB6.6 million in 2023 and RMB6.0 million in 2024.

Loss and Total Comprehensive Expense for the Year

As a result of the foregoing, our loss and total comprehensive expense for the year increased by 100.2% from RMB231.2 million in 2023 to RMB462.8 million in 2024.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The table below sets forth a summary of our consolidated statement of financial position as of the dates indicated:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment	59,635	73,226	75,005
Right-of-use assets	835	2,329	21,856
Intangible assets	6,557	5,179	116,765
Other non-current assets	268	67	46,340
Financial assets at FVTPL	—	—	16,904
Financial assets at fair value through other comprehensive income ("FVTOCI")	—	—	2,000
	<u>67,295</u>	<u>80,801</u>	<u>278,870</u>
Current Assets			
Trade and other receivables and prepayment	110,753	362,665	613,684
Contract costs	103,557	11,794	29,366
Inventories	4,218	4,108	7,235
Amounts due from related parties	69,817	94,257	14,051
Restricted bank deposits	—	294	1,000
Cash and cash equivalents	<u>103,315</u>	<u>41,016</u>	<u>234,907</u>
	<u>391,660</u>	<u>514,134</u>	<u>900,243</u>

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	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current Liabilities			
Trade, bills and other payables	230,647	248,813	220,942
Contract liabilities	78,654	10,878	8,253
Borrowings	170,003	321,010	398,733
Lease liabilities	1,290	749	5,537
Financial liabilities at FVTPL	873,604	1,300,002	—
Deferred income	—	33	—
	<u>1,354,198</u>	<u>1,881,485</u>	<u>633,465</u>
Net Current (Liabilities) Assets	<u>(962,538)</u>	<u>(1,367,351)</u>	<u>266,778</u>
Total Assets less Current Liabilities . . .	<u>(895,243)</u>	<u>(1,286,550)</u>	<u>545,648</u>
Non-current Liabilities			
Lease liabilities	—	1,541	7,788
Financial liabilities at FVTPL	—	70,000	—
Deferred income	72	—	—
	<u>72</u>	<u>71,541</u>	<u>7,788</u>
Net (Liabilities) Assets	<u>(895,315)</u>	<u>(1,358,091)</u>	<u>537,860</u>
Capital and Reserves			
Share capital	—	—	20,167
Paid-in capital	5,512	5,512	—
Reserves	<u>(900,827)</u>	<u>(1,363,603)</u>	<u>517,693</u>
Total (Deficit) Equity	<u>(895,315)</u>	<u>(1,358,091)</u>	<u>537,860</u>

Property, Plant and Equipment

Our property, plant and equipment consists of land and buildings, computer equipment, automotive and vehicles and leasehold improvements. The table below sets forth a breakdown of property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB (in thousands)	RMB
Land and buildings	44,362	43,263	42,164
Computer equipment	10,210	27,454	26,696
Automotive and vehicles	3,361	2,120	4,926
Leasehold improvements	<u>1,702</u>	<u>389</u>	<u>1,219</u>
Total	<u>59,635</u>	<u>73,226</u>	<u>75,005</u>

Our property, plant and equipment increased by 22.8% from RMB59.6 million as of December 31, 2023 to RMB73.2 million as of December 31, 2024, primarily due to purchase of R&D infrastructure of RMB30.5 million to enhance our AI capabilities, partially offset by a depreciation of computer equipment of RMB13.3 million. Our property, plant and equipment increased by 2.4% from RMB73.2 million as of December 31, 2024 to RMB75.0 million as of December 31, 2025, primarily due to the increase of automotive and vehicles of RMB2.8 million.

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Right-of-Use Assets

Our right-of-use assets represent carrying amounts of several leased offices and a leased lab for our operations. The lease contracts typically have a fixed term of three to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, we apply the definition of each contract and determine the period for which the contract is enforceable.

Our right-of-use assets increased by 178.9% from RMB0.8 million as of December 31, 2023 to RMB2.3 million as of December 31, 2024, and increased significantly by 838.4% to RMB21.9 million as of December 31, 2025, primarily due to additions in leasehold land in Tangshan and leased properties in multiple locations to support our business expansion.

Intangible Assets

Our intangible assets primarily consist of software. Our intangible assets decreased by 21.0% from RMB6.6 million as of December 31, 2023 to RMB5.2 million as of December 31, 2024. The decrease was mainly due to the discontinued use of certain software tools and amortization of existing intangible assets. Our intangible assets increased significantly from RMB5.2 million as of December 31, 2024 to RMB116.8 million as of December 31, 2025, primarily due to our purchase of algorithms and chip platform licences from Horizon to support our long-term technological development.

Trade and Other Receivables and Prepayment

Our trade and other receivables and prepayment consist of (i) trade receivables, (ii) bills receivables, (iii) prepayments to suppliers, (iv) VAT recoverable, (v) deferred issue cost and (vi) other receivables. The following table sets forth our trade and other receivables and prepayment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Trade receivables from contracts with customers			
– Third parties	74,090	317,181	528,638
Less: Allowance for credit losses	(5,833)	(4,594)	(8,173)
– Related parties	20,490	28,265	27,308
Less: Allowance for credit losses	(10)	(12)	(14)
	<u>88,737</u>	<u>340,840</u>	<u>547,759</u>
Bills receivables	200	2,672	263
Prepayment to suppliers	17,454	13,002	56,350
VAT recoverable	3,506	–	4,745
Deferred issue cost	–	–	3,552
Other receivables	1,108	6,278	1,035
Less: Allowance for credit losses	(252)	(127)	(20)
Total	<u>110,753</u>	<u>362,665</u>	<u>613,684</u>

Our trade and other receivables and prepayment increased by 227.4% from RMB110.8 million as of December 31, 2023 to RMB362.7 million as of December 31, 2024, primarily due to an increase in trade receivables, net of allowance for credit losses from RMB88.7 million to RMB340.8 million. This increase was primarily driven by a higher concentration of revenue recognized in the fourth quarter of 2024. As our L4 projects increased from 17 in 2023 to 21 in 2024 and exhibit stronger seasonality, most were recognized toward year end, resulting in a higher

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year-end balance, with payments typically collected in the next year. See “— Key Factors Affecting Our Results of Operations — Seasonality”. Such increase was partially offset by a decrease in prepayment to suppliers from RMB17.5 million to RMB13.0 million, primarily due to our proactive management and control over the procurement pace.

Our trade and other receivables and prepayment increased by 69.2% from RMB362.7 million as of December 31, 2024 to RMB613.7 million as of December 31, 2025, primarily due to (i) an increase in trade receivables, net of allowance for credit losses from RMB340.8 million to RMB547.8 million, primarily due to the growth of our business, and (ii) an increase in prepayment to suppliers from RMB13.0 million as of December 31, 2024 to RMB56.4 million as of December 31, 2025 as a result of our advance payment for multiple new products and services.

During the Track Record Period, the average credit period granted to the customers is 90 to 150 days. Our trade receivables are generally settled in accordance with the terms of the relevant contracts. We make assessments on our trade receivables on a monthly basis and make provisions for our trade receivables based on expected credit losses by considering the age of outstanding trade receivables and forward-looking information. We adjust the provisions at the end of each year.

The table below sets forth the aging analysis of our trade receivables based on the dates of delivery of goods and services:

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Within 1 year	41,855	336,588	546,640
1 to 2 years	44,776	969	1,417
2 to 3 years	7,804	85	—
More than 3 years	145	7,804	7,889
	<u>94,580</u>	<u>345,446</u>	<u>555,946</u>

The table below sets forth the turnover days of our trade receivables for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	191	166	300

Note:

- (1) Trade receivables turnover days are calculated by dividing the average of the beginning and ending balance of trade receivables for the relevant year by revenues for the relevant year and multiplying by 365 days for the full-year period.

Our trade receivables turnover days decreased from 191 days in 2023 to 166 days in 2024, primarily due to strengthened internal control and accounts receivable management. Our trade receivable turnover days increased from 166 days in 2024 to 300 days in 2025, primarily due to the pronounced seasonality of our revenue recognition and the shift in our business mix toward L4 solutions which generally involve longer collection cycles. See “Financial Information — Key Factors Affecting Our Results of Operations — Seasonality.” Our trade receivable turnover days exceeded our trade payable turnover days of 197 days in 2025, resulting in a cash conversion cycle gap of 103 days. To manage such cashflow mismatch, we maintain a minimum cash reserve of no less than RMB150 million and have implemented enhanced collection measures. As of December

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31, 2025, we had cash and cash equivalents of RMB234.9 million and as of March 31, 2026, we had committed unutilized banking facilities of RMB490.5 million. We expect our cash conversion cycle to narrow as we intensify collection efforts and as L4 payment cycles become more predictable with growing industry maturity.

Our Directors consider that there is no material recoverability issue with respect to the outstanding trade receivables and that our impairment allowance was adequate in light of the prevailing circumstances as of the Latest Practicable Date, based on (i) our periodic assessment to closely monitor our credit exposure and identify significant increases in credit risks and, where applicable, make timely allowance for expected credit losses, (ii) the stringent internal measures we have taken to enhance the management and collection of trade receivables, and (iii) the reliability and track record of settlement from our customers, which are mainly established companies well-known in the industry. See Note 21 to the Accountant’s Report in Appendix I to this document for details on our allowance for impairment of trade receivables.

As of March 31, 2026, RMB46.2 million, or 8.4% of our trade receivables as of December 31, 2025 had been subsequently settled.

Contract Costs

Our contract costs mainly represent software development costs to fulfill our contracts with customers, which primarily consist of labor cost, material cost and outsourcing service fees for services such as data labeling and data collection. As of December 31, 2023, 2024 and 2025, our contract costs amounted to RMB103.6 million, RMB11.8 million and RMB29.4 million, respectively. The decrease in our contract costs despite revenue increase, from RMB103.6 million as of December 31, 2023 to RMB11.8 million as of December 31, 2024, was primarily attributable to the optimization of our operational efficiency. Our contract costs increased from RMB11.8 million as of December 31, 2024 to RMB29.4 million as of December 31, 2025, primarily because several projects delivered in 2025 were still pending final acceptance.

Inventories

Our inventories consist of (i) raw materials, which primarily include circuit boards that are not yet assembled, and (ii) finished goods, which primarily include modules assembled from the circuit boards. The following tables set forth a breakdown of our inventories as of the dates indicated and turnover days of our inventories for the years indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB (in thousands)	RMB
Raw materials	3,931	3,691	6,965
Finished goods	287	417	270
	<u>4,218</u>	<u>4,108</u>	<u>7,235</u>
	For the year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	14	4	6

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Note:

- (1) Inventory turnover days are calculated by dividing the average of the beginning and ending balance of inventories for the relevant year by cost of revenues for the relevant year and multiplying by 365 days for the full-year period.

The table below sets forth the aging analysis of our inventories based on goods received date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000 (in thousands)	RMB'000
Within 1 year	1,818	229	3,196
1 to 2 years	2,400	1,589	160
More than 2 years	—	2,290	3,879
	<u>4,218</u>	<u>4,108</u>	<u>7,235</u>

Our inventories decreased by 2.6% from RMB4.2 million as of December 31, 2023 to RMB4.1 million as of December 31, 2024. This decrease was mainly due to our gradual shift away from aftermarket business for L2-L2+ integrated solutions, which required us to keep more finished products in stock. Our inventories later increased by 76.1% to RMB7.2 million as of December 31, 2025. This increase was mainly due to the launch of Robotaxi sales business, under which certain vehicle models were recorded as inventory, leading to the increase of raw materials.

No impairment loss was recognized for inventories as of the end of each year. We review the condition of our inventories regularly and review recoverability and aging of inventories at the end of each year. Taking into account that (i) our solution portfolio requires various hardware in relatively high volume; (ii) we strategically maintain sufficient supply to meet the demand and support our business growth; (iii) our long-aged inventories of over two years mainly represent general and mature automotive hardware temporarily deployed for internal R&D and testing, which features low iteration speed with full commercial usability retained and net realizable value no lower than their carrying amount and (iv) we have implemented an effective inventory management system to monitor our inventory levels and recoverability, we are of the view that no impairment was identified for inventories during the Track Record Period and there is no material recoverability issue for our inventories.

Our inventory turnover days decreased from 14 days in 2023 to four days in 2024, primarily due to downsize of our L2-L2+ aftermarket integrated solutions. Our inventory turnover days increased from four days in 2024 to six days in 2025, primarily due to the expansion of our L4 software and hardware integrated solutions during the year, which involved procurement of hardware components and raw materials that inherently have a longer turnover cycle than our software-only solutions.

As of March 31, 2026, RMB0.2 million, or 4.3% of our inventories as of December 31, 2025 had been subsequently sold or utilized.

Amounts Due from Related Parties

Our amounts due from related parties, which are non-trade in nature, mainly consist of loan receivables from Tianjin Tiantong Zhilian Enterprise Management Consulting Partnership (“**Tiantong Zhilian**”). As of December 31, 2023, 2024 and 2025, amounts due from related parties were RMB69.8 million, RMB94.3 million and RMB14.1 million, respectively. The loans were extended to Tiantong Zhilian to fund its payment of the consideration for the buyback of its equity

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interests from its former limited partners. The increase from RMB69.8 million as of December 31, 2023 to RMB94.3 million as of December 31, 2024 was primarily due to additional loans extended to Tiantong Zhilian for the ongoing settlement of such consideration. The significant decrease from RMB94.3 million as of December 31, 2024 to RMB14.1 million as of December 31, 2025 was primarily due to Tiantong Zhilian’s repayment of the outstanding loans to us using the proceeds received from the disposal of its equity interests in our Company. As of the Latest Practicable Date, RMB14.1 million of our amounts due from related parties remained outstanding, which will be settled before [REDACTED].

Restricted Bank Deposits

Our restricted bank deposits are deposits to banks for the issue of bills payables and are therefore classified as current assets. The restricted bank deposits will be released upon the settlement of relevant bills payables. As of December 31, 2023, 2024 and 2025, the restricted bank deposits mainly represented the issue of bills payables and borrowings with amount of nil, RMB1.5 million and RMB10.0 million, respectively. The increase in our restricted bank deposits as of December 31, 2025 was primarily due to the increased use of bill settlement in our transactions with suppliers, which required higher margin deposits.

Cash and Cash Equivalents

Our cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting our short-term cash commitments. As of December 31, 2023, 2024 and 2025, our cash and cash equivalents amounted to RMB103.3 million, RMB41.0 million and RMB234.9 million, respectively. Please see “— Liquidity and Capital Resources — Cash Flow” for details.

Trade, Bills and Other Payables

Our trade, bills and other payables primarily consist of (i) trade payables for outsourced research and development services and project deliveries, (ii) bills payables, (iii) accrued payroll and welfare, (iv) other tax payables, (v) refundable deposit and (vi) other payables. The following table sets forth our trade, bills and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB (in thousands)	RMB
Trade payables			
– Third parties	81,491	199,157	176,952
– Related parties	59,195	28,171	3,103
Sub-total	<u>140,686</u>	<u>227,328</u>	<u>180,055</u>
Bills payables	–	3,718	1,404
Accrued payroll and welfare	5,375	3,446	4,745
Accrued issue cost	–	–	1,076
Accrued [REDACTED] expenses	–	–	[REDACTED]
Other tax payables	6,472	8,510	14,930
Refundable deposit	73,700	–	–
Other payables	4,414	5,811	12,637
Total	<u>230,647</u>	<u>248,813</u>	<u>220,942</u>

Trade Payables

Trade payables primarily represent amounts due to service providers for outsourced research and development services and project deliveries. Our trade payables increased by 61.6% from RMB140.7 million as of December 31, 2023 to RMB227.3 million as of December 31, 2024, which was in line with the expansion of our business scale. Our trade payables later decreased by 20.8% to RMB180.1 million as of December 31, 2025, primarily due to the settlement of outstanding payables in 2025. During the Track Record Period, the average credit period on purchases of goods and services was 90 days after receipt of the invoices.

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The following table sets forth the aging analysis of our trade payables based on the invoice date as of the dates indicated and trade payables turnover days for the years indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB (in thousands)	RMB
Within 1 year	127,970	222,883	176,031
1 to 2 years	12,716	3,993	1,429
2 to 3 years	—	452	2,170
Exceeds 3 years	—	—	425
Total	<u>140,686</u>	<u>227,328</u>	<u>180,055</u>

	For the year ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	386	199	198

Note:

- (1) The trade payables turnover days are calculated by dividing the average of the beginning and ending balance of trade payables for the relevant year by the cost of revenues for the relevant year and multiplying by 365 days for the full-year period.

Our trade payables turnover days decreased from 386 days in 2023 to 199 days in 2024, primarily attributable to the settlement of outstanding payables related to the aforementioned projects and a shortened payment cycle with suppliers for our L4 projects.

Our trade payables turnover days remained relatively stable at 199 days in 2024 and 198 days in 2025.

As of March 31, 2026, RMB75.1 million or 41.7% of our trade payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities represent advance payments made by customers while the underlying goods or services are yet to be provided. We recorded contract liabilities of RMB78.7 million, RMB10.9 million and RMB8.3 million as of December 31, 2023, 2024 and 2025.

As of March 31, 2026, RMB2.5 million, or 2.7%, of our contract liabilities as of December 31, 2025 had been recognized as revenue.

Deferred Income

During the Track Record Period, our deferred income mainly consisted of government grants. As of December 31, 2023, 2024 and 2025, we recorded current deferred income of nil, RMB33 thousand and nil, respectively. As of December 31, 2023, 2024 and 2025, we recorded non-current deferred income of RMB72 thousand, nil and nil, respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements primarily from our business operations, bank borrowings and funds raised from equity financings. We had cash and cash equivalents of RMB103.3 million, RMB41.0 million and RMB234.9 million as of December 31, 2023, 2024 and 2025, respectively. Going forward, we

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believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets and bank borrowings from time to time and the net [REDACTED] received from the [REDACTED].

Current Assets/Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of March 31, 2026
	2023	2024	2025	
	RMB	RMB	RMB	RMB
	(in thousands)			(unaudited)
Current Assets				
Trade and other receivables and prepayment	110,753	362,665	613,684	627,163
Contract costs	103,557	11,794	29,366	30,983
Inventories	4,218	4,108	7,235	9,254
Amounts due from related parties.	69,817	94,257	14,051	14,060
Restricted bank deposits	—	294	1,000	1,000
Cash and cash equivalents	103,315	41,016	234,907	231,414
	<u>391,660</u>	<u>514,134</u>	<u>900,243</u>	<u>913,874</u>
Current Liabilities				
Trade, bills and other payables	230,647	248,813	220,942	142,554
Contract liabilities	78,654	10,878	8,253	18,399
Borrowings	170,003	321,010	398,733	409,299
Lease liabilities	1,290	749	5,537	6,064
Financial liabilities at FVTPL	873,604	1,300,002	—	—
Deferred income	—	33	—	—
	<u>1,354,198</u>	<u>1,881,485</u>	<u>633,465</u>	<u>576,316</u>
Net Current (Liabilities)				
Assets.	(962,538)	(1,367,351)	266,778	337,558

Our net current assets increased from RMB266.8 million as of December 31, 2025 to RMB337.6 million as of March 31, 2026, primarily due to a decrease of RMB78.4 million in trade, bills and other payables, mainly attributable to the settlement of payables with several key suppliers at the beginning of the year, partially offset by (i) an increase of RMB10.6 million in borrowings, and (ii) an increase of RMB10.1 million in contract liabilities.

We recorded net current assets of RMB266.8 million as of December 31, 2025 and incurred net current liabilities of RMB1,367.4 million as of December 31, 2024, primarily due to (i) a decrease in financial liabilities at FVTPL of RMB1,300.0 million, as a result of the cancellation of such convertible loans, and (ii) an increase in cash and cash equivalents of RMB193.9 million, as a result of the completion of two rounds of financing we secured in 2025.

Our net current liabilities increased from RMB962.5 million as of December 31, 2023 to RMB1,367.4 million as of December 31, 2024, primarily due to (i) an increase in financial liabilities at FVTPL of RMB426.4 million in relation to the fluctuation reflecting the fair value change in redeemable preferred equity, which is mainly affected by fair value of underlying equity and preferential rights, and (ii) an increase in current borrowings of RMB151.0 million, partially

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offset by (i) an increase in trade and other receivables and prepayment of RMB251.9 million, which was in line with the expansion of our business scale, and (ii) a decrease in contract liabilities of RMB67.8 million, primarily due to the receipt of certain advance payments for our projects in 2023.

Cash Flows

The following table sets out a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Net cash generated from (used in)			
operating activities	114,554	(189,180)	(293,191)
Net cash generated from (used in)			
investing activities	10,751	(54,734)	(124,661)
Net cash (used in) generated from			
financing activities	(28,993)	181,615	611,743
Net increase (decrease) in cash and cash			
equivalents	96,312	(62,299)	193,891
Cash and cash equivalents at beginning of			
year	7,003	103,315	41,016
Total cash and cash equivalents at end			
of year	103,315	41,016	234,907

Cash Flows from Operating Activities

For the year ended December 31, 2025, our net cash used in operating activities was RMB293.1 million. Our loss before tax was RMB207.9 million for the same year. The difference between our loss before tax and our net cash used in operating activities was first adjusted by non-operating items, mainly loss on fair value changes in financial liabilities at FVTPL of RMB176.9 million, and partially offset by changes in working capital items, primarily including (i) an increase in trade and other receivables and prepayments of RMB252.4 million, and (ii) a decrease in trade, bills and other payables of RMB34.3 million.

For the year ended December 31, 2024, our net cash used in operating activities was RMB189.2 million. Our loss before tax was RMB462.8 million for the same year. The difference between our loss before tax and our net cash used in operating activities was first adjusted by non-operating items, mainly loss on fair value changes of financial liabilities at FVTPL of RMB458.4 million, and further adjusted by changes in working capital items, primarily due to a decrease in contract costs of RMB91.8 million, partially offset by (i) an increase in trade and other receivables and prepayment of RMB250.9 million, and (ii) an increase in contract liabilities of RMB67.8 million.

For the year ended December 31, 2023, our net cash generated from operating activities was RMB114.6 million. Our loss before tax was RMB231.2 million for the same year. The difference between our loss before tax and our net cash generated from operating activities was first adjusted by non-operating items, mainly loss on fair value changes of financial liabilities at FVTPL of RMB143.1 million, and further adjusted by changes in working capital items, primarily including a decrease in trade and other receivables and prepayment of RMB76.3 million and an increase of trade, bills and other payables of RMB74.6 million.

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We recorded net operating cash outflows as the revenue is not large enough to cover costs and operating expenses. Our net operating cash outflows during the Track Record Period were also caused by the long development cycle of the software development and engineering phase since we had to make substantial upfront investment for an extended period of time before it could receive payments. In general, the period between the time when a design win is obtained and time when the solution is validated and accepted by the customer takes around 14 months. We expect the operating cashflow to improve as more projects enter the software royalty phase, which could provide us with cash inflow on a recurring basis.

Please see “— Discussion of Certain Key Balance Sheet Items” for reasons of changes in working capital.

Cash Flows from Investing Activities

For the year ended December 31, 2025, our net cash used in investing activities was RMB124.7 million, primarily due to (i) our purchases of intangible asset of RMB112.7 million, (ii) prepayment for purchases of property, plant and equipment of RMB44.8 million, (iii) purchases of property, plant and equipment of RMB17.5 million, (iv) purchase of financial assets at FVTPL of RMB17.3 million, and (v) an advance to related parties of RMB17.1 million, partially offset by repayment from related parties of RMB97.3 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB54.7 million, primarily due to (i) an advance to related parties of RMB34.9 million, and (ii) our purchases of property, plant and equipment of RMB30.7 million, partially offset by the repayment from related parties of RMB10.5 million.

For the year ended December 31, 2023, our net cash generated from investing activities was RMB10.8 million, primarily due to the repayment from related parties of RMB53.5 million, partially offset by our advance to related parties of RMB42.0 million.

Cash Flows from Financing Activities

For the year ended December 31, 2025, our net cash generated from financing activities was RMB611.7 million, primarily due to (i) proceeds from capital injection by new investors of RMB503.2 million, and (ii) proceeds of borrowings of RMB428.7 million, partially offset by repayments of borrowings of RMB351.0 million.

For the year ended December 31, 2024, our net cash generated from financing activities was RMB181.6 million, primarily due to (i) proceeds of borrowings of RMB195.9 million, and (ii) proceeds on issuance of convertible loans of RMB120.0 million, partially offset by (i) repayments of borrowings of RMB82.9 million, and (ii) redemption of convertible loans of RMB44.0 million.

For the year ended December 31, 2023, our net cash used in financing activities was RMB29.0 million, primarily due to (i) repayment of borrowings of RMB79.3 million, and (ii) redemption of convertible loans of RMB32.5 million, partially offset by proceeds of borrowings of RMB90.7 million.

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INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	RMB	RMB	RMB	RMB
	(in thousands)			(unaudited)
Current liabilities				
Borrowings	170,003	321,010	398,733	409,299
Lease liabilities	1,290	749	5,537	6,064
Financial liabilities at				
FVTPL	873,604	1,300,002	—	—
Non-current liabilities				
Borrowings	—	—	—	—
Financial liabilities at				
FVTPL	—	70,000	—	—
Lease liabilities	—	1,541	7,788	5,124
Total	1,044,897	1,693,302	412,058	420,487

Borrowings

Our borrowings include bank loans and other loans, which are loans transferred from convertible loans issued to certain third-party investors. Our total borrowings amounted to RMB170.0 million, RMB321.0 million and RMB398.7 million as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, the effective interest rates for our borrowings were 3.20% to 4.90%, 0.90% to 3.75%, and 2.00% to 3.20%, respectively.

The table below sets forth our borrowings as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	RMB	RMB	RMB	RMB
	(in thousands)			(unaudited)
Borrowings				
Bank loans	93,603	219,524	398,733	409,299
Other loans	76,400	101,486	—	—
Total	170,003	321,010	398,733	409,299

As of March 31, 2026, we had committed unutilized banking facilities of RMB490.5 million.

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL are in relation to the redeemable preferred equity and convertible loans. During the Track Record Period, we recorded current financial liabilities at FVTPL of RMB873.6 million, RMB1,300.0 million and nil as of December 31, 2023, 2024 and 2025, respectively. We recorded non-current financial liabilities at FVTPL of RMB70.0 million as

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of December 31, 2024, and we did not record non-current financial liabilities at FVTPL as of December 31, 2023 and 2025, respectively. The changes were primarily due to the cancellation of such redeemable preferred equity and convertible loans.

Lease Liabilities

Our lease liabilities are in relation to the properties that we leased as our offices and a lab for our operations. We recorded current lease liabilities of RMB1.3 million, RMB0.7 million and RMB5.5 million as of December 31, 2023, 2024 and 2025, respectively. We recorded non-current lease liabilities of RMB1.5 million and RMB7.8 million as of December 31, 2024 and 2025, respectively. We did not record non-current lease liabilities as of December 31, 2023 because we did not have any lease contracts with a term of more than one year in 2023. The following table sets forth the details of our lease liabilities as of dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	RMB	RMB	RMB	RMB
	(in thousands)			(unaudited)
Lease Liabilities				
Current	1,290	749	5,537	6,064
Non-current	—	1,541	7,788	5,124
Total	<u>1,290</u>	<u>2,290</u>	<u>13,325</u>	<u>11,188</u>

Indebtedness Statement

As of March 31, 2026, we had borrowings of RMB409.3 million, of which RMB312.3 million was secured and guaranteed and the remaining RMB97.0 million was unsecured and unguaranteed. As of March 31, 2026, we had lease liabilities of RMB11.2 million, which were secured and unguaranteed. During the Track Record Period and as of the Latest Practicable Date, none of our creditors of the indebtedness described above had claimed default against us to the best of our knowledge. Our Directors also confirm that we did not experience difficulty in obtaining borrowings, material default in payment on borrowings, payables to related parties, lessors, financial institutions or investors during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of March 31, 2026, being the latest practicable date for our indebtedness statement, and up to the date of this document.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we did not have any material contingent liabilities, guarantees of any litigations or claims of material importance, pending or threatened against any member of our Company. Our Directors have confirmed that there had not been any material change in the contingent liabilities of our Company since March 31, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures have been incurred primarily in relation to purchase of property, plant and equipment, and purchase of intangible assets. In 2023, 2024 and 2025, our capital expenditures totaled RMB2.8 million, RMB30.7 million and RMB175.0 million, respectively.

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The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB	RMB (in thousands)	RMB
Purchase of property, plant and equipment	2,697	30,666	17,524
Purchase of intangible assets	97	41	112,682
Prepayment for purchases of property, plant and equipment	—	—	44,780
Total	<u>2,794</u>	<u>30,707</u>	<u>174,986</u>

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view, and the Joint Sponsors concur, that our business is sustainable, taking into account, among other things, (i) our gross profit margins which are significantly above the average of hardware-heavy industry peers; (ii) the meaningful decline in marginal R&D costs driven by the increasing number of mass-production projects; (iii) a growing number of projects transitioning from the software development and engineering phase to the software royalty phase, which generates recurring income with minimal incremental cost; and (iv) our long-standing accumulation of L2-L2+ algorithms, engineering experience and data assets, which enables faster development cycles and lower development costs for our L4 solutions.

Taking into account cash and cash equivalents on hand, the available bank facilities, the funds from [REDACTED] investments and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view, and the Joint Sponsors concur, that we have sufficient working capital to meet our present requirements for at least the next 12 months from the date of this document.

CONTRACTUAL OBLIGATIONS

Operating Commitments

During the Track Record Period, we incurred operating commitments for short-term operating leases and other purposes. The table below sets forth our operating commitments contracted for but not recognized as liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB	RMB (in thousands)	RMB
Within 1 year	1,290	749	5,537
Within a period of more than one year but not exceeding two years	—	1,541	5,638
Within a period of more than two years but not exceeding five years	—	—	2,150
	<u>1,290</u>	<u>2,290</u>	<u>13,325</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(1,290)</u>	<u>(749)</u>	<u>(5,537)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>—</u>	<u>1,541</u>	<u>7,788</u>

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KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Revenue growth	18.5%	137.2%	13.5%
Gross profit margin ⁽¹⁾	35.3%	30.0%	31.4%
Loss and total comprehensive expense (RMB in million)	231.2	462.8	207.9

Note:

- (1) Gross profit margin represents gross profit for the year divided by revenue for the year and multiplied by 100%.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into a number of related party transactions, pursuant to which: (i) we sold products and services to certain related parties, and (ii) we purchased services from certain related parties. Substantially all of our balances with related parties were trade in nature during the Track Record Period. We expect that the balances with related parties that were non-trade in nature will be settled before the proposed [REDACTED]. For details of our related party transactions, see Note 34 to the Accountants’ Report included in Appendix I to this document.

Our Directors believe that our transactions with the related parties during the Track Record Period were conducted in the normal course of business and on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

Market Risks

Foreign Exchange Risk

We conduct our businesses mainly in RMB, with certain transactions denominated in U.S. dollars and other currencies. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. The functional currency of us and majority of our overseas subsidiaries is U.S. dollars whereas the functional currency of our PRC subsidiaries is RMB. During the Track Record Period, we did not engage in hedging activities with respect to our foreign currency risks. The conversion of Renminbi into foreign currencies, including U.S. dollars and HK dollars, is based on rates set by the People’s Bank of China. The Renminbi has fluctuated against the U.S. dollars, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S.

FINANCIAL INFORMATION

government policy may impact the exchange rate between Renminbi and U.S. dollars in the future. See “Risk Factors — Risks Related to Our Industry and Business — Fluctuations in exchange rates could result in foreign currency exchange losses to us” for further details regarding our exposure to foreign exchange risk.

Interest Rate Risk

Interest rate risk refers to the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to interest risk primarily arises from our interest-bearing assets, including cash and cash equivalents, and restricted bank deposits. Our borrowings carried at floating rates expose us to cash flow interest-rate risk, whereas those carried at fixed rates expose us to fair value interest-rate risk.

We regularly monitor our interest rate risk to identify if there are any undue exposures to significant interest rate movements and manage our cash flow interest rate risk by using interest rate swaps, whenever considered necessary.

Price Risk

We are exposed to equity price risk through our financial liabilities measured at FVTPL.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to our company. We are exposed to credit risk in relation to our cash and cash equivalents, restricted bank deposits, as well as trade and other receivables. The carrying amount of each class of these financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage risk arising from cash and cash equivalents and restricted bank deposits, we only transact with state-owned or reputable financial institutions which are all high-credit-quality financial institutions all over the world. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, we have policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The average credit period granted to the customers is 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

For other receivables, our management makes periodic collective assessments on the recoverability of other receivables based on historical settlement records and past experiences.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of our underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements.

Please see Note 32 to the Accountants’ Report in Appendix I to this document for details regarding our financial risk management.

FINANCIAL INFORMATION

DIVIDEND

We did not declare or pay dividends on our Shares during and after the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Shareholders and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Shareholders may deem relevant. As confirmed by our PRC Legal Advisor, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In addition, according to our dividend policy, any distribution of dividends shall be subject to (i) our remaining after-tax profit after making up losses and allocation of common reserve fund being positive, and our belief that our cash flow is adequate and such distribution would not affect our business sustainability, (ii) our auditors issuing a standard unqualified audit report for the year of the distribution, and (iii) the absence of major investment plans or significant capital expenditures (except for investment projects with raised funds) in the next 12 months. Currently, our Company does not have any pre-determined dividend distribution ratio.

DISTRIBUTABLE RESERVES

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

[REDACTED] EXPENSES

Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] expenses in connection with the [REDACTED] (based on the Maximum [REDACTED] and assuming that the [REDACTED] Adjustment Option and the [REDACTED] are not exercised) are HK\$[REDACTED] million, accounting for [REDACTED]% of our gross [REDACTED] from the [REDACTED]. Of such amount, approximately HK\$[REDACTED] million, accounting for approximately [REDACTED]% of our gross [REDACTED] from the [REDACTED], is expected to be charged to our consolidated statement of profit or loss, and the remaining amount of approximately HK\$[REDACTED] million is expected to be recognized directly as a deduction from equity upon the [REDACTED].

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Unaudited [REDACTED] Financial Information in Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has not been any material adverse change in our financial or trading position or prospects since December 31, 2025, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE HONG KONG LISTING RULES

As of the Latest Practicable Date, our Directors confirmed that there are no circumstances that will give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document, and assuming no exercise of the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for enhancing our R&D capabilities for our solutions and products, with the detailed breakdown of the [REDACTED] to be allocated over the next three years as follows:
 - (i) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for continuously optimizing and upgrading our L2-L2+ and L4 driving solutions and product portfolio. In particular, we plan to devote our R&D efforts to the following areas:
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for advancing our globalization strategy by further upgrading our driving solutions, including highway and urban NOA, to meet more stringent industry standards and technical requirements across various markets;
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for developing software-and-hardware integrated solutions for mass production to enrich our product portfolio. We intend to collaborate with our ecosystem partners, including developing lower-cost hardware solutions built on SoC platforms with Horizon, and working with ZF ADAS BU on IFC and domain controllers, in order to compete effectively in L2-L2+ and L4 driving solutions markets in China and globally.
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for further developing and enhancing our intelligent cockpit-driving integrated solutions through sustained innovation and iterative upgrades, to enable us to continuously deliver market-competitive, functionally diverse integrated solutions that meet evolving industry demands and user expectations; and
 - (ii) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for continuously optimizing our L4 driving solutions. In particular, we plan to focus on the following areas:
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for continuously optimizing model architecture to enhance algorithm performance and achieving a dual-track R&D application and maintain efficient R&D efficiency;
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for developing Robotrucks and Robosweepers adaptable to a wider range of scenarios, in order to meet the

FUTURE PLANS AND [REDACTED]

needs for automated operations in different fields, while strengthening the remote takeover centers and relevant supporting teams essential for operations, to enable flexible entry into diverse application scenarios.

- o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for establishing the L4 solutions innovative product ecosystem and portfolio and
- (iii) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for continuously upgrading our toolchain platform and developing a series of subsystems:
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for continuing to iterate our proprietary closed-loop data system, embed AI large models into our toolchain, and upgrade our DataTurbo platform to further improve data processing efficiency and accuracy.
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for upgrading our toolchain through world models. We seek to leverage world models to enhance our simulation capabilities through high-fidelity modeling of the physical world and generate mass-production-oriented data. This approach could optimize our toolchain and improve our R&D efficiency; and
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for upgrading and enhancing our integrated simulation platform. We plan to introduce more accurate vehicle dynamics parameters under diverse road conditions (e.g., dryness, rain, snow, bumpy cobblestone roads, etc.), multiple driving scenarios (e.g., steady cruising, sharp turns, etc.) and different tire conditions (e.g., new tier, wear tier, etc.). The accurate vehicle dynamics parameters will help us to simulate vehicle control behavior more accurately, thereby narrowing the gap between simulation results and real-world performance. This validity of such simulations will enhance our efficiency in the iteration of our L2-L2+ and L4 driving solutions and levitate the performance limits of our planning and control strategies;
- (iv) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for recruiting R&D personnel to strengthen our R&D and delivery capabilities. Over the next three years, we expect to hire (i) around 40 global talents in data science, algorithms and computer science to strengthen our R&D capabilities in basic software, middleware and algorithms; and (ii) around 45 senior engineers with extensive experience in the vehicle automation industry to expand bandwidth, boost our delivery capacity and foster deeper collaboration with a broader range of OEMs.

Such investment is expected to increase our research and development expenses in the near term, but is expected to enhance our technological capabilities, improve our delivery efficiency and in turn contribute to the improvement of our gross profit margins over time.

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used over the next three years for capital expenditure in relation to expanding and enhancing our production capabilities for software-and-hardware integrated products and R&D infrastructure, as well as investments in high-quality enterprises in the vehicle automation solutions ecosystem, including:

FUTURE PLANS AND [REDACTED]

- (i) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used over the next three years for investments in facilities, equipment and personnel to develop our comprehensive production capabilities. In view of the increasing number of our design wins involving domain controllers and the continued growth in hardware delivery volumes as our L4 robovehicle business scales, we consider it strategically important to develop in-house production capabilities to better control costs and manage profitability. We believe that this plan is feasible, supported by our established in-house domain controller design capabilities during the Track Record Period. Specifically,
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for the construction, leasing and equipping of production facilities to develop our comprehensive production capabilities. We plan to (a) construct a production facility at the Tangshan Industrial Park to serve as a key production base for our hardware products and (b) build out, fit out and equip our leased Lingang and Jianhu factories for testing and validation. These facilities will serve distinct functions in our production ecosystem, covering domain controller manufacturing, L4 driving kit assembly, component production and centralized management.
 - o Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for the recruitment of approximately [70] production-related engineers and technicians over the next three years, with approximately [30] new hires in 2026, [20] in 2027 and [20] in 2028, to support our enhanced production capabilities.
- (ii) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for establishing our intelligent R&D infrastructure for data storage, processing and training to enhance our R&D capabilities for high-level L2-L2+ and L4 driving solutions.
- (iii) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for investing in potential high-quality enterprises across the upstream and downstream of the vehicle automation industry. For example, ideal targets include enterprises that can address our existing competitive gaps or facilitate potential business integration, such as those with manufacturing capabilities for key components and hardware, to support the development of our future software-and-hardware integrated projects. Financially, ideal targets should have revenue of no less than RMB100 million and a gross profit margin of no less than 20%. According to CIC, the relevant adjacent markets remain fragmented and comprise a sufficient pool of potential targets. Based on screening criteria focusing on small and micro enterprises in the automotive manufacturing sector, excluding state-owned enterprises, government authorities and public institutions, and with revenue of over RMB100 million in 2025, CIC is of the view that there are at least approximately 190 companies in the China market which meet our investment screening criteria. However, we have not identified any specific investments opportunities at this time.

Such investment is expected to increase our capital expenditure in the near term, but as our production capabilities expand and potential investments materialize, we expect our revenue to grow correspondingly.

FUTURE PLANS AND [REDACTED]

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for expanding our global sales network over the next three years, including:
 - (i) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for establishing overseas offices to deepen international market penetration. We plan to:
 - further expand and enhance our existing entity established in Hong Kong, which will serve as the operational center for our overseas expansion. We also plan to establish a regional center in Vietnam to cover the Southeast Asian market, as we have long term cooperation with VinFast and possess in-depth understanding and practical experience of the local business environment. Meanwhile, we are actively preparing to set up a regional center in Europe, with an initial preferred location in Germany. This is mainly due to Germany’s abundant customer and industrial chain resources. The Middle East has strong demand for our services, particularly L4 solutions, and offers considerable market potential. Accordingly, we intend to establish a regional center in the Middle East, for which the specific location is still under evaluation.
 - hire local sales and marketing personnel to establish localized operations and sales teams. In particular, we expect to hire a total of around 40 sales and marketing personnel and lease office space for these new overseas offices.
 - (ii) Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for marketing and brand promotion. In particular, we intend to conduct public relations activities such as attending trade fairs and exhibitions, sponsoring or participating in industry conferences, hosting product launch events, and rolling out advertising campaigns. We also plan to collaborate with media outlets, corporate partners and academic institutions on marketing initiatives.

Such investment is expected to increase our operating expenses, but the proactive marketing efforts and overseas expansion are expected to enhance our revenue growth potential.

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED] million. If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will decrease by approximately HK\$[REDACTED] million.

If the [REDACTED] were exercised in full, the [REDACTED] that we would receive would be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range).

To the extent that the [REDACTED] from the [REDACTED] are either more or less than expected, we will adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

FUTURE PLANS AND [REDACTED]

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes, we will only deposit such funds into 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. We will issue an appropriate announcement if there is any material change to the above proposed [REDACTED] in accordance with the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[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]

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]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[74], received from the Company’s reporting accountants, [●], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUZHOU CALMCAR ELECTRONICS TECHNOLOGY CO., LIMITED AND HSBC CORPORATE FINANCE (HONG KONG) LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Suzhou Calmcar Electronics Technology Co., Limited* (蘇州天瞳威視電子科技股份有限公司), previously known as Suzhou Tiantong Weishi Electronic Technology Co., Ltd.* (蘇州天瞳威視電子科技有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[3] to I-[74], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[3] to I-[74] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of H-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 to the Historical Financial Information, and for such internal control as the directors of the Company 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 (the “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.

* English name is for identification purpose

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ACCOUNTANTS' REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 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 of the Company, as well as evaluating the overall preparation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2 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-[3] have been made.

Dividends

We refer to note [14] to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[●]

Certified Public Accountants

Hong Kong

[●]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the “IASB”) and were audited by us in accordance with the Hong Kong Standards on Auditing issued by the HKICPA (“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 AND OTHER COMPREHENSIVE INCOME

	notes	Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	6	203,604	482,949	547,910
Cost of revenues		(131,723)	(338,267)	(375,684)
Gross profit		71,881	144,682	172,226
Other income	8	4,020	7,852	2,572
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets		(290)	1,363	(4,835)
Loss on fair value changes of financial liabilities at fair value through profit or losses (“FVTPL”)	29	(143,082)	(458,398)	(176,905)
Other gains and losses	10	(416)	(267)	(8,280)
Selling and marketing expenses		(8,547)	(5,534)	(12,627)
Administrative expenses		(42,600)	(29,292)	(49,159)
Research and development expenses		(105,538)	(117,186)	(92,314)
[REDACTED] expenses		–	–	[REDACTED]
Finance costs	9	(6,607)	(5,996)	(18,438)
Loss before tax		(231,179)	(462,776)	(207,887)
Income tax expense	12	–	–	–
Loss and total comprehensive expense for the year	11	(231,179)	(462,776)	(207,887)
Loss per share	15			
Basic and diluted (RMB)		(2.35)	(4.70)	(1.39)

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	notes	At December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Non-current Assets				
Property, plant and equipment	16	59,635	73,226	75,005
Right-of-use assets	17	835	2,329	21,856
Intangible assets	18	6,557	5,179	116,765
Other non-current assets	20	268	67	46,340
Financial assets at FVTPL	19	–	–	16,904
Financial assets at fair value through other comprehensive income (“FVTOCI”)		–	–	2,000
		<u>67,295</u>	<u>80,801</u>	<u>278,870</u>
Current Assets				
Trade and other receivables and prepayment	21	110,753	362,665	613,684
Contract costs	22	103,557	11,794	29,366
Inventories	23	4,218	4,108	7,235
Amounts due from related parties	34	69,817	94,257	14,051
Restricted bank deposits	24	–	294	1,000
Cash and cash equivalents	24	103,315	41,016	234,907
		<u>391,660</u>	<u>514,134</u>	<u>900,243</u>
Current Liabilities				
Trade, bills and other payables	25	230,647	248,813	220,942
Contract liabilities	26	78,654	10,878	8,253
Borrowings	28	170,003	321,010	398,733
Lease liabilities	27	1,290	749	5,537
Financial liabilities at FVTPL	29	873,604	1,300,002	–
Deferred income		–	33	–
		<u>1,354,198</u>	<u>1,881,485</u>	<u>633,465</u>
Net Current (Liabilities) Assets		<u>(962,538)</u>	<u>(1,367,351)</u>	<u>266,778</u>
Total Assets less Current Liabilities .		<u>(895,243)</u>	<u>(1,286,550)</u>	<u>545,648</u>
Non-current Liabilities				
Lease liabilities	27	–	1,541	7,788
Financial liabilities at FVTPL	29	–	70,000	–
Deferred income		72	–	–
		<u>72</u>	<u>71,541</u>	<u>7,788</u>
Net (Liabilities) Assets		<u>(895,315)</u>	<u>(1,358,091)</u>	<u>537,860</u>
Capital and Reserves				
Share capital	30	–	–	20,167
Paid-in capital	30	5,512	5,512	–
Reserves		<u>(900,827)</u>	<u>(1,363,603)</u>	<u>517,693</u>
Total (Deficit) Equity		<u>(895,315)</u>	<u>(1,358,091)</u>	<u>537,860</u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	notes	At December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Non-current Assets				
Property, plant and equipment	16	7,334	2,415	2,300
Right-of-use assets	17	–	571	8,889
Intangible assets	18	5,826	4,551	114,987
Other non-current assets	20	–	–	10,073
Investments in subsidiaries	38	343,610	431,277	442,988
Financial assets at FVTOCI		–	–	2,000
		<u>356,770</u>	<u>438,814</u>	<u>581,237</u>
Current Assets				
Trade and other receivables and prepayment	21	137,588	249,142	546,305
Contract costs	22	37,044	6,043	22,088
Inventories	23	3,769	3,517	4,699
Amounts due from related parties	34	175,889	209,724	248,302
Restricted bank deposits	24	–	294	1,000
Cash and cash equivalents	24	54,019	30,347	56,421
		<u>408,309</u>	<u>499,067</u>	<u>878,815</u>
Current Liabilities				
Trade, bills and other payables	25	205,606	206,604	102,927
Contract liabilities	26	68,452	99,861	94,154
Amounts due to related parties	34	110,911	82,009	77,401
Borrowings	28	137,054	241,210	330,585
Lease liabilities	27	–	163	3,890
Financial liabilities at FVTPL	29	873,604	1,300,002	–
Deferred income		–	33	–
		<u>1,395,627</u>	<u>1,929,882</u>	<u>608,957</u>
Net Current (Liabilities) Assets		<u>(987,318)</u>	<u>(1,430,815)</u>	<u>269,858</u>
Total Assets less Current Liabilities .		<u>(630,548)</u>	<u>(992,001)</u>	<u>851,095</u>
Non-current Liabilities				
Lease liabilities	27	–	366	5,832
Financial liabilities at FVTPL	29	–	70,000	–
Deferred income		72	–	–
		<u>72</u>	<u>70,366</u>	<u>5,832</u>
Net (Liabilities) Assets		<u>(630,620)</u>	<u>(1,062,367)</u>	<u>845,263</u>
Capital and Reserves				
Share capital	30	–	–	20,167
Paid-in capital	30	5,512	5,512	–
Reserves	39	(636,132)	(1,067,879)	825,096
Total (Deficit) Equity		<u>(630,620)</u>	<u>(1,062,367)</u>	<u>845,263</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share capital	Capital and other reserve	Share premium	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000 (note a)	RMB'000	RMB'000	RMB'000
At January 1, 2023	5,512	–	–	–	(669,648)	(664,136)
Loss and total comprehensive expense for the year	–	–	–	–	(231,179)	(231,179)
At December 31, 2023	5,512	–	–	–	(900,827)	(895,315)
Loss and total comprehensive expense for the year	–	–	–	–	(462,776)	(462,776)
At December 31, 2024	5,512	–	–	–	(1,363,603)	(1,358,091)
Loss and total comprehensive expense for the year	–	–	–	–	(207,887)	(207,887)
Capital injection by new investors	500	–	502,680	–	–	503,180
Conversion of convertible loans to redeemable preferred equity	81	–	82,466	–	–	82,547
Recognition of capital contribution as financial liability at FVTPL	–	–	(585,727)	–	–	(585,727)
Derecognition of financial liability at FVTPL as equity	–	–	2,050,087	–	–	2,050,087
Conversion into a joint stock company	(6,093)	20,000	(2,049,506)	767,557	1,268,042	–
Issuance of ordinary shares	–	37	–	11,963	–	12,000
Conversion of convertible loans to ordinary shares	–	130	–	41,621	–	41,751
At December 31, 2025	–	20,167	–	821,141	(303,448)	537,860

note:

- a. Capital and other reserve represents: 1) the balance other than the amount of paid-in capital recognized arising from capital contribution from owners of the Company; and 2) recognition and derecognition of capital contribution with preferential rights as financial liability at FVTPL as disclosed in note 29.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Loss before tax	(231,179)	(462,776)	(207,887)
Adjustments for:			
Loss on fair value changes of financial assets at FVTPL	—	—	15
Loss on fair value changes of financial liabilities at FVTPL	143,082	458,398	176,905
Interest income	(16)	(28)	(361)
Depreciation of property, plant and equipment	10,960	16,675	14,724
Depreciation of right-of-use assets	873	902	3,166
Amortization of intangible assets	1,439	1,419	6,473
Loss (gain) on disposal/write-off of property, plant and equipment and intangible assets .	69	(80)	486
Impairment losses under ECL model, net of reversal	290	(1,363)	4,835
Amortization of deferred income	(87)	(39)	(33)
Net foreign exchange (gain) loss	(209)	335	105
Finance costs	6,607	5,996	18,438
Operating cash flows before movements in working capital	(68,171)	19,439	16,866
Decrease (increase) in inventories	1,565	112	(3,127)
Decrease (increase) in contract costs	1,914	91,763	(17,572)
Decrease (increase) in trade and other receivables and prepayment	76,252	(250,884)	(252,407)
Increase (decrease) in contract liabilities	28,444	(67,776)	(2,625)
Increase (decrease) in trade, bills and other payables	74,550	18,166	(34,326)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	114,554	(189,180)	(293,191)

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES			
Interest received	16	28	361
Purchase of financial assets at FVTPL	—	—	(17,300)
Proceeds from return of capital of financial assets at FVTPL	—	—	381
Purchase of financial assets at FVTOCI	—	—	(2,000)
Purchases of property, plant and equipment	(2,697)	(30,666)	(17,524)
Payment of right-of-use assets	—	—	(9,605)
Prepayment for purchases of property, plant and equipment	—	—	(44,780)
Purchases of intangible assets	(97)	(41)	(112,682)
Proceeds on disposal of property, plant and equipment	326	480	535
Withdraw of restricted bank deposits	1,733	—	13,958
Placement of restricted bank deposits	—	(294)	(14,664)
Prepayment for right-of-use assets	—	—	(56)
Payments for rental deposits	—	—	(1,491)
Refund of rental deposits	7	200	—
Advance to related parties	(42,000)	(34,891)	(17,114)
Repayment from related parties	<u>53,463</u>	<u>10,450</u>	<u>97,320</u>
NET CASH FROM (USED IN) INVESTING ACTIVITIES	<u>10,751</u>	<u>(54,734)</u>	<u>(124,661)</u>
FINANCING ACTIVITIES			
Interest paid	(6,607)	(5,996)	(18,438)
Proceeds of borrowings	90,720	195,920	428,733
Repayments of borrowings	(79,300)	(82,939)	(351,010)
Proceeds on issuance of convertible loans	—	120,025	41,751
Proceeds from capital injection by new investors	—	—	503,180
Proceeds from issuance of ordinary shares	—	—	12,000
Repayment of lease liabilities	(1,306)	(1,395)	(1,997)
Payment of accrued issue costs	—	—	(2,476)
Redemption of convertible loans	<u>(32,500)</u>	<u>(44,000)</u>	<u>—</u>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(28,993)</u>	<u>181,615</u>	<u>611,743</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>96,312</u>	<u>(62,299)</u>	<u>193,891</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,003</u>	<u>103,315</u>	<u>41,016</u>
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>103,315</u>	<u>41,016</u>	<u>234,907</u>

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ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company, previously known as Suzhou Tiantong Weishi Electronic Technology Co., Ltd.* (蘇州天瞳威視電子科技有限公司), was established and registered in the People’s Republic of China (the “PRC”) as a company with limited liability in March, 2016, under the Company Law of the PRC. The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed “Corporate Information” of the Document.

In October 2025, the Company was converted into a joint stock company with limited liability, and its name was formally changed to Suzhou Calmcar Electronics Technology Co., Limited* (蘇州天瞳威視電子科技股份有限公司).

The Group is principally engaged in providing a suite of vehicle automation solutions and services to the global market that span the full spectrum of automation from L2 to L4.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

No audited statutory financial statements of the Company have been prepared since its date of incorporation.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the IASB. Further details of the material accounting policy information are set out in note 4.

The directors of the Company have, at the time of approving the consolidated financial statements of the Group, on which the Historical Financial Information is based, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they consider it is appropriate to adopt the going concern basis of accounting in preparing the Historical Financial Information.

3. ADOPTION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting periods beginning on January 1, 2025, throughout the Track Record Period.

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28.	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Preparation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

Except for new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

* English name is for identification purpose

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IFRS 18 Preparation and Disclosure in Financial Statements

IFRS 18 *Preparation and Disclosure in Financial Statements*, which sets out requirements on preparation and disclosures in financial statements, will replace IAS 1 *Preparation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the relevant accounting policies set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in note 6.

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ACCOUNTANTS’ REPORT

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to lease warehouses that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date, less any lease incentives received; and

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates and a credit risk adjustment based on bond yields.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

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Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to government managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

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Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share awards granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When share awards granted are vested, the amount previously recognized in the share-based payments reserve will remain in that reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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Internally-generated intangible assets-research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale; the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, contract costs and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognizes an impairment loss for assets capitalized as contract costs under IFRS 15 *Revenue from Contracts with Customers*, the Group assesses and recognizes any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalized as contract costs is recognized to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognized as expenses. The assets capitalized as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Cost includes the direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, and
- (b) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

Amortized cost and interest income

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and continues to be held in the reserve.

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Dividends from these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, bills receivables, other receivables, restricted bank deposits, amounts due from related parties and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and the current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from financial analyst, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

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- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortized cost, exchange differences are recognized in profit or loss in the ‘Other gains and losses’ line item as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

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Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortized cost

Financial liabilities including borrowings, trade payables, bills payables, other payables and amounts due to related parties are subsequently measured at amortized cost, using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Convertible loans

At the date of issue, both the debt component and derivative components are recognized at fair value and the convertible loans notes are designated as at FVTPL. In subsequent period, changes in fair value are recognized in profit or loss as fair value gain or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognized in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to accumulated losses upon derecognition.

The net gain or loss recognized in profit or loss includes interest incurred on the convertible loans notes and is included in “Loss on fair value changes of financial liabilities at FVTPL” line item.

Transaction costs relating to the issue of the convertible loans notes are charged to profit or loss immediately.

Redeemable preferred equity

The Group’s certain issued investors’ redeemable preferred equity are initially recognized at fair value. The Group does not account for the embedded derivatives separately from the host contract and designates the entire investments as financial liabilities at FVTPL with fair value change recognized in “Loss on fair value changes of financial liabilities at FVTPL” in profit or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognized in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to accumulated losses upon derecognition.

Given that the investors’ redeemable preferred equity include counterparty preferential rights that do not meet equity instruments classification by applying IAS 32 *Financial Instruments: Presentation*, and the preferential rights are exercisable by the holders anytime, such investors’ redeemable preferred equity designated at FVTPL are classified as current liabilities when the holders have the options to exercise within twelve months after the reporting period.

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Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the ‘Other gains and losses’ line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Impairment of long term assets

The Group evaluates its long term assets including property, plant and equipment, intangible assets and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Group evaluates recoverability of cash-generating units to which these assets are allocated by comparing the carrying amount of the relevant cash-generating unit to recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the Group recognizes an impairment loss equal to the difference between the carrying amount and recoverable amount. The Group assessed indicators of potential impairment for long term assets and determined the following: (i) no significant decrease in the market price of any long term assets was observed; (ii) no material adverse changes were identified in the technological, market, economic or legal environment in which the Group operates or in the market to which the long term asset is dedicated; (iii) notwithstanding the operating losses and net cash operating outflows during the years ended December 31, 2023, 2024 and 2025, the expected commercialization and revenue growth prospects did not indicate impairment; and (iv) there was no expectation that any long term assets would be sold or disposed of significantly prior to the end of their previously estimated useful life. Based on the analysis, the Group did not identify any impairment indicator for its long term assets during the Track Record Period.

Impairment testing of the investments in subsidiaries are required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial information of the investee’s net assets.

In assessing recoverable amounts of the investments in subsidiaries, the Group considered the long-term strategic role of the subsidiaries, ongoing financial support from the Company and future cashflow projections of the subsidiaries. Based on the impairment assessment as of each year ended December 31, 2023, 2024 and 2025, no impairment loss was recognized for the investments in subsidiaries in the separate financial statements of the Company.

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Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Fair value measurement of financial liabilities at FVTPL

As at December 31, 2023 and 2024, the financial liabilities at FVTPL amounting to RMB873,604,000 and RMB1,370,002,000, respectively, are measured at fair value being determined based on unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant unobservable inputs thereof.

Changes in assumptions relating to these unobservable inputs may result in the material adjustments to the fair value of the financial liabilities at FVTPL. Details of information about financial liabilities at FVTPL and the valuation techniques adopted are disclosed in notes 29 and 32, respectively.

Estimated loss allowance of trade receivables

Trade receivables with special risks and credit-impaired are assessed for ECL individually. For trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group’s internal credit ratings and provision matrix.

At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The amount of ECL allowances is sensitive to changes in circumstances and future economic conditions.

The information about the ECL allowances in the Group’s trade receivables at the end of each reporting period is disclosed in note 32.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
L2-L2+ solutions			
– Software development and engineering services	152,328	152,699	95,118
– Software royalty	12,090	21,071	31,693
– Software and hardware integrated solutions . . .	19,254	13,510	12,356
Sub-total	183,672	187,280	139,167
L4 solutions			
– Software solution	82	185,606	229,177
– Software and hardware integrated solutions . . .	7,243	57,152	145,355
Sub-total	7,325	242,758	374,532
Engineering services	12,607	52,511	33,693
Others	–	400	518
Total	203,604	482,949	547,910

All of the Group’s revenue is recognized at a point in time.

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(ii) Performance obligations for contracts with customers and revenue recognition policies

Software development and engineering services and software and hardware integrated solutions

The Group provides (1) software development and engineering services, delivering customized software-based products to its customers; and (2) software and hardware integrated solutions, delivering customized integrated hardware products to its customers.

As the customers cannot simultaneously receive and consume the benefits as the Group performs and the Group does not have an enforceable right to payment prior to transfer of the services, revenue is recognized at the point in time when the software-based products or integrated hardware products are accepted by customers, which generally occurs upon delivery of agreed deliverables according to the terms of the underlying contracts.

Customers are generally required to make certain portion of prepayments before the Group deliver such services. Contract liabilities are recognized when consideration is received for which revenue has yet been recognized.

Software royalty

For certain contracts related to software development and engineering services with Original Entrusted Manufacture (“OEM”) customers, the Group charges additional royalty fee per vehicle for mass-produced models equipped with relevant software. The software royalty fee is accounted for as variable consideration related to the performance obligation of software development and engineering services and is recognized as revenue when the software is installed in the designated vehicles.

Engineering services

The Group provides engineering services, including road testing, data collection support and data calibration services to OEM customers, as well as sales of its proprietary toolchain products. Revenue is recognized at a point in time upon customer acceptance of the related deliverables.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient under IFRS 15 of not disclosing the transaction price allocated to performance obligations that were unsatisfied at the end of each reporting period, as the Group’s contracts have an original expected duration of less than one year.

7. OPERATING SEGMENT

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out above. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Entity-wide disclosures

Geographical information

The Group’s revenue from external customers presented based on the location of the customers, are detailed below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from external customers			
PRC	76,950	448,929	536,883
The United States			
(The “US”).	51	13	4
Vietnam	126,531	34,007	11,023
Malaysia.	72	—	—
	<u>203,604</u>	<u>482,949</u>	<u>547,910</u>

All non-current assets (other than financial instruments) are located in the PRC.

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Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	*	*	57,052
Customer B (note i).	*	73,496	*
Customer C	*	60,085	*
Customer D	126,531	*	*
Customer E (note i)	22,308	*	*

* not disclosed as amount less than 10% of total revenue for the relevant year.

note: i. Customer B, Customer E represent a group of customers under common control respectively.

8. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants			
– Income related (note i).	3,816	7,537	1,936
– Asset related	87	39	33
Sub-total	3,903	7,576	1,969
Bank interest income	16	28	361
Others	101	248	242
	<u>4,020</u>	<u>7,852</u>	<u>2,572</u>

note:

i. Government grants of the Group were mainly related to enterprise development support and innovation capability incentives. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group.

9. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank and other loans	6,539	5,967	18,227
Interest on lease liabilities	68	29	211
	<u>6,607</u>	<u>5,996</u>	<u>18,438</u>

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10. OTHER GAINS AND LOSSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net foreign exchange (gains) losses	(209)	335	4,275
Loss (gain) on disposal/write-off of property and equipment and intangible assets	69	(80)	486
Contract compensation	—	—	3,052
Loss on fair value changes of financial assets at FVTPL	—	—	15
Other losses	556	12	452
	<u>416</u>	<u>267</u>	<u>8,280</u>

11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment . .	10,960	16,675	14,724
Depreciation of right-of-use assets	873	902	3,166
Amortization of intangible assets (included in selling and marketing expenses, administrative expenses and research and development expenses).	1,439	1,419	6,473
Total depreciation and amortization	13,272	18,996	24,363
Auditors’ remuneration	345	335	420
Directors’, supervisors’, chief executive’s emoluments (note 13)	7,829	5,881	7,419
Other staff costs			
Salaries, allowances and benefits	17,327	10,971	14,055
Retirement benefits scheme contributions	5,846	4,506	4,549
Total staff costs	<u>31,002</u>	<u>21,358</u>	<u>26,023</u>
[REDACTED] expenses	—	—	[REDACTED]

12. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

The Company, Beijing Tiantong Weishi Electronic Technology Co., Ltd.* (“Beijing Weishi”) (北京天瞳威勢電子科技有限公司), Tianjin Tiantong Weishi Electronic Technology Co., Ltd.* (“Tianjin Tiantong”) (天津天瞳威勢電子科技有限公司) and Shenzhen Tiantong Zhixing Electronic Technology Co., Ltd.* (“Shenzhen Tiantong”) (深圳天瞳智行電子科技有限公司) obtained the “High and New Technology Enterprise” certification in November 2021, November 2022, December 2022 and December 2023, respectively, and were therefore entitled to a preferential tax rate of 15% for a period of 3 years from 2021 to 2024, from 2022 to 2025, from 2022 to 2025, and from 2023 to 2026, respectively. The Company and Tianjin Tiantong extended their accreditations in December 2024 and December 2025, and were therefore entitled to a preferential tax rate of 15% for a period of 3 years from 2024 to 2027 and from 2025-2028, respectively. Beijing Weishi was unable to secure the extension of its high-tech enterprise qualification upon its expiry in 2025. The directors of the Company are of the view that it is very probable that the subsidiaries which are eligible for “High and New Technology Enterprise” tax preference are able to extend their accreditation upon expiry. Besides, certain subsidiaries of the Group were qualified as small-scale and low-profit enterprises and were subject to EIT rate at 20% during the Track Record Period.

No EIT was provided as the Group had no assessable profits during the Track Record Period.

* English name is for identification purpose

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Income tax expense for the year can be reconciled to loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(231,179)	(462,776)	(207,887)
Tax at income tax rate of 25%	(57,795)	(115,694)	(51,972)
Tax effect of expense not deductible for tax purpose	35,432	114,715	45,586
Tax effect/(utilization) of deductible temporary differences not recognized	72	(341)	868
Tax effect of tax losses not recognized	44,203	25,937	27,727
Utilization of tax losses previously not recognized	—	(1,323)	(2,883)
Effect of additional deduction of research and development expenses (note)	(21,912)	(23,294)	(19,326)
Income tax expense	<u>—</u>	<u>—</u>	<u>—</u>

note: Pursuant to relevant laws and regulations in the PRC, the Group enjoys super deduction of 100% on qualifying research and development expenditures from taxable profit throughout the Track Record Period.

As at December 31, 2023 and 2024 and 2025, the Group has unused tax losses of RMB656,207,000 and RMB754,663,000 and RMB851,791,000, respectively, and deductible temporary differences of RMB6,095,000, RMB4,733,000 and RMB8,207,000, respectively. No deferred tax assets have been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

The unrecognized tax losses will be carried forward and will expire in the following years:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2025	6,074	6,074	—
2026	25,532	25,532	20,591
2027	74,321	69,029	66,662
2028	95,112	95,112	94,712
2029	39,673	91,696	91,696
2030	2,526	2,526	61,916
2031	77,402	77,402	77,402
2032	221,949	221,949	223,137
2033	113,618	113,618	113,618
2034	—	51,725	51,725
2035	—	—	50,332
	<u>656,207</u>	<u>754,663</u>	<u>851,791</u>

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13. DIRECTORS’, SUPERVISORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS

(a) Directors’, supervisors’ and chief executive’s emoluments

During the Track Record Period, directors’, supervisors’ and chief executive’s remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

	Date of appointment	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Total
		RMB’000	RMB’000	RMB’000	RMB’000
Year ended December 31, 2023					
Executive Director					
Mr. Wang Xi (王曦) (“Mr. Wang”) (chief executive of Company)	Mar-16	2,100	178	330	2,608
Non-Executive Directors					
Dr. Wang Ruoyu (王若瑜) (“Dr. Wang”)	Jun-19	751	163	–	914
Mr. Cheng Shiqing (程士慶) (“Mr. Cheng”)	Jun-19	490	137	–	627
Mr. Song Jianming (宋健明) (“Mr. Song”) (note vi)	Jun-19	528	131	–	659
Ms. Wang Xi (王溪) (“Ms. Wang”) (note i)	Oct-21	1,836	194	723	2,753
Mr. Li Chengsheng (李程晟) (“Mr. Li”)	Oct-21	–	–	–	–
Mr. Fan Xuesong (樊雪松) (“Mr. Fan”)	Dec-16	–	–	–	–
Mr. Chen Zheqi (陳哲琦) (“Mr. Chen”)	Oct-20	–	–	–	–
Mr. Zhao Wei (趙偉) (“Mr. Zhao”) (note vii)	Oct-21	–	–	–	–
Supervisors		–	–	–	–
Ms. Ma Jie (馬婕) (“Ms. Ma”) (note ii)	Oct-21	–	–	–	–
Mr. Cao Yu (曹宇) (“Mr. Cao”) (note viii)	Sep-19	186	82	–	268
		<u>5,891</u>	<u>885</u>	<u>1,053</u>	<u>7,829</u>

	Date of appointment	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Total
		RMB’000	RMB’000	RMB’000	RMB’000
Year ended December 31, 2024					
Executive Director					
Mr. Wang	Mar-16	2,400	272	–	2,672
Non-Executive Directors					
Dr. Wang	Jun-19	1,069	163	–	1,232
Mr. Cheng	Jun-19	481	142	–	623
Mr. Song (note vi)	Jun-19	564	127	–	691
Ms. Wang (note i)	Oct-21	286	72	–	358
Mr. Xu Luobin (徐羅斌) (“Mr. Xu”) (note ix)	Dec-24	–	–	–	–
Mr. Li	Oct-21	–	–	–	–
Mr. Fan	Dec-16	–	–	–	–
Mr. Chen	Oct-20	–	–	–	–
Mr. Zhao (note vii)	Oct-21	–	–	–	–
Supervisors		–	–	–	–
Ms. Ma (note ii)	Oct-21	–	–	–	–
Mr. Cao (note viii)	Sep-19	204	70	31	305
		<u>5,004</u>	<u>846</u>	<u>31</u>	<u>5,881</u>

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	Date of appointment	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2025					
Executive Director					
Mr. Wang	Mar-16	2,852	206	—	3,058
Non-Executive Directors					
Dr. Wang	Jun-19	1,540	192	—	1,732
Mr. Cheng	Jun-19	1,047	148	—	1,195
Mr. Song (note vi)	Jun-19	735	111	—	846
Mr. Xu (note ix)	Dec-24	—	—	—	—
Mr. Yuan Jin (袁晉) (“Mr. Yuan”)	Sep-25	273	37	—	310
Ms. Xu Jie (徐劼) (“Ms. Xu”)	Oct-25	50	10	—	60
Mr. Pang Yi (龐毅) (“Mr. Pang”)	Sep-25	—	—	—	—
Mr. Li	Oct-21	—	—	—	—
Mr. Fan	Dec-16	—	—	—	—
Mr. Chen	Oct-20	—	—	—	—
Mr. Zhao (note vii)	Oct-21	—	—	—	—
Supervisor					
Mr. Cao (note viii)	Sep-19	161	57	—	218
		<u>6,658</u>	<u>761</u>	<u>—</u>	<u>7,419</u>

notes:

- i. Ms. Wang resigned as directors on December 14, 2024.
- ii. Ms. Ma resigned as supervisors on December 14, 2024.
- iii. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.
- iv. During the Track Record Period, no emoluments were paid by the Group to any of the directors or supervisors of the Company or the five highest paid employees of the Group (as disclosed in note (b) below) as an inducement to join or upon joining the Group or as compensation for loss of office.
- v. The discretionary performance related bonuses were determined with reference to their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.
- vi. Mr. Song resigned as directors on October 25, 2025.
- vii. Mr. Zhao resigned as directors on September 29, 2025.
- viii. Mr. Cao resigned as supervisors on September 29, 2025.
- ix. Mr. Xu resigned as directors on September 29, 2025.

The directors, supervisors and chief executive’s emoluments shown above were paid for their services in connection with the management of the affairs of the Group and the Company during the Track Record Period.

During the year, certain directors were granted restricted shares, in respect of their services to the Group under the equity incentive plan of the Company. Details of the equity incentive plan are set out in note 36 to the Historical Financial Information.

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(b) Five highest paid employees

The five highest paid employees of the Group include 3, 3 and 3 directors of the Company whose emoluments, are set out above for the Track Record Period. The emoluments of the remaining 2, 2, and 2 employees for the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits.	<u>1,941</u>	<u>1,889</u>	<u>1,723</u>

No emoluments were paid by the Group to the five highest paid individuals (including directors), as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. The number of the five highest paid employees (including directors) of the Company whose remuneration fell within the following bands presented in Hong Kong Dollar (“HKD”) is as follows:

	Year ended December 31,		
	2023	2024	2025
HKD1 to HKD1,000,000.	1	2	–
HKD1,000,001 to HKD1,500,000	2	2	3
HKD1,500,001 to HKD 2,000,000	–	–	1
HKD2,500,001 to HKD3,000,000	1	1	–
HKD3,000,001 to HKD3,500,000	1	–	1
Total	<u>5</u>	<u>5</u>	<u>5</u>

14. DIVIDENDS

No dividend was declared or paid during the Track Record Period. No dividend has been proposed since the end of the Track Record Period.

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss for the purpose of calculating basic and diluted loss per share:			
Loss for the year.	<u>(231,179)</u>	<u>(462,776)</u>	<u>(207,887)</u>
Number of shares ('000):			
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (notes i and ii).	<u>98,477</u>	<u>98,477</u>	<u>149,518</u>

notes:

- The Company was converted to a joint stock company in October, 2025, 20,000,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. Certain of these shares, which are attributable to the investors of the redeemable preference equity and accounted for as financial liabilities at FVTPL (as disclosed in note 29), are not treated as outstanding ordinary shares and thus are excluded in the calculation of basic loss per share until the preferential right was legally terminated on June 30, 2025. The weighted average number of ordinary shares for the Track Record Period is based on the assumption that the capitalization of share capital as a result of the Company's conversion into a joint stock company and the [REDACTED] on a one for ten basis to be effective upon [REDACTED] had been effective on January 1, 2023 for the purpose of calculating basic loss per share.

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- ii. The computation of diluted loss per share for the years ended December 31, 2023, 2024 and 2025 does not assume the conversion of the Company’s outstanding convertible loans and the termination of the special rights of the redeemable preferred equity, since their assumed conversion or termination would result in a decrease in loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and buildings	Computer equipment	Automotive and vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At January 1, 2023	46,285	24,947	4,201	5,282	80,715
Additions	–	1,352	1,326	19	2,697
Disposals/write-off	–	(464)	–	–	(464)
At December 31, 2023	46,285	25,835	5,527	5,301	82,948
Additions	–	30,536	–	130	30,666
Disposals/write-off	–	(159)	(868)	(4,431)	(5,458)
At December 31, 2024	46,285	56,212	4,659	1,000	108,156
Additions	–	11,772	4,270	1,482	17,524
Disposals/write-off	–	(1,127)	(2,011)	(1,011)	(4,149)
At December 31, 2025	46,285	66,857	6,918	1,471	121,531
DEPRECIATION					
At January 1, 2023	824	8,212	1,282	2,142	12,460
Provided for the year	1,099	7,520	884	1,457	10,960
Eliminated on disposals/ write-off	–	(107)	–	–	(107)
At December 31, 2023	1,923	15,625	2,166	3,599	23,313
Provided for the year	1,099	13,268	865	1,443	16,675
Eliminated on disposals/ write-off	–	(135)	(492)	(4,431)	(5,058)
At December 31, 2024	3,022	28,758	2,539	611	34,930
Provided for the year	1,099	12,465	909	251	14,724
Eliminated on disposals/ write-off	–	(1,062)	(1,456)	(610)	(3,128)
At December 31, 2025	4,121	40,161	1,992	252	46,526
CARRYING VALUES					
At December 31, 2023	44,362	10,210	3,361	1,702	59,635
At December 31, 2024	43,263	27,454	2,120	389	73,226
At December 31, 2025	42,164	26,696	4,926	1,219	75,005

Details of property, plant and equipment pledged as securities for the Group’s borrowings are set out in note 35.

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The Company

	Computer equipment	Automotive and vehicles	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST				
At January 1, 2023	14,550	1,018	2,131	17,699
Additions	1,123	—	19	1,142
At December 31, 2023	15,673	1,018	2,150	18,841
Disposals/write-off	—	(369)	(2,150)	(2,519)
At December 31, 2024	15,673	649	—	16,322
Additions	270	1,249	—	1,519
Disposals/write-off	(259)	(650)	—	(909)
At December 31, 2025	15,684	1,248	—	16,932
DEPRECIATION				
At January 1, 2023	4,817	733	878	6,428
Provided for the year	4,309	134	636	5,079
At December 31, 2023	9,126	867	1,514	11,507
Provided for the year	4,164	26	636	4,826
Eliminated on disposals/write-off . .	—	(276)	(2,150)	(2,426)
At December 31, 2024	13,290	617	—	13,907
Provided for the year	1,438	145	—	1,583
Eliminated on disposals/write-off . .	(241)	(617)	—	(858)
At December 31, 2025	14,487	145	—	14,632
CARRYING VALUES				
At December 31, 2023	6,547	151	636	7,334
At December 31, 2024	2,383	32	—	2,415
At December 31, 2025	1,197	1,103	—	2,300

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives after taking into account their estimated residual values:

	Useful lives	Estimated residual values
	<i>Years</i>	
Land and buildings	40	5%
Computer equipment	3	5%
Automotive and vehicles	5	5%
Leasehold improvements	3-5	0%

The directors of the Group considered no impairment indicator on property, plant and equipment for years ended December 31, 2023, 2024 and 2025.

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17. RIGHT-OF-USE ASSETS

The Group

	Leasehold land	Leased properties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST			
At January 1, 2023	–	3,306	3,306
Derecognized upon lease termination	–	(235)	(235)
At December 31, 2023	–	3,071	3,071
Addition	–	2,396	2,396
Derecognized upon lease termination	–	(3,071)	(3,071)
At December 31, 2024	–	2,396	2,396
Addition	9,605	13,088	22,693
At December 31, 2025	9,605	15,484	25,089
ACCUMULATED DEPRECIATION			
At January 1, 2023	–	1,488	1,488
Charge for the year	–	873	873
Eliminated on derecognition.	–	(125)	(125)
At December 31, 2023	–	2,236	2,236
Charge for the year	–	902	902
Eliminated on derecognition.	–	(3,071)	(3,071)
At December 31, 2024	–	67	67
Charge for the year	64	3,102	3,166
At December 31, 2025	64	3,169	3,233
CARRYING VALUES			
At December 31, 2023	–	835	835
At December 31, 2024	–	2,329	2,329
At December 31, 2025	9,541	12,315	21,856

The Company

	Leased properties
	<i>RMB'000</i>
COST	
At January 1, 2023	235
Derecognized upon lease termination	(235)
At December 31, 2023	–
Addition	587
At December 31, 2024	587
Addition	10,216
At December 31, 2025	10,803

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	Leased properties
	<i>RMB'000</i>
ACCUMULATED DEPRECIATION	
At January 1, 2023	111
Charge for the year	13
Eliminated on derecognition.	(124)
At December 31, 2023	—
Charge for the year	16
At December 31, 2024	16
Charge for the year	1,898
At December 31, 2025	1,914
CARRYING VALUES	
At December 31, 2023	—
At December 31, 2024	571
At December 31, 2025	8,889

The Group

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expenses relating to short-term leases	89	235	493
Total cash outflow for leases	1,463	1,660	12,306

The Company

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expenses relating to short-term leases	—	—	—
Total cash outflow for leases	41	60	1,146

For the years ended December 31, 2023, 2024 and 2025, the Group and the Company lease various offices, a lab and a plot of land for its operations. Lease contracts are entered into for fixed terms of 3 years to 5 years for both the Group and the Company. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of each contract and determines the period for which the contract is enforceable. The Group has obtained the land use right certificates for all leasehold lands in PRC.

The Group regularly entered into short-term leases for offices and warehouses. As at December 31, 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses are disclosed above.

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The directors of the Group considered no impairment indicator on right-of-use assets for years ended December 31, 2023, 2024 and 2025.

Restrictions or covenants on leases

In addition, lease liabilities of RMB1,290,000, RMB2,290,000 and RMB13,325,000 are recognized with related right-of-use assets of RMB835,000, RMB2,329,000 and RMB12,315,000 at December 31, 2023, 2024 and 2025, respectively for the Group.

Lease liabilities of nil, RMB529,000 and RMB9,722,000 are recognized with related right-of-use assets of nil, RMB571,000 and RMB8,889,000 at December 31, 2023, 2024 and 2025, respectively for the Company.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INTANGIBLE ASSETS

The Group

	Softwares
	<i>RMB'000</i>
COST	
At January 1, 2023	9,061
Additions	96
Write-off	(106)
At December 31, 2023	9,051
Additions	41
At December 31, 2024	9,092
Additions	118,059
Write-off	(2,153)
At December 31, 2025	124,998
AMORTIZATION	
At January 1, 2023	1,123
Charge for the year	1,439
Eliminated on write-off	(68)
At December 31, 2023	2,494
Charge for the year	1,419
At December 31, 2024	3,913
Charge for the year	6,473
Eliminated on write-off	(2,153)
At December 31, 2025	8,233
CARRYING VALUES	
At December 31, 2023	6,557
At December 31, 2024	5,179
At December 31, 2025	116,765

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The Company

	Softwares
	<i>RMB'000</i>
COST	
At January 1, 2023	8,110
Additions	87
Write-off	(106)
At December 31, 2023 and 2024	8,091
Additions	116,534
Write-off	(1,999)
At December 31, 2025	122,626
AMORTIZATION	
At January 1, 2023	1,027
Charge for the year	1,306
Eliminated on write-off	(68)
At December 31, 2023	2,265
Charge for the year	1,275
At December 31, 2024	3,540
Charge for the year	6,098
Eliminated on write-off	(1,999)
At December 31, 2025	7,639
CARRYING VALUES	
At December 31, 2023	5,826
At December 31, 2024	4,551
At December 31, 2025	114,987

The above intangible assets have finite useful lives and are amortized on a straight-line basis over the following periods:

Softwares 3-10 years

The directors of the Group considered no impairment indicator on intangible assets for years ended December 31, 2023, 2024 and 2025.

19. FINANCIAL ASSETS AT FVTPL

The Group

Financial assets mandatorily measured at FVTPL:

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in an unlisted investment fund	—	—	16,904
	=	=	=

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As at September 24, 2025, the Group entered into an agreement to purchase a 5.77% equity stake in an unlisted investment fund amounting to RMB17,300,000, and accounted for such investments as financial assets at FVTPL at initial recognition. The return of the private equity fund is not guaranteed and determined by reference to the performance of the underlying debt and equity instruments. A fair value loss of RMB15,000 was recognized in profit or loss for the year ended December 31, 2025. The basis of the valuation of the assets are disclosed in note 32.

The movements of the financial assets at FVTPL are set out as below:

	At December 31,
	2025
	RMB'000
Carrying amounts at the begin of the year	–
Addition	17,300
Redemption	(381)
Fair value change	(15)
Carrying amounts at the end of the year	<u>16,904</u>

20. OTHER NON-CURRENT ASSETS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayment for purchases of property, plant and equipment	–	–	44,780
Rental deposit	267	67	1,558
Others	1	–	2
Total	<u>268</u>	<u>67</u>	<u>46,340</u>

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayment for purchases of property, plant and equipment	–	–	8,798
Rental deposit	–	–	1,275
Total	<u>–</u>	<u>–</u>	<u>10,073</u>

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21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables from contracts with customers			
– Third parties	74,090	317,181	528,638
Less: Allowance for credit losses	(5,833)	(4,594)	(8,173)
– Related parties	20,490	28,265	27,308
Less: Allowance for credit losses	(10)	(12)	(14)
	<u>88,737</u>	<u>340,840</u>	<u>547,759</u>
Bills receivables	200	2,672	263
Prepayment to suppliers	17,454	13,002	56,350
VAT recoverable	3,506	–	4,745
Deferred issue cost	–	–	3,552
Other receivables	1,108	6,278	1,035
Less: Allowance for credit losses	(252)	(127)	(20)
Total	<u>110,753</u>	<u>362,665</u>	<u>613,684</u>

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB112,574,000.

Trade, bills and other receivables that are denominated in currencies other than the functional currency of the respective group entities are set out below:

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
United States dollar (“USD”)	26,553	5,399	62
HKD	<u>–</u>	<u>–</u>	<u>3,827</u>

The following is an aged analysis of trade receivables, before allowance for credit losses, presented based on invoice dates.

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	41,855	336,588	546,640
1 to 2 years.	44,776	969	1,417
2 to 3 years.	7,804	85	–
More than 3 years.	145	7,804	7,889
	<u>94,580</u>	<u>345,446</u>	<u>555,946</u>

As at December 31, 2023, 2024 and 2025, the average credit period granted to the customers is 90-150 days.

Details of impairment assessment of trade and other receivables are set out in note 32.

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The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables from contracts with customers			
– Third parties	73,657	187,731	322,851
Less: Allowance for credit losses	(5,832)	(4,381)	(8,023)
– Related parties.	49,555	41,308	15,592
Less: Allowance for credit losses	(10)	(12)	(8)
	<u>117,370</u>	<u>224,646</u>	<u>330,412</u>
Bills receivables	200	2,469	20
Prepayment to suppliers	18,119	16,009	211,329
VAT recoverable	1,069	–	173
Deferred issue cost	–	–	3,552
Other receivables	1,074	6,134	829
Less: Allowance for credit losses	(244)	(116)	(10)
Total	<u>137,588</u>	<u>249,142</u>	<u>546,305</u>

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB100,619,000.

Trade, bills and other receivables that are denominated in currencies other than the functional currency of the respective group entities are set out below:

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
USD	<u>16,867</u>	<u>5,399</u>	<u>62</u>

The following is an aged analysis of trade receivables, before allowance for credit losses, presented based on invoice dates.

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	70,826	221,235	329,892
1 to 2 years.	44,437	–	747
2 to 3 years.	7,804	–	–
More than 3 years.	145	7,804	7,804
	<u>123,212</u>	<u>229,039</u>	<u>338,443</u>

As at December 31, 2023, 2024 and 2025, the average credit period granted to the customers is 90-150 days.

Details of impairment assessment of trade and other receivables are set out in note 32.

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22. CONTRACT COSTS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Costs to fulfill contracts			
– Software development costs	103,557	11,794	29,366

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Costs to fulfill contracts			
– Software development costs	37,044	6,043	22,088

The software development costs are incurred for providing software development and engineering services and software and hardware integrated solutions, revenue of which is recognized at a point in time. The software development costs mainly consist of labor costs, material costs and outsourcing service fees such as data labeling and data collection. Once the software is finally accepted by the customer, the contract costs of the software will be recognized as cost of revenues along with the recognition of revenue.

23. INVENTORIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	3,931	3,691	6,965
Finished goods	287	417	270
	4,218	4,108	7,235

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	3,717	3,473	4,651
Finished goods	52	44	48
	3,769	3,517	4,699

No allowance for write-down was recognized for inventories at the end of each reporting period.

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24. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group’s and the Company’s short-term cash commitments, which carry interest at market rates range from 0.01% to 0.35% per annum as at December 31, 2023 and 2024 and 0.0001% to 0.1% per annum as at December 31, 2025.

The restricted bank deposits of the Group and the Company are held in banks to issue trade bills and letters of credit, and are therefore classified as current assets. The restrictions on these bank deposits will be released upon settlement of the related trade bills and expiry of the letters of credit.

As at December 31, 2023, 2024 and 2025, the restricted bank deposits mainly secured for the issue of bills payables and borrowings with amount of Nil, RMB1,500,000 and RMB10,000,000, respectively.

The restricted bank deposits were carrying at fixed interest rates of Nil, 0.10% to 1.00%, 0.05% per annum as at December 31, 2023, 2024 and 2025, respectively.

25. TRADE, BILLS AND OTHER PAYABLES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
– Third parties	81,491	199,157	176,952
– Related parties	59,195	28,171	3,103
Sub-total	<u>140,686</u>	<u>227,328</u>	<u>180,055</u>
Bills payables	–	3,718	1,404
Accrued payroll and welfare	5,375	3,446	4,745
Accrued issue cost	–	–	1,076
Accrued [REDACTED] expenses	–	–	[REDACTED]
Other tax payables	6,472	8,510	14,930
Refundable deposit (note i)	73,700	–	–
Other payables	4,414	5,811	12,637
Total	<u>230,647</u>	<u>248,813</u>	<u>220,942</u>

note:

- i. The Group received refundable deposit of RMB73,700,000 from a third party in relation to a revenue contract. The contract was subsequently cancelled and the deposit was fully repaid in 2024.

The following is an aged analysis of trade payable presented based on the invoice date.

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	127,970	222,883	176,031
1 to 2 years.	12,716	3,993	1,429
2 to 3 years.	–	452	2,170
Exceeds 3 years	–	–	425
	<u>140,686</u>	<u>227,328</u>	<u>180,055</u>

As at December 31, 2023, 2024 and 2025, the average credit period on purchases of goods and service is 90 days.

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The following is an aged analysis of bills payable presented based on the bill date.

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	–	3,718	1,404
	<u>–</u>	<u>3,718</u>	<u>1,404</u>

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
– Third parties	28,376	46,496	39,618
– Related parties.	144,451	147,710	37,084
Sub-total	<u>172,827</u>	<u>194,206</u>	<u>76,702</u>
Bills payables	–	3,516	1,404
Accrued payroll and welfare	251	285	601
Accrued issue cost	–	–	1,076
Accrued [REDACTED] expenses	–	–	[REDACTED]
Other tax payables	453	6,335	6,350
Refundable deposit (note i)	30,860	–	–
Other payables	1,215	2,262	10,699
Total	<u>205,606</u>	<u>206,604</u>	<u>102,927</u>

note i:

The Company received refundable deposit of RMB30,860,000 from a third party in relation to a revenue contract. The contract was subsequently cancelled and the deposit was fully repaid in 2024.

The following is an aged analysis of trade payable presented based on the invoice date.

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	161,456	192,223	59,225
1 to 2 years.	11,371	1,642	15,922
2 to 3 years.	–	341	1,216
Exceeds 3 years	–	–	339
	<u>172,827</u>	<u>194,206</u>	<u>76,702</u>

As at December 31, 2023, 2024 and 2025, the average credit period on purchases of goods and service is 90 days.

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The following is an aged analysis of bills payable presented based on the bill date.

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	–	3,516	1,404
	=	=	=

26. CONTRACT LIABILITIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts received in advance.	78,654	10,878	8,253
	=	=	=

As at January 1, 2023, contract liabilities amounted to RMB50,210,000.

The following table shows how much of the revenue recognized relates to carried-forward contract liabilities:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Providing software development and engineering services and software and hardware integrated solutions	50,210	78,654	9,548
	=	=	=

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts received in advance.	68,452	99,861	94,154
	=	=	=

As at January 1, 2023, contract liabilities amounted to RMB60,847,000.

The following table shows how much of the revenue recognized relates to carried-forward contract liabilities:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Providing software development and engineering services and software and hardware integrated solutions	60,847	68,452	99,861
	=	=	=

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27. LEASE LIABILITIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	1,290	749	5,537
Within a period of more than one year but not exceeding two years	–	1,541	5,638
Within a period of more than two years but not exceeding five years	–	–	2,150
	<u>1,290</u>	<u>2,290</u>	<u>13,325</u>
Less: Amounts due for settlement within 12 months shown under current liabilities .	<u>(1,290)</u>	<u>(749)</u>	<u>(5,537)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>–</u>	<u>1,541</u>	<u>7,788</u>

The weighted average incremental borrowing rate applied to lease liabilities ranged from 3.35% to 3.55%, 3.20% to 3.55% and 2.30% to 3.20% per annum for the years ended December 31, 2023, 2024 and 2025, respectively

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	–	163	3,890
Within a period of more than one year but not exceeding two years	–	366	3,922
Within a period of more than two years but not exceeding five years	–	–	1,910
	–	<u>529</u>	<u>9,722</u>
Less: Amounts due for settlement within 12 months shown under current liabilities .	–	<u>(163)</u>	<u>(3,890)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	–	<u>366</u>	<u>5,832</u>

The weighted average incremental borrowing rate applied to lease liabilities ranged from Nil, 3.20% to 3.55% and 2.30% to 3.20% per annum for the years ended December 31, 2023, 2024 and 2025, respectively.

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28. BORROWINGS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank loans	93,603	219,524	398,733
Other loans (note)	76,400	101,486	—
	<u>170,003</u>	<u>321,010</u>	<u>398,733</u>
Secured	93,504	219,524	368,726
Unsecured	76,499	101,486	30,007
	<u>170,003</u>	<u>321,010</u>	<u>398,733</u>

note: The Group obtained certain borrowings from third party creditors from 2023 to 2024. Such borrowings normally have an original maturity of 1-2 years.

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The carrying amounts of the above borrowings are repayable*:			
Within one year	<u>170,003</u>	<u>321,010</u>	<u>398,733</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group’s bank and other borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	149,413	321,010	398,733
Variable-rate borrowings	20,590	—	—
	<u>170,003</u>	<u>321,010</u>	<u>398,733</u>

The Group’s variable-rate borrowings carry interest at Loan Prime Rate (“LPR”). Interest is reset every 12 months.

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The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group’s borrowings are as follows:

	Year ended December 31,		
	2023	2024	2025
Effective interest rate (per annum):			
Fixed-rate borrowings	3.20%-4.90%	0.90%-3.75%	2.00%-3.20%
Variable-rate borrowings	4.15%	N/A	N/A

The Group’s borrowings that are denominated in currencies other than the reporting currencies of the relevant group entities are set out below:

	At December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Japanese Yen (“JPY”)	—	9,724	—

The Company

	At December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Bank loans	60,654	139,724	330,585
Other loans (note)	76,400	101,486	—
	<u>137,054</u>	<u>241,210</u>	<u>330,585</u>
Secured	60,590	139,724	300,578
Unsecured	76,464	101,486	30,007
	<u>137,054</u>	<u>241,210</u>	<u>330,585</u>

note: The Company obtained certain borrowings from third parties. Such borrowings normally have an original maturity of 1-2 years.

	At December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
The carrying amounts of the above borrowings are repayable*:			
Within one year	<u>137,054</u>	<u>241,210</u>	<u>330,585</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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The exposure of the Company’s bank and other borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fixed-rate borrowings	116,464	241,210	330,585
Variable-rate borrowings	20,590	—	—
	<u>137,054</u>	<u>241,210</u>	<u>330,585</u>

The Company’s variable-rate borrowings carry interest at LPR. Interest is reset every 12 months.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company’s borrowings are as follows:

	Year ended December 31,		
	2023	2024	2025
Effective interest rate (per annum):			
Fixed-rate borrowings	3.45%-4.90%	0.90%-3.45%	2.00%-3.20%
Variable-rate borrowings	4.15%	N/A	N/A

The Company’s borrowings that are denominated in currencies other than its functional currency are set out below:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
JPY.	—	9,724	—

29. FINANCIAL LIABILITIES AT FVTPL

The Group and the Company

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current:			
Redeemable preferred equity	829,003	1,287,455	—
Convertible loans	44,601	12,547	—
	<u>873,604</u>	<u>1,300,002</u>	<u>—</u>
Non-current:			
Convertible loans	—	70,000	—
	<u>—</u>	<u>70,000</u>	<u>—</u>

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Redeemable preferred equity

Since the date of incorporation and up to December 31, 2025, the Company has completed a series of financing. The details are set out below:

From December 2016 to May 2017, the Company entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB10,000,000 for subscription of the Company’s paid-in capital of RMB618,421 (the “Series Angel”). The Company had received the amount as of May 2017.

From December 2017 to July 2018, the Company entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB55,000,000 for subscription of the Company’s paid-in capital of RMB995,067 (the “Series Pre-A”). The Company had received the amount as of July 2018.

In June 2019, the Company had entered into an investment agreement with independent investors, pursuant to which the investors made a total investment of RMB33,440,000 for subscription of the Company’s paid-in capital of RMB385,688 (the “Series A”). The Company had received the amount as of November 2019.

In September 2020, the Company had entered into an investment agreement with independent investors, pursuant to which the investors made a total investment of RMB60,000,000 for subscription of the Company’s paid-in capital of RMB249,959 (the “Series B”). The Company had received the amount as of December 2020.

Right after completion of the Series B financing, the Company entered into shareholders agreements with Series Angel, Series Pre-A, Series A and Series B independent investors to grant certain preferential rights to such investors. All of the following round investors were granted with such preferential rights.

In June 2021, the Company had entered into an investment agreement with independent investors, pursuant to which the investor made investments of RMB200,000,000 for subscription of the Company’s paid-in capital of RMB262,457 (the “Series C”). The Company had received the amount as of January 2022.

In September 2024, the Company had entered into an investment agreement with independent investors, pursuant to which the investor made investments of RMB138,630,000 for subscription of the Company’s paid-in capital of RMB158,128 (the “Series C+”). The Company had received RMB125,430,000 as of March 2025, the remaining RMB13,200,000 was converted from convertible loans.

In June 2025, the Company had entered into an investment agreement with independent investors, pursuant to which the investor made investments of RMB447,750,000 for subscription of the Company’s paid-in capital of RMB423,103 (the “Series D”). The Company had received RMB377,750,000 in June 2025, the remaining RMB70,000,000 was converted from convertible loans.

The key terms of the redeemable preferred equity prior to the termination of the redemption rights, liquidation preferences and anti-dilution rights are summarized as follows:

Redemption rights

Upon the occurrence of certain events as stipulated in the relevant investment agreements, any holder of the redeemable preferred equity may require the Company and the controlling shareholder to redeem any or all of the outstanding equity held by such holders at the redemption price which represent the repurchase price, plus an interest at an annual rate of 10% calculating from the issuance date, plus any dividend declared but collected by such holder.

Liquidation preferences

In the event of any liquidation including but not limited to insolvency liquidation, dissolving liquidation and deemed liquidation (as stipulated in the relevant investment agreements, including but not limited to) (together, the “Liquidation Event”), the holders of redeemable preferred equity shall be entitled to receive the amount equal to the original investment amount with interest at an annual interest rate of 8% calculating from the issuance date of the respective Redeemable preferred equity, plus declared but undistributed dividends, if any (after satisfaction of all creditors’ claims and claims that may be preferred by law).

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The liquidation preference amount will be paid to the holders of redeemable preferred equity in the following order: first to holders of Series D, second to holders of Series C+, third to holders of Series C-2, fourth to holders of Series C-1, fifth to holders of Series B, sixth to holders of Series A, seventh to holders of Series Pre-A and eighth to holders of Series Angel. Upon completion of the distributions in full to all holders of the redeemable preferred equity, all of the remaining assets and funds of the Company available for distribution, if any, shall be distributed ratably among all holders of the redeemable preferred equity and paid-in capital according to the relative holding of paid-in capital held by such each holder on an as converted basis.

Deemed liquidation events include the following:

- The acquisition of the Company, and/or the Group by another entity through a merger, reorganization, consolidation, sale of shares, or other transaction, as a result of which the controlling shareholder or de facto controller (who held control prior to the transaction) loses that status in the surviving or successor entity upon the transaction’s completion. For the avoidance of doubt, the Founder’s direct or indirect shareholding in the Company falling below 20% for any reason. The number of directors that the Founder is entitled to nominate falling below 50% of the total number of directors.
- The Group (regarded as a whole) sells or otherwise disposes of all or the vast majority of its assets or business to a third party; or
- The grant, transfer, or other disposal of its core intellectual property by the Group (regarded as a whole) to a third party on an irrevocable and exclusive basis, excluding such activities occurring in the ordinary course of business related to the delivery of the group companies’ products or services.

Anti-dilution rights

According to the anti-dilution protection clause as stipulated in the relevant investment agreements, the Company and the controlling shareholder are obligated to issue/transfer additional holding of paid in capital to the holders of redeemable preferred equity at no consideration, under the circumstance that the Company increases its registered capital at a price lower than the subscription price that paid by the holders of redeemable preferred equity, respectively.

Termination of the preferential rights

On June 30, 2025 (the “Termination Date”), the redemption rights, liquidation preferences and anti-dilution rights attached to the Series Angel, Series Pre-A, Series A, Series B, Series C-2, Series C+ and Series D, granted by the Company, were terminated, and the financial liabilities at FVTPL arising from the redeemable preferred equity were accordingly derecognized and transferred to equity.

The special rights granted by Mr. Wang and entities controlled by him were terminated on October 30, 2025, subject to certain reinstatement clauses. Details are set out in note 34.

The movements of the redeemable preferred equity are set out as below:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Redeemable preferred equity			
Carrying amounts at the beginning of the year . .	686,340	829,003	1,287,455
Recognition of capital contribution as financial liability at FVTPL	—	—	503,180
Conversion from convertible loans	—	—	82,547
Changes in fair value	142,663	458,452	176,905
Derecognition of financial liabilities at FVTPL as equity	—	—	(2,050,087)
Carrying amounts at the end of the year	<u>829,003</u>	<u>1,287,455</u>	<u>—</u>

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Presentation and classification

As at December 31, 2023 and 2024, the redeemable preferred equity issued to investors were classified as financial liabilities at FVTPL (current liabilities), as not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity for the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in “Loss on fair value changes of financial liabilities at FVTPL” in the consolidated statements of profit or loss and other comprehensive income.

As at December 31, 2023, the Company used the discounted cash flow method (“DCF Method”) to determine the underlying equity value of the Company, and performed an equity allocation based on an option pricing model (“OPM”) to arrive at the fair value of the redeemable preferred equity. The Company had entered into an investment agreement with independent investors in September 2024, which provided a latest transaction price. Accordingly, as at December 31, 2024, the Company changed its valuation techniques to the back-solve method to determine the underlying equity value of the Company, and performed an equity allocation based on an OPM Model to arrive at the fair value of the redeemable preferred equity. The Group engages an independent qualified valuation specialist, ValueLink Management Consultants Limited (“Valuelink”) (藍策亞洲(北京)企業管理諮詢有限公司) (Room 511, SOHO Jiasheng Center, No. 19, North East Third Ring Road, Chaoyang District, Beijing, the PRC), to perform the valuation. Key assumptions are set out as below:

	As at December 31,	
	2023	2024
Discount rate	17.00%	N/A
Risk-free interest rate	2.86%	1.92%
Discount for lack of marketability (“DLOM”)	9.00%	N/A
Possibilities under termination of preferential rights scenario	35.00%	35.00%
Possibilities under liquidation scenario	32.50%	32.50%
Possibilities under redemption scenario	32.50%	32.50%
Expected volatility	42.96%	49.00%

Convertible loans not contain equity component

Since the date of incorporation, the Company has issued a series of convertible loans notes. The details are set out below:

In August 2021, January 2022, June 2022, February 2024 and December 2024, the Company issued convertible loans amounting to book value of RMB65,000,000, RMB32,000,000, RMB13,200,000, RMB50,025,000 and RMB70,000,000, respectively. The convertible loans are denominated in RMB with no interest. The convertible loans entitle the holders to convert them into redeemable preferred equity of the Company subject to certain conditions between the date of issue of the notes and 12/24 months after the date of issue of the convertible loans. The convertible loans can be converted to a certain amount of redeemable preferred equity as stipulated in the relevant convertible loans agreements.

If the convertible loans listed above have not been converted by due date as stipulated in the relevant convertible loans agreements, the holders of the notes can choose to either (1) require the Company to redeem all the outstanding convertible loans immediately, or (2) convert the convertible loans to redeemable preferred equity of the Company with certain amount as stipulated in the relevant convertible loans agreements.

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The movements of the convertible loans notes are set out below:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year . . .	76,682	44,601	82,547
Issuance of convertible loans	–	120,025	41,751
Termination of convertible loans (note).	–	(38,025)	–
Changes in fair value	419	(54)	–
Conversion into redeemable preferred equity . . .	–	–	(82,547)
Conversion into ordinary shares	–	–	(41,751)
Redemption of convertible loans	(32,500)	(44,000)	–
Carrying amount at the end of the year	<u>44,601</u>	<u>82,547</u>	<u>–</u>

note: The Company entered into a supplemental agreement with one of the holder to early terminate the convertible loan due to a change in investment intentions and transfer to other loans. The principal and related interests of the loan would be repaid within 12 months.

As of December 31, 2024, a convertible loan amounting to RMB70,000,000 was classified as a non-current liability, as it is due in 2026. All other convertible loans as at December 31, 2023 and 2024 were recorded as current liabilities.

After determining the fair value of the redeemable preferred equity, the Group adopted scenario analysis method to determine the fair value of the convertible loans. The Group engages Valuelink to perform the valuation. Key assumptions are set out as below:

	At December 31,		
	2023	2024	2025
Discount rate	17.00%	N/A	N/A
Possibilities of conversion	75%-100%	100%	N/A

30. SHARE CAPITAL AND PAID-IN CAPITAL OF THE COMPANY

A summary of movements in the Company’s paid-in capital is as follows:

	Shown in Historical Financial Information as
	RMB'000
As at December 31, 2022, 2023 and 2024	5,512
Capital injection by new investors	500
Conversion of convertible loans to redeemable preferred equity	81
Conversion into a joint stock company	<u>(6,093)</u>
As at December 31, 2025	<u>–</u>

A summary of movements in the Company’s share capital is as follows:

Ordinary shares of RMB1.00 each

	Number of shares	Amount
	'000	RMB'000
As at January 1, 2023, December 31, 2023 and 2024	–	–
Conversion into a joint stock company (note i)	20,000	20,000
Issuance of ordinary shares (note ii).	167	167
As at December 31, 2025	<u>20,167</u>	<u>20,167</u>

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notes:

- i. In October 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. A portion of the Company’s net assets as of June 30, 2025 were converted into 20,000,000 shares with a nominal value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company’s share premium.
- ii. In December 2025, the Company issued ordinary shares with total consideration of RMB12,000,000, among which RMB37,000 was credited to the Company’s share capital and the remaining balance was credited as share premium. Meanwhile, the convertible loans were converted into ordinary shares with total consideration of RMB41,751,000 among which RMB130,000 was credited to the Company’s shares capital and the remaining balance was credited as share premium

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group’s overall strategy remains unchanged.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, lease liabilities and financial liabilities at FVTPL (as disclosed in notes 28, 27 and 29, respectively), net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued paid-in capital, share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the issue of new shares, new debts or the redemption of existing debts.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortized cost	262,925	485,230	798,995
Financial assets at FVTPL	—	—	16,904
Financial assets at FVTOCI	—	—	2,000
	<u>262,925</u>	<u>485,230</u>	<u>817,899</u>
Financial liabilities			
Financial liabilities at amortized cost	388,803	557,867	600,000
Financial liabilities at FVTPL	873,604	1,370,002	—
	<u>1,262,407</u>	<u>1,927,869</u>	<u>600,000</u>

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortized cost	348,308	473,498	636,974
Financial assets at FVTOCI	—	—	2,000
	<u>348,308</u>	<u>473,498</u>	<u>638,974</u>
Financial liabilities			
Financial liabilities at amortized cost	452,867	523,203	503,962
Financial liabilities at FVTPL	873,604	1,370,002	—
	<u>1,326,471</u>	<u>1,893,205</u>	<u>503,962</u>

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Financial risk management objectives and policies

The Group’s major financial instruments include trade and other receivables, bills receivables, financial assets at FVTPL, financial assets at FVTOCI, amounts due from related parties, restricted bank deposits, cash and cash equivalents, trade, bills and other payables, borrowings, lease liabilities and financial liabilities at FVTPL. The Company’s major financial instruments include those aforementioned as well as amounts due from/to subsidiaries included in the Company’s amounts due from/to related parties. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group’s activities expose it primarily to currency risk, interest rate risk and other price risk. There had been no change in the Group’s exposure to these risks or the manner in which it managed and measured the risks during the Track Record Period.

(i) Currency risk

Several subsidiaries of the Company have foreign currency transactions, including sales and purchase, which expose the Group to foreign currency risk. Certain of the Group’s cash and cash equivalents, trade and other receivables and trade and other payables are denominated in currencies other than the functional currency of the relevant group entities’ and expose to such foreign currency risk. The carrying amounts of relevant group entities’ foreign currency denominated monetary assets and liabilities other than their functional currency are disclosed in the respective notes.

The Group and the Company mainly expose to foreign currency of USD, HKD and JPY. The carrying amounts of the Group’s and the Company’s foreign currency denominated monetary assets and liabilities as at December 31, 2023, 2024 and 2025 are as follows:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Assets			
USD	26,765	7,360	938
HKD	–	–	4,027
Liabilities			
JPY	–	9,724	–
USD	–	–	66
HKD	–	–	2,100
	<u> </u>	<u> </u>	<u> </u>

The Group and the Company currently do not have a foreign exchange hedging policy. However, the management of the Group and the Company monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

No sensitivity analysis on currency risk is presented as the management of the Group and the Company considered that there would not be a significant change of prevailing exchange rate and the exposure of currency rate risk of the Group and the Company is insignificant.

(ii) Interest rate risk

The Group and the Company are exposed to fair value interest rate risk in relation to fixed-rate cash and cash equivalents, bank and other borrowings and lease liabilities. The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate other borrowings. Details of the cash and cash equivalents and bank and other borrowings are set out in notes 24 and 28, respectively. The Group and the Company manage their interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

The Group and the Company currently do not have formal interest rate hedging policies. The management of the Group and the Company monitors the Group’s and the Company’s exposures on an on-going basis and will consider hedging interest rate risk should the need arises.

No sensitivity analysis is presented since the management of the Group and the Company consider the exposure of interest rate risk is insignificant.

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(iii) Other price risk

The Group is exposed to equity price risk through its financial assets at FVTPL, financial assets at FVTOCI and financial liabilities measured at FVTPL. The fair value change of financial assets at FVTOCI is immaterial.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the prices of the financial assets at FVTPL and financial liabilities at FVTPL had been 5% higher/lower,

The Group and the Company

- The post-tax loss for the year ended 31 December 2023 would increase/decrease by RMB37,128,000.
- The post-tax loss for the year ended 31 December 2024 would increase/decrease by RMB59,762,000.
- The post-tax loss for the year ended 31 December 2025 would increase/decrease by RMB709,000.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s and the Company’s counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group’s and the Company’s credit risk exposures are primarily attributable to trade and other receivables, restricted bank deposits, cash and cash equivalents and amounts due from related parties. The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Group and the Company perform impairment assessment under ECL model on trade receivables with special risk and credit-impaired individually. Except for those trade receivables, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics, in which the trade receivables are grouped into (i) Group A: trade receivables arising from state-owned enterprise customers, customers with state-owned capital background or related parties, and (ii) Group B: remaining trade receivables arising from customers other than those included in Group A.

In order to minimise credit risk, the Group and the Company have tasked their operation management committee to develop and maintain the Group’s and the Company’s credit risk gradings to categorise exposures according to their degree of risk of default.

The Group has concentration of credit risk as 17.67%, 0.20% and 11.04% of the Group’s total trade receivables as at December 31, 2023, 2024 and 2025 was due from the Group’s largest customer respectively. The Group has concentration of credit risk as 45.96%, 34.11% and 34.61% of the Group’s total trade receivables as at December 31, 2023, 2024 and 2025 was due from the Group’s five largest customers respectively.

The Company has concentration of credit risk as 25.31%, 27.90% and 17.49% of the Company’s total trade receivables as at December 31, 2023, 2024 and 2025 was due from the Company’s largest customer respectively. The Company has concentration of credit risk as 62.37%, 54.64% and 57.94% of the Company’s total trade receivables as at December 31, 2023, 2024 and 2025 was due from the Company’s five largest customers respectively.

Other receivables and amounts due from related parties

The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. ECL is not material at each reporting date.

Restricted bank deposits and cash and cash equivalents

The restricted bank deposits and cash and cash equivalents are determined to have low credit risk at the end of each reporting period. The credit risk on restricted bank deposits and cash and cash equivalents is limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

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In determining the ECL, the management of the Group has taken into account the historical credit loss experience based on the past default experience of the counterparty, general economic conditions of the industry in which the counterparty operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table shows the Group’s credit risk grading framework in respect of financial assets:

Categories	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	Amount is over 30 days past due or there have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	Amount is over 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group’s and the Company’s financial assets which are subjected to ECL assessment:

The Group

December 31, 2023	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	21	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	32,159
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	48,671
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	13,750
Other receivables	21	Low risk	12m ECL	1,108
Bills receivables	21	Low risk	12m ECL	200
Amounts due from related parties	34	Low risk	12m ECL	69,817
Restricted bank deposits . . .	24	Low risk	12m ECL	–
Cash and cash equivalents . .	24	Low risk	12m ECL	103,315

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December 31, 2024	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount <i>RMB’000</i>
Trade receivables	21	Low risk	Lifetime ECL– not credit-impaired (collective assessment)	105,555
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	231,340
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	8,551
Other receivables	21	Low risk	12m ECL	6,278
Bills receivables	21	Low risk	12m ECL	2,672
Amounts due from related parties	34	Low risk	12m ECL	94,257
Restricted bank deposits . . .	24	Low risk	12m ECL	294
Cash and cash equivalents . .	24	Low risk	12m ECL	41,016

December 31, 2025	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount <i>RMB’000</i>
Trade receivables	21	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	62,005
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	485,390
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	8,551
Other receivables	21	Low risk	12m ECL	1,035
Bills receivables	21	Low risk	12m ECL	263
Amounts due from related parties	34	Low risk	12m ECL	14,051
Restricted bank deposits . . .	24	Low risk	12m ECL	1,000
Cash and cash equivalents . .	24	Low risk	12m ECL	234,907

The Company

December 31, 2023	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying Amount <i>RMB’000</i>
Trade receivables	21	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	32,159
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	77,303
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	13,750
Other receivables	21	Low risk	12m ECL	1,074
Bills receivables	21	Low risk	12m ECL	200
Amounts due from related parties	34	Low risk	12m ECL	175,889
Restricted bank deposits . . .	24	Low risk	12m ECL	–
Cash and cash equivalents . .	24	Low risk	12m ECL	54,019

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December 31, 2024	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount RMB’000
Trade receivables	21	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	102,608
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	117,880
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	8,551
Other receivables	21	Low risk	12m ECL	6,134
Bills receivables	21	Low risk	12m ECL	2,469
Amounts due from related parties	34	Low risk	12m ECL	209,724
Restricted bank deposits . . .	24	Low risk	12m ECL	294
Cash and cash equivalents . .	24	Low risk	12m ECL	30,347
December 31, 2025	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount RMB’000
Trade receivables	21	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	59,917
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	269,975
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	8,551
Other receivables	21	Low risk	12m ECL	829
Bills receivables	21	Low risk	12m ECL	20
Amounts due from related parties	34	Low risk	12m ECL	248,302
Restricted bank deposits . . .	24	Low risk	12m ECL	1,000
Cash and cash equivalents . .	24	Low risk	12m ECL	56,421

As part of the Group’s credit risk management, the Group applies both internal credit rating and provision matrix for its customers. ECL of trade receivables arising from Group A is collectively assessed by using internal credit ratings. And ECL of trade receivables arising from Group B is collectively assessed by using of a provision matrix.

The following tables provide information about the exposure to credit risk for trade receivables which are assessed collectively based on shared credit risk characteristics by reference to the Group’s assessment as at 31 December, 2023, 2024 and 2025, respectively. Debtors with special risk or credit-impaired of the Group and the Company with gross carrying amounts of RMB13,750,000, RMB8,551,000 and RMB8,551,000 respectively as at 31 December, 2023, 2024 and 2025 were assessed individually.

The Group

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate %	Trade receivables RMB’000
Group A	0.19	32,159
Group B	0.18	48,671
Individual assessment	41.41	13,750
		<u>94,580</u>

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Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Trade receivables
	%	RMB'000
Group A	0.05	105,555
Group B	0.16	231,340
Individual assessment.	49.03	8,551
		<u>345,446</u>

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Trade receivables
	%	RMB'000
Group A	0.05	62,005
Group B	0.07	485,390
Individual assessment.	91.27	8,551
		<u>555,946</u>

The Company

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Trade receivables
	%	RMB'000
Group A	0.19	32,159
Group B	0.10	77,303
Individual assessment.	41.42	13,750
		<u>123,212</u>

Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Trade receivables
	%	RMB'000
Group A	0.05	102,608
Group B	0.13	117,880
Individual assessment.	49.04	8,551
		<u>229,039</u>

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Trade receivables
	%	RMB'000
Group A	0.05	59,917
Group B	0.07	269,975
Individual assessment.	91.27	8,551
		<u>338,443</u>

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The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Movement in ECL that has been recognized for trade receivables:

The Group

	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	109	5,636	5,745
Impairment losses recognized	39	59	98
At December 31, 2023	148	5,695	5,843
Impairment losses recognized	265	–	265
Impairment losses reversed	–	(1,502)	(1,502)
At December 31, 2024	413	4,193	4,606
Impairment losses recognized	–	4,972	4,972
Impairment losses reversed	(30)	–	(30)
Write-offs	–	(1,361)	(1,361)
At December 31, 2025	383	7,804	8,187

The Company

	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	86	5,636	5,722
Impairment losses recognized	61	59	120
At December 31, 2023	147	5,695	5,842
Impairment losses recognized	53	–	53
Impairment losses reversed	–	(1,502)	(1,502)
At December 31, 2024	200	4,193	4,393
Impairment losses recognized	27	4,972	4,999
Write-offs	–	(1,361)	(1,361)
At December 31, 2025	227	7,804	8,031

Liquidity risk

The management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s and the Company’s remaining contractual maturity for their financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

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The Group

At December 31, 2023	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade, bills and other payables	N/A	218,800	–	–	–	218,800	218,800
Bank and other borrowings							
– fixed rate	3.85%	152,289	–	–	–	152,289	149,413
– variable rate	4.15%	21,747	–	–	–	21,747	20,590
Lease liabilities	3.45%	1,311	–	–	–	1,311	1,290
Financial liabilities at FVTPL	N/A	439,484	–	–	–	439,484	873,604
		<u>833,631</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>833,631</u>	<u>1,263,697</u>

At December 31, 2024	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade, bills and other payables	N/A	236,857	–	–	–	236,857	236,857
Bank and other borrowings							
– fixed rate	3.03%	325,297	–	–	–	325,297	321,010
Lease liabilities	3.20%	812	1,590	–	–	2,402	2,290
Financial liabilities at FVTPL	N/A	445,509	70,000	–	–	515,509	1,370,002
		<u>1,008,475</u>	<u>71,590</u>	<u>–</u>	<u>–</u>	<u>1,080,065</u>	<u>1,930,159</u>

At December 31, 2025	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade, bills and other payables	N/A	194,096	–	–	–	194,096	194,096
Bank and other borrowings							
– fixed rate	2.53%	404,144	–	–	–	404,144	398,733
Lease liabilities	2.30%	5,777	5,575	2,307	–	13,659	13,325
Accrued issue cost	N/A	1,076	–	–	–	1,076	1,076
Accrued [REDACTED] expenses	N/A	[REDACTED]	–	–	–	[REDACTED]	[REDACTED]
		<u>611,188</u>	<u>5,575</u>	<u>2,307</u>	<u>–</u>	<u>619,070</u>	<u>613,325</u>

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The Company

At December 31, 2023	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade, bills and other payables	N/A	204,902	–	–	–	204,902	204,902
Amounts due to related parties . . .	N/A	110,911	–	–	–	110,911	110,911
Bank and other borrowings							
– fixed rate	3.97%	118,776	–	–	–	118,776	116,464
– variable rate	4.15%	21,747	–	–	–	21,747	20,590
Financial liabilities at FVTPL	N/A	439,484	–	–	–	439,484	873,604
		895,820	–	–	–	895,820	1,326,471

At December 31, 2024	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade, bills and other payables	N/A	199,984	–	–	–	199,984	199,984
Amounts due to related parties . . .	N/A	82,009	–	–	–	82,009	82,009
Bank and other borrowings							
– fixed rate	2.95%	244,207	–	–	–	244,207	241,210
Lease liabilities	3.20%	179	377	–	–	556	529
Financial liabilities at FVTPL	N/A	445,509	70,000	–	–	515,509	1,370,002
		971,888	70,377	–	–	1,042,265	1,893,734

At December 31, 2025	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade, bills and other payables	N/A	88,805	–	–	–	88,805	88,805
Amounts due to related parties . . .	N/A	77,401	–	–	–	77,401	77,401
Bank and other borrowings							
– fixed rate	2.71%	335,372	–	–	–	335,372	330,585
Lease liabilities	2.30%	4,056	3,996	1,914	–	9,966	9,722
Accrue issue cost . . .	N/A	1,076	–	–	–	1,076	1,076
Accrue [REDACTED] expenses	N/A	[REDACTED]	–	–	–	[REDACTED]	[REDACTED]
		512,805	3,996	1,914	–	518,715	513,684

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Fair value measurements of financial instruments

Some of the Group’s and the Company’s financial instruments are measured at fair value at the end of each reporting period for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

Fair values are categorized into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

(i) Fair value of the Group’s and the Company’s financial assets and liabilities that are measured at fair value on a recurring basis

The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group and the Company

	Fair value			Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	At December 31,					
	2023	2024	2025			
	RMB'000	RMB'000	RMB'000			
Financial assets:						
Investments in an unlisted investment fund	–	–	16,904	Level 3	Net assets value. Key inputs: the fair value of the investees of the fund.	Determined by the fair value of the investees of the fund, mainly based on the latest round financing and business performances of the investees.
Private equity investments in FVTOCI	–	–	2,000	Level 2	Recent transaction price	N/A

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	Fair value			Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	At December 31,					
	2023	2024	2025			
	RMB'000	RMB'000	RMB'000			
Financial liabilities:						
Redeemable preferred equity	829,003	1,287,455	–	Level 3	2023: DCF Method and OPM. Key inputs: discount rate, risk-free interest rate, DLOM, probability of stock conversion and expected volatility. 2024: Back-solve method from recent transaction price and OPM. Key inputs: risk-free interest rate, probability of stock conversion and expected volatility.	2023: Discount rate, DLOM and expected volatility (note i) 2024: Expected volatility (note i)
Convertible loans	44,601	82,547	–	Level 3	2023: DCF Method and scenario analysis method. Key inputs: discount rate, possibilities of conversion. 2024: Back-solve method from recent transaction price and scenario analysis method. Key input: possibilities of conversion.	2023: Discount rate, possibilities of conversion (note ii) 2024: Possibilities of conversion (note ii)

notes:

- i. If the Company’s significant unobservable inputs used to determine the fair value of redeemable preferred equity had increased/(decreased) certain percentage, while all other variables keep constant, the estimated fair value would have changed from the carrying amounts as at December 31, 2023 and 2024, respectively, as set out in the table below.

	Relationship of unobservable inputs to fair values	At December 31, 2023
		RMB'000
Discount rate + 1%	The higher the discount rate, the lower the fair value.	(60,783)
Discount rate – 1%		70,599

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	Relationship of unobservable inputs to fair values	At December 31, 2023
	<i>RMB'000</i>	
DLOM + 5%	The higher the	(38,111)
DLOM – 5%	DLOM, the lower the fair value.	38,209

	Relationship of unobservable inputs to fair values	At December 31,	
		2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Expected volatility + 5%	The relationship between expected volatility and fair value is not linear	619	(5,709)
Expected volatility – 5%		(590)	4,787

- ii. If the Company’s significant unobservable inputs used to determine the fair value of convertible loans had increased/(decreased) certain percentage, while all other variables keep constant, the estimated fair value would have changed from the carrying amounts as at December 31, 2023 and 2024, respectively, as set out in the table below.

	Relationship of unobservable inputs to fair values	At December 31, 2023
		<i>RMB'000</i>
Discount rate + 1%	The higher the discount rate, the lower the fair value	(45)
Discount rate – 1%		46

	Relationship of unobservable inputs to fair values	At December 31,	
		2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Possibilities of conversion + 5% . . .	The higher the possibilities of conversion, the higher the fair value	268	–
Possibilities of conversion – 5% . . .		(838)	(4,082)

The reconciliation of Level 3 fair value measurements of the financial assets at FVTPL and financial liabilities at FVTPL are disclosed in note 19 and note 29, respectively.

There were no transfers between Levels 1, 2 and 3 during the Track Record Period.

- (ii) ***Fair value of the Group’s financial assets and financial liabilities that are not measured at fair value on a recurring basis***

The Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair value.

The Group has assessed that the fair values of other financial assets and liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statements of cash flows as cash flows from financing activities.

	Borrowings	Convertible loans	Redeemable preferred equity	Lease Liabilities	Accrued issue cost	Total
	(note 28)	(note 29)	(note 29)	(note 27)	(note 25)	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023 . .	158,583	76,682	686,340	2,706	–	924,311
Financing cash flows .	4,881	(32,500)	–	(1,374)	–	(28,993)
Non-cash changes						
Finance costs	6,539	–	–	68	–	6,607
Termination of leases	–	–	–	(110)	–	(110)
Fair value adjustments	–	419	142,663	–	–	143,082
At December 31,						
2023	170,003	44,601	829,003	1,290	–	1,044,897
Financing cash flows .	107,015	76,025	–	(1,425)	–	181,615
Non-cash changes						
Finance costs	5,967	–	–	29	–	5,996
Addition of leases . .	–	–	–	2,396	–	2,396
Conversion into other borrowings .	38,025	(38,025)	–	–	–	–
Fair value adjustments	–	(54)	458,452	–	–	458,398
At December 31,						
2024	321,010	82,547	1,287,455	2,290	–	1,693,302
Financing cash flows .	59,496	41,751	–	(2,208)	(2,476)	96,563
Recognition of capital contribution as financial liability at FVTPL	–	–	503,180	–	–	503,180
Non-cash changes						
Finance costs	18,227	–	–	211	–	18,438
Addition of leases . .	–	–	–	13,032	–	13,032
Fair value adjustments	–	–	176,905	–	–	176,905
Deferred issue costs	–	–	–	–	3,552	3,552
Derecognition of financial liability at FVTPL as equity	–	(41,751)	(2,050,087)	–	–	(2,091,838)
Conversion into redeemable preferred equity . .	–	(82,547)	82,547	–	–	–
At December 31,						
2025	398,733	–	–	13,325	1,076	413,134

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34. RELATED PARTY DISCLOSURES

The Group had the following significant transactions and balances with related parties during the Track Record Period.

(a) Related party transactions of the Group

i. Revenue from provision of services

Relationship		Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
ZF ADAS BU	(i)	22,308	18,859	19,175
SAIC Group	(i)	16,133	4,137	12,156
Calmcar LLC	(ii)	51	13	4
		<u>38,492</u>	<u>23,009</u>	<u>31,335</u>

ii. Purchase of service

Relationship		Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
ZF ADAS BU	(i)	24,538	8,029	8,404
SAIC Group	(i)	—	—	4,609
Calmcar LLC	(ii)	—	—	2,902
		<u>24,538</u>	<u>8,029</u>	<u>15,915</u>

iii. Purchase of inventory and property, plant and equipment

The Group purchased inventory and property, plant and equipment from SAIC Group at a total consideration of RMB8,982,000 for the year ended December 31, 2025.

notes:

- (i) These entities are affiliates of shareholders of the Company.
- (ii) These entities are controlled by Mr. Wang.

(b) Related party balances of the Group

i. Trade receivables

Relationship		At December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
ZF ADAS BU	(i)	19,140	22,894	15,115
SAIC Group	(i)	19	3,997	12,193
Calmcar LLC	(ii)	1,186	1,229	—
Calmcar INC	(ii)	145	145	—
		<u>20,490</u>	<u>28,265</u>	<u>27,308</u>

These amounts disclosed above are included in the Group’s trade receivables as set out in note 21.

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ii. Amounts due from related parties

		At December 31,		
	Relationship	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-trade related:				
Tianjin Tiantong Zhilian Enterprise Management Consulting Partnership (Limited Partnership) (“Tiantong Zhilian”) 天津天瞳智聯企業管理諮詢合夥企業(有限合夥) (ii)				
		69,817	89,266	14,051
Zhejiang Ningbo Tiantong Weishi Electronics Technology Co., Ltd. (“Ningbo Tiantong Weishi”) 浙江省寧波市天瞳威勢電子科技有限公司 (ii)				
		–	4,991	–
		69,817	94,257	14,051

As at January 1, 2023 amounts due from related parties amounted to RMB81,280,000.

The maximum outstanding amounts of Tiantong Zhilian for the years ended December 31, 2023, 2024 and 2025 were RMB69,817,000, RMB89,266,000 and RMB99,932,800, respectively. The maximum outstanding amounts of Ningbo Tiantong Weishi for the years ended December 31, 2023, 2024 and 2025 were Nil, RMB5,000,000 and RMB4,991,000, respectively.

The amounts disclosed above are included in the Group’s amounts due from related parties presented on the face of the consolidated statements of financial position.

iii. Prepayment to suppliers

	Relationship	At December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
ZF ADAS BU	(i)	–	–	<u>1,126</u>
		<u>–</u>	<u>–</u>	<u>–</u>

The amounts disclosed above are included in the Group’s prepayment to suppliers as set out in note 21.

iv. Trade payables

		At December 31,		
	Relationship	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade related:				
ZF ADAS BU	(i)	59,195	28,171	—
SAIC Group	(i)	—	—	3,103
		<u>59,195</u>	<u>28,171</u>	<u>3,103</u>

These amounts disclosed above are included in the Group’s trade payables as set out in note 25.

notes:

- (i) These entities are affiliates of shareholders of the Company.
- (ii) These entities are controlled by Mr. Wang.

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(c) Related party balances of the Company

i. Amounts due from related parties of the Company

	Relationship	At December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-trade related:				
Ningbo Tiantong Weishi	(ii)	–	4,991	–
Tiantong Zhilian	(ii)	50,817	70,267	–
Tianjin Tiantong	(iii)	32,732	7,344	–
Tianjin Tiantong Zhijia Technology Co., Ltd.* (“Tianjin Zhijia”) (天津天瞳智駕科技有限公司)	(iii)	18,928	20,130	20,147
Shanghai Tuhui Technology Co., Ltd.* (“Shanghai Tuhui”) (上海途繪科技有限公司)	(iii)	24,629	23,090	59,274
Shanghai Tongshi Electronic Technology Co., Ltd.* (“Shanghai Tongshi”) (上海瞳勢電子科技有限公司)	(iii)	33,989	38,779	38,796
Tangshan Tiantong Zhixing Technology Co., Ltd.* (“Tangshan Tiantong”) (唐山天瞳智行科技有限公司)	(iii)	–	–	85,643
Tianjin Tiantong Zhixing Technology Co., Ltd.* (“Tiantong Zhixing”) (天津天瞳智行電子科技有限公司)	(iii)	12,345	41,638	41,153
Others		2,449	3,485	3,289
		<u>175,889</u>	<u>209,724</u>	<u>248,302</u>

These amounts disclosed above are included in the Company’s amounts due from related parties presented on the face of the statements of financial position of the Company.

ii. Prepayment to suppliers of the Company

	Relationship	At December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
ZF ADAS BU	(i)	–	–	1,126
Shenzhen Tiantong	(iii)	2,920	2,883	–
Tianjin Zhijia	(iii)	–	5,104	–
Tianjin Tiantong	(iii)	–	–	91,447
Beijing Weishi	(iii)	–	–	37,145
Tangshan Tiantong	(iii)	–	–	57,751
Jianhu Tiantong Weishi Electronic Technology Co., Ltd.* (“Jianhu Tiantong”) (建湖天瞳威視電子科技有限公司)		–	–	640
		<u>2,920</u>	<u>7,987</u>	<u>188,109</u>

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The amounts disclosed above are included in the Company’s prepayment to suppliers as set out in note 21.

iii. Contract liabilities of the Company

	Relationship	At December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Shenzhen Tiantong	(iii)	–	2,422	4,837
Tiantong Zhixing	(iii)	–	16,787	82,891
Tianjin Tiantong	(iii)	14,094	72,720	–
Shanghai Tongshi	(iii)	–	955	1,684
Beijing Weishi	(iii)	–	450	–
Tangshan Tiantong	(iii)	–	850	–
		<u>14,094</u>	<u>94,184</u>	<u>89,412</u>

iv. Amounts due to related parties of the Company

		At December 31,		
	Relationship	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-trade related:				
Tianjin Tiantong	(iii)	62,947	28,052	10,639
Shenzhen Tiantong	(iii)	22,730	27,245	27,013
Tiantong Zhixing	(iii)	25,190	25,026	24,506
Shanghai Tuhui	(iii)	—	886	—
Tangshan Tiantong	(iii)	—	800	—
Hong Kong Smart Route Ltd. (“HK Smart Route”) (香港禦戰智行科技有限公司)	(iii)	—	—	594
Shanghai Tiantong Weishi Electronic Technology Co., Ltd. (“Shanghai Tiantong”) (上海天瞳威勢電子科技有限公司)	(iii)	—	—	9,700
Tiantong Zhilian	(iii)	—	—	4,949
Others		44	—	—
		110,911	82,009	77,401

(i) These entities are affiliates of shareholders of the Group.

(ii) These entities are/were controlled by Mr. Wang.

(iii) These entities are subsidiaries of the Company.

* English name is for identification purpose

These amounts disclosed above are included in the Company’s amounts due from related parties presented on the face of the statements of financial position of the Company.

(d) Compensation of key management personnel

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries and other benefits	6,776	5,850	10,681
Discretionary performance related bonus	1,053	31	–
	<u>7,829</u>	<u>5,881</u>	<u>10,681</u>

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The remuneration of key management personnel (being chief executive and director of the Company and other key management of the Group), is determined with reference to the performance of individuals and market trends.

(e) Special rights granted by Mr. Wang and entities controlled by him to redeemable preferred shareholders

Mr. Wang and entities controlled by him granted special rights to certain preferred shareholders including anti-dilution rights and repurchase rights. These special rights were terminated on October 30, 2025, provided that such rights shall be automatically reinstated upon the earlier of (i) when the Submission is withdrawn or officially rejected; (ii) failing to obtain a conditional [REDACTED] approval letter from the Exchange within 18 months after the Submission; or (iii) failing to complete the [REDACTED] within one month of receiving the conditional [REDACTED] approval letter from the Exchange. As represented by the directors of the Company, the Group has not provided any guarantee in respect of the obligations of the controlling shareholders and no side agreement existed. Furthermore, the Group is not a party to the relevant termination clauses. Accordingly, no liability in respect of such guarantees was recognized during the Track Record Period.

35. PLEDGE OF ASSETS

The Group’s borrowings and bills payables had been secured by the pledge of the Group’s assets and the carrying amounts of the respective assets are as follows:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Property, plant and equipment	44,362	43,263	42,164
Restricted bank deposits	—	294	1,000
	<u>44,362</u>	<u>43,557</u>	<u>43,164</u>

36. EQUITY-SETTLED SHARE-BASED PAYMENT

2025 Employee Incentive Plan

In October 2025, the Group adopted 2025 Employee Incentive Plan for purpose of providing incentives to core members of the management team and key employees. The two employee shareholding platforms, namely Qingyuan Tiantong Enterprise Management Partnership (Limited Partnership)* (慶元天瞳企業管理合夥企業(有限合夥)) and WX Technology Limited, which were established and assessed not controlled by the Group respectively in September 2025 and December 2022, and hold the Company’s share capital of RMB2,645,000, to implement the 2025 Employee Incentive Plan. Eligible participants include the Group’s directors, key management personnel and other employees who contribute directly to the overall business performance and sustainable development of the Group.

Under the 2025 Employee Incentive Plan, RS granted to grantees shall vest in four equal annual installments of 25% each, with the first installment vesting one year following the Company’s [REDACTED] date, and each subsequent installment vesting on each anniversary thereafter. In the event of a participant’s employment termination, Mr. Wang, or a third party designated by Mr. Wang shall have the right to repurchase any unvested RS from the grantee at the original subscription price of RMB 1 (or USD 1) per grantee. The directors of the Company are of the view that it is not probable that there will be a successful listing at December 31, 2025, therefore, the number of RSU expected to vest is zero. As a result, no share-based compensation expenses are recognized for year ended December 31, 2025.

(i) The number of RS granted in 2025 to the Group’s incentive employees is summarised as follows:

	At December 31,
	2025
	Number of RS
Outstanding as at the beginning of the year	—
Granted to directors	800,820
Granted to other key management personnel	987,753
Granted to other employees	855,968
	<u>2,644,541</u>

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(ii) Fair value of RS

Fair value of RS	At December 31,
	2025
Fair value per RS at grant date	RMB322.38

The fair value of the RS at the grant date were determined by reference to the fair value of the ordinary shares of the Company issued in December 2025 to its shareholders.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Principal place of operation and incorporation, date of incorporation	Registered capital/ Authorised share capital	Paid-in capital	Attributable equity interests held by the Company					Principal activities
				At December 31,			At the date of this report		
				2023	2024	2025			
		'000	'000						
Directly held:									
Tianjin Tiantong (note i) . . .	The PRC, March 13, 2015	RMB200,000	RMB200,000	100%	100%	100%	[100%]	Development and sales of software	
Beijing Weishi (note i) . . .	The PRC, March 6, 2018	RMB3,200	RMB3,200	100%	100%	100%	[100%]	Technical services, technical development, technical consulting and software development	
Tianjin Zhijia (note i)	The PRC, January 30, 2019	RMB20,000	RMB20,000	100%	100%	100%	[100%]	Development and sales of software	
Shenzhen Tiantong (notes i, iii, iv and v) . . .	The PRC, August 9, 2019	RMB50,000	RMB50,000	100%	100%	100%	[100%]	Development and sales of software	
Shanghai Tongshi (note i)	The PRC, July 13, 2021	RMB20,000	RMB20,000	100%	100%	100%	[100%]	Development and sales of software	
Shanghai Tuhui (notes i and iv)	The PRC, November 22, 2021	RMB30,000	RMB26,987	100%	100%	100%	[100%]	Technical services, technical development, technical consulting and software development	
Tiantong Zhixing (notes i, iii, and iv)	The PRC, May 18, 2022	RMB100,000	RMB100,000	100%	100%	100%	[100%]	Development and sales of software	
Tangshan Tiantong (notes i, iv and v)	The PRC, April 17, 2024	RMB5,000	RMB5,000	N/A	100%	100%	[100%]	Development and sales of software	
Shenzhen Tongxing Zhijia Technology Co., Ltd.* (“Shenzhen Tongxing”) (深圳市瞳行智駕科技有限公司) (notes i and ii)	The PRC, May 16, 2023	RMB60,000	–	100%	100%	N/A	[N/A]	No material activities	
Indirectly held:									
HK Smart Route (notes i and v)	Hong Kong, September 20, 2024	HKD100,000	RMB8,870	N/A	100%	N/A	[100%]	No material activities	

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Name of subsidiaries	Principal place of operation and incorporation, date of incorporation	Registered capital/ Authorised share capital	Paid-in capital	Attributable equity interests held by the Company				
				At December 31,			At the date of this report	Principal activities
				2023	2024	2025		
		'000	'000					
Hefei Tiantong Zhixing Technology Co., Ltd.* (合肥天瞳智行科技有限公司) (“Hefei Tiantong”) (notes i and vi)	The PRC, November 19, 2024	RMB1,000	–	N/A	100%	N/A	[N/A]	No material activities
Shanghai Tiantong (notes i and v)	The PRC, August 28, 2025	RMB10,000	RMB10,000	N/A	N/A	100%	[100%]	No material activities
Jianhu Tiantong (notes i and v)	The PRC, August 7, 2025	RMB10,000	RMB120	N/A	N/A	100%	[100%]	No material activities
Shoutong Ruichi (Tangshan) Technology Co., Ltd.* (首瞳睿馳(唐山)科技有限公司) (“Shoutong Ruichi”) (notes i and v)	The PRC, July 28, 2025	RMB10,000	RMB500	N/A	N/A	100%	[100%]	No material activities
Hong Kong Smart Drive Technology Limited) (香港慧行科技有限公司) (“HK Smart Drive”) (note i)	Hong Kong, February 27, 2025	HKD1	–	N/A	N/A	100%	[60%]	No material activities

* English name is for identification purpose

notes:

- i Except for Hong Kong incorporated subsidiaries which are newly incorporated and are not due for issuance of the statutory financial statements, no audited statutory financial statements were prepared for the other entities for the years ended December 31, 2023, 2024 and 2025.
- ii Shenzhen Tongxing was deregistered on February 28, 2025.
- iii Paid-in capital of Shenzhen Tiantong and Tiantong Zhixing was increased by RMB9,517,000 and RMB18,294,000 in 2023, respectively.
- iv Paid-in capital of Shenzhen Tiantong, Tiantong Zhixing, Shanghai Tuhui and Tangshan Tiantong was increased by RMB5,131,000, RMB80,000,000, RMB2,526,000 and RMB 10,000 in 2024, respectively.
- v Paid-in capital of Shenzhen Tiantong, Tangshan Tiantong, HK Smart Route, Shoutong Ruichi, Jianhu Tiantong and Shanghai Tiantong was increased by RMB6,721,000, RMB4,990,000, RMB8,870,000, RMB500,000, RMB120,000 and RMB10,000,000 in 2025, respectively.
- vi Hefei Tiantong was deregistered on November 12, 2025.

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38. INVESTMENTS IN SUBSIDIARIES

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investments, unlisted shares	343,610	431,277	442,988

39. MOVEMENTS OF THE COMPANY’S RESERVES

	Capital and other reserve	Share premium	(Accumulated losses) Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	–	–	(491,207)	(491,207)
Loss and total comprehensive expense for the year	–	–	(144,925)	(144,925)
At December 31, 2023	–	–	(636,132)	(636,132)
Loss and total comprehensive expense for the year	–	–	(431,747)	(431,747)
At December 31, 2024	–	–	(1,067,879)	(1,067,879)
Loss and total comprehensive expense for the year	–	–	(196,208)	(196,208)
Capital injection by new investors . .	502,680	–	–	502,680
Conversion of convertible loans . . .	82,466	41,621	–	124,087
Recognition of capital contribution as financial liability as FVTPL . .	(585,727)	–	–	(585,727)
Derecognition of financial liability at FVTPL as equity	2,050,087	–	–	2,050,087
Conversion into a joint stock company	(2,049,506)	767,557	1,268,042	(13,907)
Issuance of ordinary shares	–	11,963	–	11,963
At December 31, 2025	–	821,141	3,955	825,096

40. RETIREMENT BENEFITS PLANS

For the years ended December 31, 2023, 2024 and 2025, the total amount provided by the Group to the scheme or plans in the PRC and charged to profit or loss are RMB6,731,000, RMB5,352,000 and RMB5,310,000, respectively.

The employees of the Company and the Group’s subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiaries in the PRC are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

41. SUBSEQUENT EVENTS

In January 2026, the Company issued 216,000 ordinary shares with total consideration of USD4,185,000 (equivalent to RMB29,236,000) and RMB40,000,000, among which RMB216,000 was credited to the Company’s share capital and the remaining balance was credited as share premium.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, its subsidiary or the Group have been prepared in respect of any period subsequent to December 31, 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 II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special provisions. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this Document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. [REDACTED] are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), which was last amended on August 31, 2018 and the Regulation on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was last amended on December 18, 2018, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued and implemented by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

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TAXATION AND FOREIGN EXCHANGE

Meanwhile, pursuant to the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) promulgated by the MOF, the SAT and the CSRC on September 7, 2015 and came into effect on September 8, 2015, where an individual acquires the stocks of listed companies from the market of public offerings and transfer of stock, to the extent that the holding period is over one year, the income from the dividends and bonuses thereof are temporarily exempted from individual income tax. Where an individual acquires the stocks of listed companies from the market of public offering and transfer of stock, to the extent that the holding period is one month or less (one month inclusive), the income from dividends thereof shall be included in the taxable income in full amount; and to the extent that the holding period is more than one month and up to one year (one year inclusive), the incomes from the dividends thereof shall be included in the taxable income at a tax rate of 50%. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) issued on August 21, 2006, effective on December 8, 2006, if the beneficial owner directly holds at least 25% of the equity capital in a PRC company, a withholding tax at the rate of 5% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident; while if the beneficial owner directly holds less than 25% of the equity capital in a PRC company, a withholding tax at the rate of 10% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident.

Enterprise Investors

In accordance with 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》) (the “**EIT Law**”), which was last amended as of December 29, 2018, and Regulation on the Implementation of 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實施條例》) which was last amended on April 23, 2019, a non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not effectively connected with such establishment or place in the PRC. The withholding tax may be reduced pursuant to applicable treaties for the avoidance of double taxation. Such income tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

Notice from the State Administration of Taxation on Issues Concerning Withholding the Corporate Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders which are Overseas Non-Residents Enterprises (《國家稅務總局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) which was implemented by the SAT on November 6, 2008, further clarified that a

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TAXATION AND FOREIGN EXCHANGE

PRC-resident enterprise must withhold corporate income tax at a rate of 10% on dividends paid to overseas non-resident enterprise shareholders of H Shares for 2008 and subsequent years. In addition, Official Reply from the State Administration of Taxation on Issues Concerning the Levying of the Corporate Income Tax on Dividends Derived by Non-Resident Enterprises from B Shares, Etc. (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394) which was issued and implemented by the SAT on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) entered into on August 21, 2006, PRC Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Announcement of the State Taxation Administration on the Implementation of the Protocol V to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) issued by the SAT and effective on December 6, 2019 states that such provisions shall not apply to arrangement made for the primary purpose of gaining such tax benefit, unless it can be confirmed that the tax benefit granted under such circumstances comply with the principles and purposes of the relevant regulations. The application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-PRC resident investors residing in jurisdictions which have entered into treaties or arrangements for the avoidance of double taxation with the PRC are entitled to a reduction of the corporate income taxes imposed on the dividends received from PRC companies. The PRC currently has entered into treaties/arrangements regarding avoidance of double taxation with a number of countries and regions including HK, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements may apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

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TAXATION AND FOREIGN EXCHANGE

Taxation on Share Transfer

Value-Added Tax (“VAT”) and Local Additional Tax

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》) (the “**Circular 36**”), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in Notice of the Ministry of Finance and the State Administration of Taxation on Several Policies concerning the Exemption of Business Tax on Transactions of Individual Financial Commodities and Other Transactions (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as “**Local Additional Tax**”), which shall be usually subject to 12% of the value-added tax and consumption tax actually paid (if any).

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on 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》) issued by the Ministry of Finance and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

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However, on December 31, 2009, the Ministry of Finance, SAT and China Securities Regulatory Commission jointly issued Notice of the Ministry of Finance, the State Administration of Taxation and China Securities Regulatory Commission on Relevant Issues Concerning the Individual Income Tax on Individual Income from Transfer of Non-tradable Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (No. 167 [2009] of the Ministry of Finance), which came into effect on December 31, 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (No. 70 [2010] of the Ministry of Finance) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》) promulgated on June 10, 2021 and effective on July 1, 2022, the PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the purchase and disposal of H shares by non-PRC investors outside of the PRC does not apply to the relevant provisions of the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》).

Estate Duty

As of the Latest Practicable Date, no estate duty has been levied in China under the PRC laws.

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TAXATION AND FOREIGN EXCHANGE

Taxation in Hong Kong

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by our company.

Profit Tax

No profit tax is imposed in Hong Kong in respect of the sale of H shares. However, trading profits from the sale of the H shares by persons carrying on any industry, profession or business in Hong Kong, where such profits are derived from or arise in Hong Kong from such industry, profession or business will be subject to Hong Kong profits tax. Trading profits from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading profits from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong. The trading profits from sales of the H shares for certain categories of taxpayers are likely to be regarded as deriving trading profits rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Shareholders should take advice from their own professional advisers as to their particular tax position.

Currently, the profit tax rate for the first HK\$2 million of assessable profits of an incorporated company is 8.25%, and profits above such amount is subject to a tax rate of 16.5%. The profit tax rate for the first HK\$2 million of assessable profits of an unincorporated company is 7.5%, and profits above such amount is subject to a tax rate of 15%.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

AFRC Transaction Levy

The AFRC Transaction Levy was applicable to all sale and purchase of securities at 0.00015% per side with effect from January 1, 2022, which will be regarded as one of the transaction costs.

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TAXATION AND FOREIGN EXCHANGE

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

FOREIGN EXCHANGE CONTROL IN THE PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange controls and cannot be freely converted into foreign currency. The SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to Regulation of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council on January 29, 1996 and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that PRC will not impose any restriction on international current payments and transfers.

On June 20, 1996, PBOC promulgated the Regulations for the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange (《結匯、售匯及付匯管理規定》) ([1996] No. 210 of the People's Bank of China June 20, 1996) (the "**Settlement Regulations**"), which became effective on July 1, 1996. The Settlement Regulations do not impose any restrictions on convertibility of foreign exchange under current items, while imposes restrictions on foreign exchange transactions under capital items.

According to the Announcement of the People's Bank of China on Reforming the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》) (Announcement No. 16 [2005] of the People's Bank of China), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

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According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries foreign exchange business or operating institutions that carries settlement and sale business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts opened at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business, or effect exchange and payment at financial institutions that carry foreign exchange business or institutions that carry settlement and sale business.

Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) (No. 11 [2015] of the State Council) promulgated on October 23, 2014 has canceled the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (No. 54 [2014] of the State Administration of Foreign Exchange), pursuant to which a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation; and the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

On February 13, 2015, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Management Policies of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (No. 13 [2015] of the State Administration of Foreign Exchange), which came into effect on June 1, 2015. The notice has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its local offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

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According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Account (《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》) (No. 16 [2016] of the State Administration of Foreign Exchange) issued by the SAFE on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (No. 3 [2017] of the State Administration of Foreign Exchange) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) (No. 28 [2019] of the SAFE), which canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”), which was adopted on September 20, 1954 and subsequently amended on January 17, 1975, March 5, 1978, December 4, 1982, April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018 and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute legally binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), which was adopted on March 15, 2000 and amended on March 15, 2015 and March 13, 2023, the National People’s Congress (the “**NPC**”) and the Standing Committee of NPC (the “**SCNPC**”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s Congress of the National Autonomous Region has the power to formulate autonomous regulations and separate regulations in accordance with the political, economic and cultural characteristics of the local ethnic groups, and make flexible provisions on the provisions of laws and administrative regulations, but shall not violate the basic principles of laws or administrative regulations, and shall not make flexible provisions on the provisions of the constitution law and the law of regional ethnic autonomy, as well as other relevant laws and administrative regulations on ethnic autonomy.

The ministries and commissions of the State Council, the People’s Bank of China, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules. The people’s governments of the provinces, autonomous regions, and municipalities directly under the central government, cities divided into districts and autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

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The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts or autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the Constitution or the Legislation Law.

The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The Standing Committees of local people's Congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) implemented on June 10, 1981, if the scope prescribed by laws or decrees needs to be further defined or supplementary provisions need to be made, the SCNPC shall interpret them or make provisions by means of decrees. Issues involving the specific application of laws and decrees in the trial work of the court shall be interpreted by the Supreme People's Court. Issues involving the specific application of laws and decrees in the procuratorial work of the procuratorate shall be interpreted by the Supreme People's Procuratorate. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Issues that do not involve the specific application of laws and decrees in judicial and procuratorial work shall be interpreted by the State Council and the competent departments. If the scope of local laws and regulations needs to be further defined

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or supplemented, the Standing Committee of the People's Congress of each province, autonomous region and municipality directly under the central government that promulgates such laws and regulations shall interpret or enact regulations. Issues involving the specific application of local laws and regulations shall be interpreted by the competent departments of the people's governments of all provinces, autonomous regions and municipalities directly under the central government.

PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People's Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法》), which is adopted on September 21, 1954 and subsequently amended on July 5, 1979, September 2, 1983, December 2, 1986, October 31, 2006 and October 26, 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up civil, criminal and economic divisions, and certain people's courts based on the facts of the region, population and cases. The intermediate people's courts have divisions similar to those of the basic people's courts and may set up other special divisions if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at lower levels which have been legally effective.

A people's court takes the rule of the second instance as the final rule. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision.

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The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), the “**PRC Civil Procedure Law**”) adopted on April 9, 1991 and amended on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people’s courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the People’s Republic of China is a signatory or participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people’s court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless the people’s court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

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THE PRC COMPANY LAW AND TRIAL ADMINISTRATIVE MEASURES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- Company Law of the People’s Republic of China (《中華人民共和國公司法》, the “**PRC Company Law**”) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023, respectively, and the latest revision will come into effect on July 1, 2024;
- Trial Administrative Measures of Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》, the “**Trial Administrative Measures**”) which were promulgated by the CSRC on February 17, 2023, came into effect on March 31, 2023, applicable to the overseas share subscription and listing of joint stock limited companies.

Set out below is a summary of the major provisions of the PRC Company Law and the Trial Administrative Measures applicable to the Company.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription. It may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of

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promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisions on the Management of the Issuing and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on the document to ensure that the document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares. A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

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Increase of Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in the shareholders' assembly in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders. The approval of the securities regulatory authority of the State Council must be obtained when a company launches a public offering of new shares. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures stipulated by the PRC Company Law:

- the company shall prepare a balance sheet and a list of properties;
- the reduction of registered capital must be approved by shareholders in the shareholders' assembly;
- the company shall inform its creditors of the reduction of capital within ten days, and publish an announcement in respect of the reduction in newspapers within thirty (30) days upon passing of the resolution approving the reduction of capital;
- creditors of the company may require the company to settle its debts or provide corresponding guarantees within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction of registered capital.

Repurchase of Shares

A company shall not purchase its own shares except under any of the following circumstances:

- (1) reducing the registered capital of the company;
- (2) merging with another company that holds its shares;
- (3) using shares for employee stock ownership plan or equity incentives;

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- (4) a shareholder requesting the company to purchase the shares held by him since he objects to a resolution of the shareholders' general meeting on the merger or division of the company;
- (5) using shares for converting convertible corporate bonds issued by the listed company; and
- (6) it is necessary for a listed company to protect the corporate value and the rights and interests of shareholders.

A company purchasing its own shares under any of the circumstances set forth in items (1) and (2) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; and a company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) of the preceding paragraph may, pursuant to the bylaws or the authorization of the shareholders' meeting, be subject to a resolution of a meeting of the board of directors at which more than two-thirds of directors are present.

After purchasing its own shares pursuant to the provisions of the first paragraph of this article, a company shall, under the circumstance set forth in item (1), cancel them within ten days after the purchase; while under the circumstance set forth in either item (2) or (4), transfer or cancel them within six months; and while under the circumstance set forth in item (3), (5) or (6), aggregately hold not more than 10% of the total shares that have been issued by the company, and transfer or cancel them within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure. A listed company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) shall carry out trading in a public and centralized manner.

Transfer of Shares

Shares held by shareholders may be transferred legally. Under the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.

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Under the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issuance of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, shareholders of a company are entitled to enjoy the return on equity, participate in important decision-making, select managers and enjoy other rights in accordance with the laws.

Shareholders' Assembly

The shareholders' assembly is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' assembly exercises the following powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors who are not representatives of the employees;
- to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or supervisors;
- to review and approve annual financial budget and final accounts proposed by the company;
- to review and approve the company's proposals on profit distribution and recovery of loss;
- to decide on any increase or reduction of the registered capital of the company;
- to decide on the company's issuance of bonds;

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- to decide on merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as specified in the articles of association.

An annual session of the shareholders' assembly shall be held once a year. An interim shareholders' assembly session shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number stipulated by the PRC Company Law or less than two thirds of the number specified in the articles of association;
- the losses of the company which are not recovered reach one-third of the company's total paid up share capital;
- as requested by shareholders alone or in aggregate holding 10% or more of the shares of the Company;
- when deemed necessary by the board of directors;
- when proposed by the board of supervisors; or
- other circumstances as specified in the articles of associations.

A session of the shareholders' assembly shall be convened by the board of directors and presided over by the chairman of the board of directors.

The notice to convene an annual session of the shareholders' assembly and an interim meeting of the shareholders' assembly shall be given 20 days and 15 days, respectively, before the date of such meeting pursuant to the PRC Company Law. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

There are no specific provisions in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' assembly. Shareholders alone or in aggregate holding more than 3% of the shares of the company may put forth interim proposals and submit the same in writing to the board of directors ten days before a shareholders' assembly is held. The board of directors shall notify other shareholders within two days after receiving such proposals, and submit the interim proposals to the meeting of the shareholders' assembly for review and approval if such proposals are within the scope of its duties and powers. The contents of the interim proposal shall be within the scope of the functions and powers of the shareholders' assembly, with clear topics and specific matters for resolutions.

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The shareholders' assembly shall not make any resolution on any matter not listed in a notice as stipulated in either of the preceding two notices. Where holders of bearer shares intend to attend the shareholders' assembly, they shall deposit their share certificates with the company for a period beginning from five days prior to the convening of the meeting to the end of the meeting.

Pursuant to the PRC Company Law, shareholders present at a shareholders' assembly have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights. An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' assembly pursuant to the provisions of the articles of association or a resolution of the shareholders' assembly. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the shareholders' assembly, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the shareholders' assembly shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' assembly regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting:

- (1) the increase or decrease of the registered capital of the Company;
- (2) the division, spin-off, merger, dissolution or transformation of the company;
- (3) any amendment of the Articles of Association.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' assembly. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of three or more members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

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Under the PRC Company Law, the board of directors mainly exercises the following functions and powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution or change in the form of the company;
- to decide on the establishment of the Company's internal management structure;
- to appoint or dismiss the Company's general manager; and to appoint or dismiss the vice general manager and chief financial officer pursuant to the nomination of the general manager; and to decide on the matters relating to the remuneration of the aforesaid senior management officers;
- to formulate the Company's basic management system; and
- to exercise any other power under the articles of association.

Supervisory Board

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

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Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

- (1) to review the company's financial position;
- (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or resolutions of the shareholders' general meetings;
- (3) when the acts of director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;
- (4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;
- (5) to submit proposals to the shareholders' general meetings;
- (6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and
- (7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

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Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. Meanwhile, under the relevant requirements of the Guidelines for the Articles of Association of Listed Companies, the manager, who reports to the board of directors, may exercise his/her powers:

- (1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;
- (2) to arrange for the implementation of the company's annual operation plans and investment proposals;
- (3) to formulate proposals for the establishment of the company's internal management organs;
- (4) to formulate the fundamental management system of the company;
- (5) to formulate the company's specific rules and regulations;
- (6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;
- (7) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and
- (8) to exercise any other authority granted by the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager(s), person-in-charge of financial, board secretary (in the case of a listed company) and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Board directors, supervisors, general managers and other senior management of a company are required under the PRC Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. Each director, supervisor, general manager and senior

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officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

Any director, supervisor, general manager and other senior management who contravenes any laws, regulations or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

Finance and Accounting

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the MOF of the State Council. At the end of each financial year, a company shall prepare a financial report, which shall be audited and verified according to laws.

A company shall make available its financial statements for the inspection by the shareholders at least 20 days before the convening of the annual meeting of the shareholders' assembly. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders or the shareholders' assembly, the company may make an allocation to a discretionary common reserve from the after-tax profits. If the company's statutory surplus reserve is not enough to make up for the losses of the company for the previous year, the current year's profits shall first be used for making up the losses before the statutory surplus reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and surplus reserves have been set aside, the remaining profits after-tax shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association. The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company in issue, and other amounts required by the MOF of the State Council to be allocated to the capital common reserve. The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital reserve fund shall not be used for making up the company's losses. Where the statutory surplus reserve is converted into registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital prior to such conversion.

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Appointment and Dismissal of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by the shareholders' meeting, the shareholders' assembly or board of directors in accordance with the articles of association. The accounting firm is to be appointed for a term commencing from the conclusion of an annual meeting of the shareholders' assembly and ending at the conclusion of the next annual meeting of the shareholders' assembly. The accounting firm should be allowed to make representations when the shareholders' assembly conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm which it employs without any refusal, withholding and misrepresentation.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the articles of association approved by the resolution of the general meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the articles of association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

- (1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (2) the shareholders' general meeting has resolved to dissolve the company;
- (3) the company is dissolved by reason of its merger or division;

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- (4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws;
- (5) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders.

In the event of paragraph (1) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court to appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner. The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (1) to sort out the company's assets and to prepare a statement of financial position and an inventory of assets, respectively;
- (2) to notify creditors by notice or public notices;
- (3) to deal with any outstanding business related to the liquidation;
- (4) to pay outstanding tax together with any tax arising during the liquidation process;
- (5) to settle claims and liabilities;
- (6) to handle the company's remaining assets after its debts have been paid off;
- (7) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days of its establishment, and publish an announcement in newspapers within 60 days.

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A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required statement of financial position and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and perform their obligation in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

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Overseas Listing

On February 17, 2023, upon the approval of the State Council, the CSRC promulgated the Trial Administrative Measures and five relevant guidelines, which became effect on March 31, 2023.

According to the Trial Administrative Measures, (i) where the PRC domestic enterprises directly or indirectly issue securities overseas or list their securities overseas shall file with the CSRC and submit relevant materials; if such PRC domestic enterprises fail to perform the filing procedures, or conceals important facts or fabricate any material content in the filing documents, they may be subject to administrative penalties such as being ordered to make corrections, given warnings and fines, and their controlling shareholders, actual controllers, directly responsible persons in charge and other directly responsible persons may also be subject to administrative penalties such as warnings and fines; (ii) the direct offering and listing overseas of a domestic enterprise refers to the overseas offering and listing by a joint stock limited company registered and established in the PRC; and (iii) any domestic joint stock limited company shall file with the CSRC within three working days after submitting an application for overseas listing. A PRC domestic enterprise that fails to complete the filing in accordance with the Trial Administrative Measures may be ordered by the CSRC to correct, given a warning, and imposed a fine not less than RMB1 million and not more than RMB10 million.

“Full Circulation” of H Shares

Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for “full circulation.”

An H-share listed company may apply for “Full Circulation” separately or when applying for refinancing abroad. An unlisted domestic joint stock company may apply for “full circulation” when applying for an overseas initial public offering.

Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within ten days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date

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of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within ten days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancellation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

SECURITIES LAW AND OTHER RELEVANT REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC.

The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In 1998, the State Council consolidated the two departments and the CSRC has since taken over the original functions of the Securities Commission.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

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The Securities Law came into force on July 1, 1999, and was revised for the first time on August 28, 2004, for the second time on October 27, 2005, for the third time on June 29, 2013, for the fourth time on August 31, 2014 and for the fifth time on December 28, 2019. This law is the first national securities law in China, which is divided into 14 chapters and 226 articles, regulating (including) the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies and the duties and responsibilities of the securities regulatory authority under the State Council. The Securities Law comprehensively regulates the activities of China’s securities market. Article 224 of the Securities Law stipulates that a domestic enterprise shall comply with the relevant provisions of the State Council in issuing securities or listing its securities abroad directly or indirectly. Article 225 of the Securities Law stipulates that the specific measures for subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the State Council. At present, the shares (including H shares) issued and traded abroad are still subject to the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (2017 revision) (《中華人民共和國仲裁法(2017年修正)》) (the “**Arbitration Law**”) was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people’s court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse

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enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000, and Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which promulgated on December 26, 2020. In accordance with these arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

According to the Arrangement of the Supreme People's Court between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008 (the "**Arrangement**"), in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

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On January 18, 2019, the Supreme People’s Court of PRC and the Hong Kong Government signed the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Cases between the Courts of the Mainland and the Hong Kong Special Administrative Region (the “**New Arrangement**”), which aims to establish a clearer and definitive mechanism for the recognition and enforcement of judgments in a wider range of civil and commercial cases between Hong Kong and Chinese Mainland. The new arrangement terminates the requirement to enter into jurisdictional agreements for the mutual recognition and enforcement of judgments. The new arrangement came into effect on January 29, 2024 after the promulgation of the judicial interpretation by the Supreme People’s Court and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement has replaced the Arrangement upon its entry into force.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (hereinafter referred to as “**HKSFC**”) issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission — Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (hereinafter referred to as “**Shanghai-Hong Kong Stock Connect**”) by the Shanghai Stock Exchange (hereinafter referred to as “**SSE**”), the Stock Exchange, China Securities Depository and Clearing Corporation Limited (hereinafter referred to as “**CSDCC**”) and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by HKSFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and HKSFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

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On September 30, 2016, CSRC issued the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

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SUMMARY OF ARTICLES OF ASSOCIATION

This appendix sets out a summary of the principal provisions of the Articles of Association approved on October 25, 2025, which shall take effect on the date when the Company's H shares are [REDACTED] on the Hong Kong Stock Exchange. The purpose of this appendix is to provide [REDACTED] with an overview of the Articles of Association, and it may not contain all information that may be important to [REDACTED].

GENERAL PROVISION

The Company is a joint stock limited company with perpetual existence. Shareholders shall be liable to the Company only to the extent of their subscribed shares, and the Company shall be liable for its debts with all its assets.

From the date the Articles of Association become effective, they shall constitute a legally binding document that regulates the organisation and conduct of the Company, as well as the rights and obligations between the Company and its shareholders and among shareholders, and shall be binding on the Company, its shareholders, directors, and senior management members. In accordance with the Articles of Association, a shareholder shall have the right to bring a lawsuit against another shareholder, a company director, a senior management member, or the Company itself. Likewise, the Company shall have the right to bring a lawsuit against a shareholder, a director, or a senior management member.

BUSINESS SCOPE

Upon lawful registration, the Company's business scope shall include: technology development, transfer, and consulting services in the fields of electronic technology and computers; computer system integration services; R&D and sales of electronic equipment, electronic products, electronic components, computer software and hardware and peripheral devices, mechanical equipment, and hardware and electrical equipment; self-operated and agency import and export of various goods and technologies (except for activities that are subject to approval in accordance with the law, business activities shall be carried out independently with the business licence). General business items: automobile sales (except for activities that are subject to approval in accordance with the law, business activities shall be carried out independently with the business licence).

SHARES

Share Issuance

The Company's shares shall be in the form of stocks.

The issuance of the Company's shares shall follow the principles of openness, fairness, and impartiality, and each share of the same class shall have equal rights. Shares of the same class issued at the same time shall have identical issuance conditions and prices; subscribers shall pay the same price for each share they subscribe for.

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Increase, Decrease and Repurchase of Shares

The Company may increase its registered capital by the following methods in accordance with the needs of its operation and development, in compliance with laws, regulations and the *Hong Kong Listing Rules*, and upon resolutions of the shareholders' meeting:

- (i) [REDACTED] shares to non-specific objects;
- (ii) [REDACTED] shares to specific objects;
- (iii) Distributing bonus shares to existing shareholders;
- (iv) Converting capital reserve into share capital;
- (v) Other methods approved by laws, administrative regulations, the CSRC, and the Hong Kong Stock Exchange.

The Company shall not repurchase its own shares, except under any of the following circumstances:

- (i) To reduce the Company's registered capital;
- (ii) To merge with another company holding the Company's shares;
- (iii) To use the shares for employee stock ownership plans or equity incentives;
- (iv) To repurchase shares upon a shareholder's request when such shareholder objects to a resolution of the shareholders' meeting on the Company's merger or division;
- (v) To use the shares for the conversion of corporate bonds issued by the Company that are convertible into shares;
- (vi) As necessary to safeguard the Company's value and the rights and interests of shareholders.

The Company may repurchase its own shares through public centralised trading, or by other means recognised by laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules at the Company's stock [REDACTED] place, and the CSRC (if required).

Where the Company repurchases its own shares in the circumstances specified in items (i) and (ii) above, such repurchase shall be conducted upon a resolution of the shareholders' meeting. Where the Company repurchases its own shares in the circumstances specified in items (iii) and (v) above, such repurchase shall be conducted upon a resolution of the Board of Directors with the attendance of more than two-thirds of the directors, in accordance with provisions of the Articles of the Association or authorisation of the shareholders' meeting.

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After the Company repurchases its own shares, it shall cancel the repurchased shares within ten days from the date of repurchase under the circumstances specified in item (i); it shall transfer or cancel the repurchased shares within 6 months under the circumstances specified in items (ii) and (iv); and it shall transfer or cancel the repurchased shares within three years under the circumstances specified in items (iii) and (v), provided that the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company.

Transfer of Shares

The Company's shares shall be transferred in accordance with laws, regulations and provisions of the Articles of Association.

Shares already issued before the Company's [REDACTED] shall not be transferred within one year from the date on which the Company's shares are [REDACTED] for trading on a stock exchange.

Directors and senior management members of the Company shall report to the Company the shares they hold in the Company and any changes therein. During their term of office, they shall not transfer more than 25% of the total number of shares of the same class they hold in the Company each year; the shares they hold in the Company shall not be transferred within one year from the date the Company's shares are [REDACTED] for trading. The above personnel shall not transfer the shares they hold in the Company within six months after leaving their positions.

Where shareholders, directors and senior management members holding more than 5% of the Company's shares sell the Company's shares or other equity securities they hold within six months of purchase, or repurchase them within six months of sale, the case shall be handled in accordance with the listing rules of the Company's stock listing place.

After filing with the CSRC, shareholders holding the Company's non-listed shares may list and trade all or part of their shares on an overseas stock exchange; shareholders holding domestic non-listed shares of the Company may transfer all or part of their shares to overseas investors and list and trade them on an overseas stock exchange; all or part of the domestic non-listed shares may be converted into overseas listed shares for trading on an overseas stock exchange. The shares transferred or converted for trading on an overseas stock exchange shall also comply with the regulatory procedures, rules, and requirements of the overseas securities market. No shareholders' meeting approval is required for the above conversion and/or transfer, and listing on an overseas stock exchange.

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SHAREHOLDERS AND THE SHAREHOLDERS' MEETING

General Provisions on Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities registrar. The register of shareholders is conclusive evidence of shareholders' ownership of the Company's shares. Shareholders shall enjoy rights and bear obligations according to the classes of shares they hold; shareholders holding the same class of shares shall enjoy equal rights and bear the same obligations.

Share transfers and assignments must be registered in the register of shareholders. The original register of holders of overseas listed shares [REDACTED] in Hong Kong shall be kept in Hong Kong.

Shareholders of the Company shall enjoy the following rights:

- (i) To receive dividends and other forms of profit distribution according to the proportion of shares they hold;
- (ii) To request, convene, preside over, attend, or appoint a shareholder proxy to attend shareholders' meetings and exercise corresponding voting rights in accordance with the law;
- (iii) To supervise the Company's operations and make suggestions or inquiries;
- (iv) To transfer, donate, or pledge the shares they hold in accordance with laws, administrative regulations, and the Articles of Association;
- (v) To inspect and copy the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of the Board of Directors, financial and accounting reports, and accounting books and vouchers of the Company if they meet the requirements;
- (vi) To participate in the distribution of the Company's remaining assets according to the proportion of shares they hold when the Company is terminated or liquidated;
- (vii) To request the Company to repurchase their shares if they object to resolutions of the shareholders' meeting regarding the Company's merger or division;
- (viii) To inspect the Hong Kong sub-register of shareholders, provided that the Company may suspend the registration of shareholders in accordance with provisions equivalent to Section 632 of the Companies Ordinance (Cap. 622, Laws of Hong Kong);
- (ix) Other rights stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or the Articles of Association.

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If the content of the resolutions of the shareholders' meeting or the Board of Directors violates laws or administrative regulations, shareholders have the right to request the People's Court to declare the invalidity of the resolutions.

If the meeting convening procedures and voting methods of the shareholders' meeting or the Board of Directors violate laws, administrative regulations, or the Articles of Association, or if the content of the resolutions violates the Articles of Association, shareholders have the right to request the People's Court to revoke the resolutions within 60 days from the date the resolutions are made. However, if the meeting convening procedures or voting methods of the shareholders' meeting or the Board of Directors have only minor defects and do not have a substantial impact on the resolutions, this provision shall not apply.

If the Board of Directors, shareholders, or other related parties have disputes regarding the validity of a shareholders' meeting resolution, they shall promptly bring a lawsuit before the People's Court. Prior to the Court's judgment or ruling, the related parties shall execute the resolution of the shareholders' meeting, and no entity may refuse to execute the resolution on the grounds that the resolution is invalid. The Company, directors, and senior management shall faithfully perform their duties to ensure the normal operation of the Company.

A resolution of the shareholders' meeting or the Board of Directors shall be invalid under any of the following circumstances:

- (i) No shareholders' meeting or Board meeting was convened to adopt the resolution;
- (ii) The resolution was not voted upon at the shareholders' meeting or Board meeting;
- (iii) The number of attendees or the voting rights held by attendees did not meet the threshold required by the *Company Law* or the Articles of Association;
- (iv) The number of votes in favour of the resolution or the voting rights represented by those votes did not meet the threshold required by the *Company Law* or the Articles of Association.

If a director or senior management member who is not a member of the Audit Committee, in performing his/her duties, violates laws, administrative regulations, or the Articles of Association and causes losses to the Company, any shareholder who has held individually or collectively more than 1% of the Company's shares for over 180 consecutive days shall have the right to submit a written request to the Audit Committee to bring a lawsuit before the People's Court; if a member of the Audit Committee violates laws, administrative regulations, or the Articles of Association in performing his/her duties and causes losses to the Company, the aforementioned shareholder may request the Board of Directors in writing to bring a lawsuit before the People's Court.

If, after receiving the written request from the shareholder as provided in the preceding paragraph, the Audit Committee or the Board of Directors refuses to initiate a lawsuit, fails to initiate a lawsuit within 30 days from receipt of the request, or in urgent circumstances where

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failure to initiate a lawsuit immediately would cause irreparable harm to the Company's interests, the aforementioned shareholder may, in order to protect the Company's interests, bring a lawsuit directly before the People's Court in his/her own name.

Shareholders of the Company shall bear the following obligations:

- (i) To comply with laws, administrative regulations, and the Articles of Association;
- (ii) To pay for their shares according to the shares subscribed and the method of subscription;
- (iii) Not to withdraw their capital except in circumstances stipulated by laws and regulations;
- (iv) Not to abuse shareholder rights to damage the interests of the Company or other shareholders; not to abuse the Company's independent legal person status and shareholders' limited liability to damage the interests of the Company's creditors;
- (v) Other obligations stipulated by laws, administrative regulations, the Articles of Association, and the securities regulatory rules of the Company's stock listing place.

Shareholders who abuse their rights and cause losses to the Company or other shareholders shall bear compensation liability according to the law. Shareholders who abuse the Company's independent legal person status and shareholders' limited liability to evade debts and seriously damage the interests of the Company's creditors shall bear joint and several liability for the Company's debts.

The Shareholders' Meeting

The shareholders' meeting is composed of all shareholders. It is the Company's governing body and shall, in accordance with the law, exercise the following powers:

- (i) To elect and remove directors, and decide on matters related to their remuneration;
- (ii) To review and approve the Board of Directors' report;
- (iii) To review and approve the Company's profit distribution plan and loss recovery plan;
- (iv) To make resolutions on the Company's increase or decrease of registered capital;
- (v) To make resolutions on the issuance of corporate bonds;
- (vi) To make resolutions on the Company's merger, division, dissolution, liquidation, or change of corporate form;

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- (vii) To amend the Articles of Association;
- (viii) To make resolutions on the appointment and dismissal of the accounting firm undertaking the Company's audit business;
- (ix) To review and approve the guarantee matters stipulated in Article 44 of the Articles of Association;
- (x) To review matters related to the Company's purchase or sale of major assets exceeding 30% of the Company's most recent audited total assets within one year;
- (xi) To review and approve changes in the use of raised funds;
- (xii) To review and approve equity incentive plans and employee stock ownership plans;
- (xiii) To review other matters that shall be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, or the Articles of Association.

The shareholders' meeting may authorise the Board of Directors to make resolutions on the issuance of corporate bonds.

The Company may, by resolution of the shareholders' meeting or, pursuant to the Articles of Association or authorization by the shareholders' meeting, by resolution of the Board of Directors, issue shares or convertible bonds. The specific implementation shall comply with applicable laws, administrative regulations, and the rules of the CSRC and the Hong Kong Stock Exchange.

Except as otherwise provided by laws, regulations of the CSRC, or the securities regulatory rules of the Company's stock listing place, the powers of the shareholders' meeting set forth above shall not be exercised by the Board of Directors or any other body or individual through delegation.

The following external guarantee actions of the Company must be reviewed and approved by the shareholders' meeting:

- (i) Any guarantee provided after the total external guarantees of the Company and its controlled subsidiaries exceed 50% of the Company's most recent audited net assets;
- (ii) Any guarantee provided after the total external guarantees of the Company exceed 30% of the Company's most recent audited total assets;
- (iii) Any guarantee provided to a guaranteed party with a debt-to-asset ratio exceeding 70%;

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- (iv) Any single guarantee with an amount exceeding 10% of the Company's most recent audited net assets;
- (v) Any guarantee provided to shareholders, actual controllers, and their connected persons;
- (vi) Any guarantee with an amount exceeding 30% of the Company's most recent audited total assets within one year;
- (vii) Other circumstances as stipulated by laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules, and the Articles of Association.

When the shareholders' meeting reviews the guarantee matter referred to in item (vi) of the preceding paragraph, it shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

When the shareholders' meeting considers a proposal to provide guarantees for shareholders, actual controllers, or their connected persons, such shareholders or shareholders under the control of such actual controllers shall abstain from voting. The resolution shall be approved by a majority of the voting rights held by the other shareholders present at the meeting.

Where the Company provides a guarantee for a wholly-owned subsidiary, or provides a guarantee for a controlled subsidiary and the other shareholders of the controlled subsidiary provide guarantees in proportion to their respective interests, without harming the interests of the Company, such guarantee may be exempted from submission to the Board of Directors or the shareholders' meeting for approval.

If a director, the general manager, or other senior management members violate the provisions of laws, administrative regulations, the Hong Kong Listing Rules, or the Company's Articles of Association regarding the approval authority or review procedures for external guarantees, and cause losses to the Company, they shall bear liability for compensation, and the Company may initiate legal action against them in accordance with the law.

Shareholders' meetings are classified into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be held once a year and shall be held within six months after the end of the previous fiscal year.

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Under any of the following circumstances, the Company shall hold an extraordinary shareholders' meeting within two months from the date of occurrence:

- (i) When the number of directors is less than the quorum stipulated by the Company Law or two-thirds of the number stipulated by the Articles of Association;
- (ii) When the Company's unrecovered losses reach one-third of the total paid-in capital;
- (iii) When shareholders who individually or jointly hold more than 10% of the Company's shares request it;
- (iv) When the Board of Directors deems it necessary;
- (v) When the Audit Committee proposes to convene;
- (vi) Other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or the Articles of Association.

The Company's shareholders' meetings shall be held at the Company's registered address, place of business, or another location specified in the notice of the shareholders' meeting.

The shareholders' meeting will set up a venue and, in principle, be held in the form of an on-site meeting. Subject to the securities regulatory rules of the Company's stock listing place, the Company will provide online voting to facilitate shareholders, enabling them to attend virtually and vote electronically.

After the notice of the shareholders' meeting has been issued, the on-site meeting venue shall not be changed without a valid reason. If a change is necessary, the convener shall announce the change and state the reasons at least two working days before the on-site meeting. If laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or other securities regulatory rules of the Company's stock listing place explicitly require the presence of a lawyer and the issuance of a legal opinion for convening a shareholders' meeting, the Company shall engage a lawyer to issue a legal opinion and make a public announcement regarding the following matters when holding the shareholders' meeting:

- (i) Whether the convening and holding procedures of the meeting comply with laws, administrative regulations, and the Articles of Association;
- (ii) Whether the qualifications of the attendees and the convener are legal and valid;
- (iii) Whether the voting procedures and voting results of the meeting are legal and valid;
- (iv) Other matters for which the Company requests a legal opinion.

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Convening of the Shareholders' Meetings

The Board of Directors shall convene the shareholders' meetings within the prescribed time limit.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit the proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary shareholders' meeting within ten (10) days of receiving the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five (5) days of making the resolution, and any changes to the original proposal in the notice shall be agreed upon by the Audit Committee.

If the Board of Directors does not agree to convene an extraordinary shareholders' meeting or fails to provide feedback within ten (10) days of receiving the proposal, it shall be deemed that the Board of Directors is unable or unwilling to perform its duties 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 shareholders' meeting and shall submit the request in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, and the Articles of Association, provide written feedback within ten (10) days of receiving the request, indicating whether it agrees to convene the extraordinary shareholders' meeting.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five (5) days of making the resolution, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary shareholders' meeting or fails to provide feedback within ten (10) days of receiving 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 shareholders' meeting and shall submit the request in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within five (5) days of receiving the request, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders.

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If the Audit Committee fails to issue the notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit Committee is unable or unwilling to convene and preside over the shareholders' meeting, and shareholders individually or jointly holding more than 10% of the Company's shares for more than ninety (90) consecutive days may convene and preside over the meeting on their own.

Proposals and Notices of the Shareholders' Meetings

The content of the proposals shall fall within the authority of the shareholders' meeting, have clear topics and specific resolution matters, and comply with laws, regulations, the securities regulatory rules of the Company's stock listing place, and the Articles of Association.

When the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee, and shareholders who individually or collectively hold more than 1% of the Company's shares have the right to submit proposals to the Company.

Shareholders individually or jointly holding more than 1% of the Company's shares may submit additional proposals in writing to the convener ten (10) days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two (2) days of receiving the proposal, specifying the content of the additional proposal, and submit the additional proposal to the shareholders' meeting for review. However, additional proposals that violate laws, administrative regulations, or the Articles of Association, or do not fall within the authority of the shareholders' meeting, shall be excluded.

Except for the circumstances stipulated in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the shareholders' meeting or add new proposals after issuing the notice of the shareholders' meeting.

Proposals not listed in the notice of the shareholders' meeting or not in compliance with the Articles of Association shall not be voted on or resolved at the shareholders' meeting.

Holding of the Shareholders' Meetings

All shareholders registered on the register of shareholders on the record date or their proxies have the right to attend the shareholders' meeting and exercise their voting rights in accordance with applicable laws, regulations, and the Articles of Association. Shareholders may attend the meeting in person or appoint proxies to attend and exercise voting rights within the scope of the authorization.

The shareholders' meetings shall be presided over by the chairman of the Board of Directors. If the chairman is unable or unwilling to perform his/her duties, a director elected by more than half of the directors shall preside. The shareholders' meetings convened by the Audit Committee shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or unwilling to perform his/her duties, a member of the Audit Committee elected by more than half of the Audit Committee members shall preside. The shareholders' meetings convened by shareholders themselves shall be presided

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over by the convener or a representative elected by the convener. If the meeting chairperson violates the rules of procedure for the shareholders' meeting, making it impossible to continue the meeting, the shareholders' meeting may elect a person to act as the meeting chairperson with the consent of more than half of the voting rights held by the shareholders present at the meeting, and continue the meeting.

The Company shall formulate the rules of procedure for the shareholders' meeting, which shall set out in detail the procedures for convening, holding and voting at shareholders' meetings, including notice, registration, proposal review, voting, vote counting, announcement of voting results, formation of resolutions, meeting minutes and their signing, as well as the principles governing the shareholders' authorisation of the Board of Directors, with clear and specific authorisation content. The rules of procedure for the shareholders' meeting shall be drafted by the Board of Directors and approved by the shareholders' meeting.

Voting and Resolutions at the Shareholders' Meetings

Resolutions of the shareholders' meeting are classified into ordinary resolutions and special resolutions. An ordinary resolution of the shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders (including shareholder proxies) present at the meeting. A special resolution of the shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including shareholder proxies) present at the meeting.

The following matters shall be passed by an ordinary resolution of the shareholders' meeting:

- (i) The work report of the Board of Directors;
- (ii) The profit distribution plan and loss recovery plan drafted by the Board of Directors;
- (iii) The appointment and dismissal of members of the Board of Directors and their remuneration and payment methods;
- (iv) Other matters except those that, as stipulated by laws, administrative regulations, the securities regulatory rules of the Company's stock listing place, or the Articles of Association, shall be passed by a special resolution.

The following matters shall be passed by a special resolution of the shareholders' meeting:

- (i) The increase or decrease of the Company's registered capital;
- (ii) The division, split, merger, dissolution, and liquidation (including voluntary liquidation) of the Company;
- (iii) Amendments to the Articles of Association;

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- (iv) The Company's purchase or sale of major assets or provision of guarantees to others exceeding 30% of the Company's most recent audited total assets within one year;
- (v) Equity incentive plans;
- (vi) Other matters stipulated by laws, administrative regulations, the securities regulatory rules of the Company's stock listing place, or the Articles of Association, as well as matters deemed by the shareholders' meeting via ordinary resolutions to have a significant impact on the Company and require a special resolution.

A resolution of the shareholders' meeting on connected transactions shall be valid only if approved by more than half of the voting rights held by the non-connected shareholders present. However, if the connected transaction involves matters that require a special resolution under the Articles of Association, the resolution shall be valid only if approved by at least two-thirds of the voting rights held by the non-connected shareholders present.

The list of director candidates shall be submitted to the shareholders' meeting as proposals for voting.

When any of the following circumstances arises, the shareholders' meeting shall adopt a cumulative voting system for the election of directors:

- (i) The Company elects more than two independent directors;
- (ii) During the period when a single shareholder and its concerted parties hold 30% or more of the Company's shares with beneficial ownership, two or more directors are to be elected.

Where directors are elected by cumulative voting, the election of independent directors and other directors shall be conducted separately, and the elected directors shall be determined by the sequential ranking of votes received, in descending order, corresponding to the number of directors to be elected. Where directors are not elected by cumulative voting, each director candidate shall be proposed as a separate resolution. The cumulative voting system refers to a mechanism under which, in the election of directors at the shareholders' meeting, each share carries voting rights equivalent to the number of directors to be elected, and the shareholder may concentrate his/her voting rights.

Except for cumulative voting, the shareholders meeting shall vote on each proposal on an individual basis. If different resolutions are proposed for the same matter, they shall be voted on in the order of their submission. Unless the shareholders' meeting is suspended or unable to pass resolutions due to force majeure or other special reasons, no proposal shall be postponed or left unvoted.

When considering a proposal, the shareholders' meeting shall not amend the proposal; if an amendment is made, it shall be regarded as a new proposal and shall not be voted on at the current shareholders' meeting.

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DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions on Directors

Directors of the Company shall be natural persons. A person with any of the following circumstances shall not serve as a director of the Company:

- (i) Having no capacity for civil conduct or limited capacity for civil conduct;
- (ii) Having been sentenced to a criminal penalty for embezzlement, bribery, infringement of property, misappropriation of property, or disrupting the socialist market economic order, or having had his/her political rights deprived due to a crime, where less than five years have elapsed since the expiration of the execution period, or if on probation, less than two years have elapsed since the expiration of the probation period;
- (iii) Having served as a director, factory director, or manager of a company or enterprise undergoing bankruptcy liquidation and being personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;
- (iv) Having served as the legal representative of a company or enterprise whose business licence was revoked or which was ordered to close down due to violations of law, and being personally liability therefor, where less than three years have elapsed since the revocation of the business licence or the order for closure of such company or enterprise.
- (v) Having a large-amount debt due but unpaid and being listed as a dishonest judgement debtor by the People's Court;
- (vi) Having been subject to measures restricting access to the securities market by the CSRC, which have not yet expired;
- (vii) Having been publicly determined by the securities regulatory rules of the Company's stock listing place as unfit to serve as a director or senior management member of listed companies, which has not yet expired;
- (viii) Other circumstances stipulated by laws, administrative regulations, or departmental rules.

Directors shall be elected or replaced by the shareholders' meeting and may be removed from their positions by the shareholders' meeting before the expiration of their term. There shall be one employee representative among the members of the Board of Directors. The employee representative on the Board shall be democratically elected by the employees of the Company through the employees' congress, the general meeting of employees, or other forms

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of democratic election, and such appointment shall not be subject to approval by the shareholders' meeting. The term of office of a director shall be three years, and a director may serve consecutive terms if re-elected upon the expiration of the term.

The term of a director shall be calculated from the date of assuming office until the expiration of the current Board of Directors' term. If the directors are not timely re-elected upon the expiration of their term, the original directors shall continue to perform their duties as directors in accordance with laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected directors assume office.

A director may concurrently hold senior management positions.

The Board of Directors

The Company shall establish a Board of Directors accountable to the shareholders' general meeting. The Board shall consist of nine directors, of whom independent directors shall comprise not less than one-third of the total members and shall be no fewer than three. The Board shall have one chairman, who shall be elected by a majority of all directors.

The Board of Directors shall exercise the following powers:

- (i) Convening shareholders' meetings and reporting to the shareholders' meeting;
- (ii) Implementing resolutions of the shareholders' meeting;
- (iii) Deciding on the Company's business plans and investment proposals;
- (iv) Formulating the Company's profit distribution plans and loss recovery plans;
- (v) Formulating plans for the Company's increase or decrease of registered capital, issuance of corporate bonds or other securities, and listing;
- (vi) Drafting plans for major acquisitions, repurchases of the Company's shares, mergers, divisions, dissolution, or change of corporate form;
- (vii) Deciding on matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations, in accordance with the Articles of Association and within the scope authorised by the shareholders' meeting;
- (viii) Deciding on the establishment of the Company's internal management structure;
- (ix) Deciding on the appointment or dismissal of the general manager, Board secretary and other senior management members, and determining their remuneration as well as matters concerning rewards and penalties; based on the general manager's

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nomination, deciding on the appointment or dismissal of deputy general manager(s), the chief financial officer and other senior management members, and determining their remuneration as well as matters concerning rewards and penalties;

- (x) Formulating the Company's basic management systems;
- (xi) Formulating amendments to the Articles of Association;
- (xii) Managing the Company's information disclosure matters in accordance with laws, regulations, the Main Board Listing Rules, and the Company's internal rules and regulations;
- (xiii) Proposing to the shareholders' meeting the appointment or replacement of the accounting firm auditing the Company;
- (xiv) Listening to the work reports of the general manager and reviewing the general manager's work;
- (xv) Other powers as provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the Company's stock listing place, the Articles of Association, or as delegated by the shareholders' meeting.

Matters that exceed the scope of authorisation by the shareholders' meeting shall be submitted to the shareholders' meeting for deliberation.

The Board of Directors shall formulate the rules of procedure for the Board of Directors to ensure the implementation of resolutions of the shareholders' meeting, improve work efficiency, and guarantee scientific decision-making. The Board of Directors shall determine the authority for external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, donations, and other matters, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and submitted to the shareholders' meeting for approval.

The chairman shall exercise the following powers:

- (i) Presiding over the shareholders' meeting and convening and presiding over Board meetings;
- (ii) Supervising and inspecting the implementation of Board resolutions;
- (iii) Other powers as provided by laws, regulations, or the Articles of Association, and as delegated by the Board.

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If the chairman is unable or fails to perform his/her duties, a director shall be jointly elected by the majority of the directors to perform the duties. The Company shall hold at least four Board meetings each year. The Board meetings shall be convened by the chairman, and all directors shall be given at least 14 days' prior written notice.

A Board meeting shall be held only if more than half of the directors are present. Resolutions of the Board of Directors shall be passed by more than half of all directors. Voting on Board resolutions shall be conducted on a one director, one vote basis.

If a director has a connected relationship with any enterprise or individual in a matter to be considered at a Board meeting, such director shall promptly report it to the Board in writing. That director shall not exercise voting rights on that matter, and shall not act as a proxy for another director. A Board meeting may be validly held if attended by a majority of non-connected directors, and any resolution shall be approved by a majority of non-connected directors. If fewer than three non-connected directors attend the meeting, the matter shall be submitted to the shareholders' meeting for consideration.

Directors shall attend Board meetings in person. If a director is unable to attend, he/she may appoint another director in writing to attend on his/her behalf. Independent non-executive directors may only appoint another independent non-executive director to attend on their behalf. Directors who neither attend the meeting nor appoint a proxy shall be deemed to have waived their voting rights at that meeting.

Independent Directors

The Company shall appoint independent directors. Unless otherwise stipulated in this section, regulations in the Articles of Association on the qualification and obligations of directors shall apply to independent directors. Independent directors shall diligently perform their duties in accordance with laws, administrative regulations, the securities regulatory rules of the CSRC and the Company's stock listing place, and the Articles of Association. They shall play a role in decision-making, supervision, checks and balances, and professional consultation within the Board of Directors, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority shareholders.

The qualifications, nomination and election procedures, powers, and other related matters concerning independent directors shall be carried out in accordance with the relevant provisions of laws, administrative regulations, the CSRC and the Hong Kong Stock Exchange.

Specialised Committees under the Board

The Company's Board of Directors shall establish an Audit Committee, exercising powers of the Board of Supervisors as stipulated in the *Company Law*. The Audit Committee shall consist of three members, all of whom are directors not serving as senior management members of the Company, with at least two independent directors. The convener shall be an accounting professional among the independent directors. Where the securities regulatory rules of the Company's stock listing place set forth additional provisions, such provisions shall also apply.

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The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audits, and internal controls. The following matters shall be submitted to the Board of Directors for deliberation after obtaining the approval from more than half of all Audit Committee members:

- (i) Disclosure of financial information in financial and accounting reports and periodic reports, as well as internal control evaluation reports;
- (ii) Appointment or dismissal of the accounting firm entrusted with the Company's audit work;
- (iii) Appointment or dismissal of the Company's chief financial officer;
- (iv) Changes in accounting policies, accounting estimates, or corrections of major accounting errors due to reasons other than changes in accounting standards;
- (v) Other matters stipulated by laws, administrative regulations, the regulatory rules of the Company's stock listing place, or the Articles of Association.

The Audit Committee shall hold at least two meetings per quarter. Extraordinary meetings may be convened upon the proposal of two or more members or if the convener deems it necessary. A meeting of the Audit Committee shall require the attendance of at least two-thirds of its members to be valid. Resolutions of the Audit Committee shall require the approval of more than half of its members. Each member shall have one vote in Audit Committee resolutions.

The Company's Board of Directors shall also establish the Nomination Committee, the Remuneration and Assessment Committee, and other specialised committees. The specialised committees shall perform their duties in accordance with the Articles of Association and the authority delegated by the Board of Directors. Proposals of these committees shall be submitted to the Board of Directors for review and decision. The Board of Directors shall formulate the rules of procedures for each specialised committee. The composition of each specialised committee shall comply with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the Company's stock listing place, or applicable requirements of relevant regulatory authorities.

The Nomination Committee is responsible for formulating the selection criteria and procedures for directors and senior management, screening and reviewing candidates and their qualifications, and making recommendations to the Board on the following matters:

- (i) Nomination or removal of directors;
- (ii) Appointment or dismissal of senior management members;

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- (iii) Other matters prescribed by laws, administrative regulations, the CSRC, the securities regulatory rules of the Company's stock listing place, and the Articles of Association.

The Remuneration and Assessment Committee is responsible for establishing appraisal standards for directors and senior management, conducting evaluations, formulating and reviewing remuneration policies and schemes including remuneration decision-making mechanisms, decision-making procedures, payment, and clawback arrangements, and making recommendations to the Board on the following matters:

- (i) Remuneration of directors and senior management;
- (ii) Formulation or amendment of equity incentive plans and employee stock ownership plans, as well as satisfaction of conditions for incentive recipients to obtain or exercise their rights;
- (iii) Shareholding arrangements for directors and senior management in proposed spin-offs of subsidiaries;
- (iv) Other matters prescribed by laws, administrative regulations, the CSRC, the securities regulatory rules of the Company's stock listing place, and the Articles of Association.

Senior Management

The Company shall have one general manager, appointed or dismissed by the Board of Directors. The Company may, as needed, have several deputy general managers, one chief financial officer, and one Board secretary, whose appointment or dismissal shall be decided by the Board of Directors.

The general manager shall be accountable to the Board of Directors and shall exercise the following powers:

- (i) Presiding over the Company's production, operation, and management activities, implementing resolutions of the Board of Directors, and reporting to the Board of Directors;
- (ii) Implementing the Company's annual business plans and investment proposals;
- (iii) Drafting proposals for the establishment of the Company's internal management structure;
- (iv) Drafting the Company's basic management systems;
- (v) Formulating the Company's specific regulations;

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- (vi) Proposing to the Board of Directors the appointment or dismissal of deputy general managers, the chief financial officer, the Board secretary, and other senior management members;
- (vii) Deciding on the appointment or dismissal of management personnel other than those whose appointment or dismissal is to be decided by the Board of Directors;
- (viii) Reviewing and approving general connected transactions other than those that, pursuant to the Articles of Association, shall be submitted to the Board of Directors or the shareholders' meeting for approval;
- (ix) Reviewing and approving other significant transactions, external investments, external guarantees, and similar matters, except for those that, pursuant to the Articles of Association, shall be submitted to the Board of Directors or the shareholders' meeting for approval;
- (x) Other powers as granted by the Articles of Association, the securities regulatory rules of the Company's stock listing place, or the Board of Directors.

The Company shall appoint a Board secretary accountable to the Board of Directors. The Board secretary shall be responsible for preparing shareholders' meetings and Board meetings, maintaining documents, managing shareholder information, and handling information disclosure matters.

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FINANCIAL AND ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS

Financial and Accounting System

The shareholders’ meeting shall review and approve the annual financial and accounting report within six months after the end of each fiscal year. Such financial and accounting reports shall be prepared in accordance with applicable laws, administrative regulations, departmental rules, and the Hong Kong Listing Rules.

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 exceeds 50% of the Company’s registered capital, the Company may cease to make further allocations. If the Company’s statutory reserve fund is insufficient to cover the losses of previous years, the Company shall use the current year’s profits to cover the losses before allocating the statutory reserve fund as stipulated above. After allocating the statutory reserve fund from the after-tax profits, the Company may also allocate a discretionary reserve fund from the after-tax profits upon a resolution of the shareholders’ meeting. After covering losses and allocating reserve funds, the remaining after-tax profits shall be distributed according to the proportion of shares held by shareholders, unless otherwise stipulated in the Articles of Association. Shares of the Company held by the Company itself shall not participate in profit distribution.

After the shareholders’ meeting resolves on the profit distribution plan, or after the Board of Directors formulates a specific plan based on the interim dividend conditions and upper limits for the following year as approved by the annual shareholders’ meeting, the distribution of dividends (or shares) shall be completed within the time required under the securities regulatory rules of the Company’s stock listing place.

The Company’s reserve funds shall be used to cover the Company’s losses, expand the Company’s production and operation, or convert into additional capital. When reserve funds are used to cover losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses cannot be fully covered, the capital reserve fund may be used in accordance with regulations. When the statutory reserve fund is converted into registered capital, the retained statutory reserve fund shall not be less than 25% of the Company’s registered capital before the conversion.

Internal Audit

The Company shall implement an internal audit system, which clarifies the leadership structure, responsibilities and powers, staffing, funding guarantees, application of audit results, and accountability mechanisms. The Company’s internal audit system shall be implemented after approval by the Board of Directors. The internal audit function shall supervise and inspect the Company’s business activities, risk management, internal controls, and financial information. The internal audit function shall report to the Board of Directors. In the process of supervising and inspecting the Company’s business activities, risk management, internal

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controls, and financial information, the internal audit function shall accept the guidance and supervision of the Audit Committee. If the internal audit function identifies any significant issues or leads, it shall immediately report directly to the Audit Committee.

Engagement of an Accounting Firm

The Company shall engage an accounting firm that complies with the *Securities Law* to conduct audits of financial statements, verification of net assets, and other related consulting services. The engagement term shall be one year and may be renewed. The engagement or dismissal of the accounting firm by the Company shall be approved by more than half of all members of the Audit Committee, then submitted to the Board of Directors for review, and decided by the shareholders' meeting. The Board of Directors shall not appoint an accounting firm before the shareholders' meeting has made its decision.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse, conceal, or misreport such materials. The audit fees of the accounting firm shall be decided by the shareholders' meeting.

When the Company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm 30 days in advance. When the shareholders' meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to present its opinions. If the accounting firm resigns, it shall explain to the shareholders' meeting whether there are any improper circumstances in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, and Capital Reduction

For a company merger, the merging parties shall sign a merger agreement and prepare a balance sheet and a property inventory. The Company shall notify its creditors within ten days from the date of adopting the merger resolution and make an announcement on the media approved by the competent industrial and commercial administration authority for such announcements or the National Enterprise Credit Information Publicity System within 30 days. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice, request the Company to pay off its debts or provide corresponding guarantees. When the Company merges, the credits and debts of the merging parties shall be succeeded by the surviving company after the merger or the newly established company.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

When the Company divides, its assets shall be divided accordingly. When the Company divides, it shall prepare a balance sheet and a property inventory. The Company shall notify its creditors within ten days from the date of the division resolution and make an announcement on the media approved by the competent industrial and commercial administration authority for such announcements or the National Enterprise Credit Information Publicity System within 30 days. The companies resulting from the division shall bear joint and several liabilities for the Company's debts existing before the division, unless otherwise agreed in a written agreement on the settlement of debts reached between the Company and its creditors before the division.

When the Company reduces its registered capital, it shall prepare a balance sheet and a property inventory. The Company shall notify its creditors within ten days from the date of the shareholders' meeting resolution on the capital reduction and make an announcement on the media approved by the competent industrial and commercial administration authority for such announcements or the National Enterprise Credit Information Publicity System within 30 days. Creditors may request the Company to settle its debts or provide corresponding guarantees within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice.

Dissolution and Liquidation

The Company may be dissolved for the following reasons:

- (i) The business term stipulated in the Articles of Association expires or other dissolution causes stipulated in the Articles of Association arise;
- (ii) The shareholders' meeting resolves to dissolve the Company;
- (iii) The Company needs to be dissolved due to a merger or division;
- (iv) The Company is legally revoked its business licence, ordered to close, or cancelled;
- (v) The Company's operation and management encounter serious difficulties, and its continued existence would cause significant losses to shareholders' interests, and no other solutions can be found. Shareholders holding 10% or more of the Company's voting rights may request the People's Court to dissolve the Company.

If the Company encounters the circumstances mentioned in items (i) and (ii) of Article 177 of the Articles of Association and has not yet distributed its assets to shareholders, it may continue to exist by amending its Articles of Association or by a resolution of the shareholders' meeting. Such an amendment or resolution requires approval by more than two-thirds of the voting rights held by shareholders present at the shareholders' meeting.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

If the Company is dissolved due to the circumstances mentioned in items (i), (ii), (iv), and (v) above, it shall be liquidated. The directors shall serve as the liquidation obligors and establish a liquidation committee within 15 days from the date the dissolution cause arises to commence liquidation. The liquidation committee shall consist of directors, unless the Articles of Association provides otherwise or the shareholders' meeting resolves to appoint others.

During the liquidation period, the liquidation committee shall exercise the following powers:

- (i) Cleaning up the Company's assets and preparing a balance sheet and a property inventory separately;
- (ii) Notifying and announcing to creditors;
- (iii) Handling the Company's unfinished business related to the liquidation;
- (iv) Paying off the taxes owed and the taxes incurred during the liquidation process;
- (v) Cleaning up claims and debts;
- (vi) Distributing the remaining assets after the Company's debts are settled;
- (vii) Representing the Company in civil litigation activities.

The liquidation committee shall notify creditors within ten days from the date of its establishment and make an announcement on the media approved by the competent industrial and commercial administration authority for such announcements or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice. When declaring claims, creditors shall explain the relevant matters of the claims and provide supporting materials. The liquidation committee shall register the claims. During the claim declaration period, the liquidation committee shall not settle claims with creditors.

After cleaning up the Company's assets and preparing a balance sheet and a property inventory, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' meeting or the People's Court for confirmation. After paying off the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, paying off the taxes owed, and settling the Company's debts, the remaining assets shall be distributed to shareholders according to the proportion of shares held. During the liquidation period, the Company shall continue to exist but shall not engage in business activities unrelated to the liquidation. The Company's assets shall not be distributed to shareholders before being settled in accordance with the aforementioned provisions.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

After cleaning up the Company's assets and preparing a balance sheet and a property inventory, if the liquidation committee finds that the Company's assets are insufficient to settle its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law. After the People's Court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the People's Court. After the Company's liquidation is completed, the liquidation committee 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 cancellation of the Company's registration.

Amendments to the Articles of Association

If any of the following circumstances arise, the Company will amend the Articles of Association:

- (i) After amendments to the *Company Law*, other relevant laws or administrative regulations, or the securities regulatory rules of the Company's stock listing place are issued, provisions in the Articles of Association conflict with the amended laws or administrative regulations;
- (ii) Changes occur in the Company's circumstances that are inconsistent with the matters recorded in the Articles of Association;
- (iii) The shareholders' meeting resolves to amend the Articles of Association.

Amendments to the Articles of Association approved by the shareholders' meeting that require approval from competent authorities must be submitted to the competent authorities for such approval; if the amendments involve company registration matters, the changes shall be registered in accordance with the law.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on March 7, 2016 and was converted into a joint stock company with limited liability on October 22, 2025. As at the Latest Practicable Date, the registered share capital of our Company was RMB20,382,966.

Our Company has established a place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on 13 November 2025, with Ms. Tao Zhiheng appointed as the Hong Kong authorised representative of the Company for acceptance of the service of process and any notices required to be served on our Company in Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix IV and Appendix V, respectively.

2. Changes in the Share Capital of our Company

Please refer to the section headed “History, Development and Corporate Structure” for changes in the share capital of the Company.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Save as disclosed in “History, Development and Corporate Structure — Our Subsidiaries” above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions Passed by Our Shareholders’ General Meeting in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on October 25, 2025, the following resolutions, among other things, were duly passed:

- (i) the [REDACTED] was approved and the issue by the Company of H Shares with a nominal value of RMB[REDACTED] each and such H Shares be [REDACTED] on the Stock Exchange;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (ii) the number of H shares to be issued shall be no more than [REDACTED]% of the total issued share capital upon the [REDACTED] (before the exercise of the [REDACTED]), and the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of H Shares issued pursuant to the [REDACTED];
- (iii) authorisation of the Board or its authorised individual to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of H Shares on the Stock Exchange; and
- (iv) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED].

5. Restrictions on Repurchase

Please refer to Appendix V to this document for details.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contract(s)

We have entered into the following contract(s) (not being contract 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) the [REDACTED].

2. Intellectual Property

As at the Latest Practicable Date, the following intellectual property rights are material to our Group's business:

(a) Trademarks

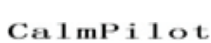
As at the Latest Practicable Date, our Group had registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry date (year month day)
1. . . .		12	Our Company	The PRC	87577390	2036.03.06
2. . . .		38	Our Company	The PRC	87588691	2036.03.06

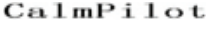
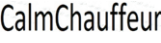
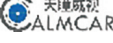
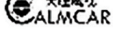
APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry date (year month day)
3. . . .	CalmVergence	35	Our Company	The PRC	87587436	2036.03.06
4. . .	CalmConvert	42	Our Company	The PRC	87592286	2036.03.06
5. . .	CalmVolution	9	Our Company	The PRC	87578504	2036.03.06
6. . .	CalmVergence	38	Our Company	The PRC	87585224	2036.03.06
7. . .	CalmConvert	35	Our Company	The PRC	87573425	2036.03.06
8. . .	CalmVolution	39	Our Company	The PRC	87587346	2036.03.06
9. . .	CalmConvert	12	Our Company	The PRC	87582596	2036.03.06
10. . .	CalmConvert	45	Our Company	The PRC	87573381	2036.03.06
11. . .	CalmVolution	42	Our Company	The PRC	87581324	2036.03.06
12. . .	CalmVergence	39	Our Company	The PRC	87589958	2036.03.06
13. . .	CalmConvert	9	Our Company	The PRC	87586176	2036.03.06
14. . .	CalmVergence	45	Our Company	The PRC	87587457	2036.03.06
15. . .	CalmVolution	38	Our Company	The PRC	87577274	2036.03.06
16. . .	CalmVolution	35	Our Company	The PRC	87571972	2036.03.06
17. . .	CalmVolution	12	Our Company	The PRC	87592266	2036.03.06
18. . .	CalmConvert	39	Our Company	The PRC	87578576	2036.03.06
19. . .	CalmVergence	9	Our Company	The PRC	87573499	2036.03.06
20. . .	CalmVolution	45	Our Company	The PRC	87582536	2036.03.06
21. . .	CalmVergence	42	Our Company	The PRC	87588760	2036.03.06

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry date (year month day)
22.		45	Our Company	The PRC	85241528	2036.02.06
23.		12	Our Company	The PRC	85222255	2035.12.20
24.		39	Our Company	The PRC	85227062	2035.12.20
25.		39	Our Company	The PRC	79985317	2035.02.06
26.		12	Our Company	The PRC	79962706	2035.02.06
27.		45	Our Company	The PRC	79971979	2035.02.06
28.		38	Our Company	The PRC	79975205	2035.02.06
29.		09	Our Company	The PRC	79982793	2035.02.06
30.		38	Our Company	The PRC	61191539	2032.06.20
31.		35	Our Company	The PRC	60103183	2032.04.13
32.		35	Our Company	The PRC	60038668	2032.05.13
33.		35	Our Company	The PRC	60039474	2032.05.06
34.		35	Our Company	The PRC	60041675	2032.04.20
35.		09	Our Company	The PRC	60018511	2032.04.13
36.		42	Our Company	The PRC	59946174	2032.04.27
37.		09	Our Company	The PRC	59880273	2032.05.27
38.		09	Our Company	The PRC	59880643	2032.08.13
39.		42	Our Company	The PRC	59878460	2032.05.27

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry date (year month day)
40.		42	Our Company	The PRC	59878466	2032.05.27
41.		09	Our Company	The PRC	53622980	2031.10.06
42.		42	Our Company	The PRC	32105935	2029.03.20
43.		09	Our Company	The PRC	24854735	2028.07.06
44.		45	Our Company	The PRC	79979799	2035.02.06
45.		9, 12, 35, 38, 42	Our Company	Hong Kong	306877324	2035.04.21
46.		9, 12, 35, 38, 42	Our Company	Hong Kong	306877333	2035.04.21

(b) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names which are material to our business:

No.	Domain Name	Registered owner	Expiry date (year month day)
1. . .	Calmcar.com	Tianjin Tiantong	2026.09.24

(c) Patents

As at the Latest Practicable Date, our Group had registered the following patents which are material to its business:

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
1. . .	Minibus (Intelligent Connected Vehicle) (小巴車(自動駕駛智能網聯))	Design	Our Company	The PRC	CN202330373129.7	2023.12.22	15 years

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
2. . .	Occluded Pedestrian Re-identification and Retrieval Method Based on Multi-feature Collaboration and Semantic Perception (基於多特徵協同和語義感知的遮擋行人重識別和檢索方法)	Invention	Our Company	The PRC	CN202210763141.3	2022.10.14	20 years
3. . .	Small Target Detection Method Based on Multi-layer Residual Network Perception and Attention Mechanism (基於多層次殘差網絡感知和注意力機制的小目標檢測方法)	Invention	Our Company	The PRC	CN202210737757.3	2022.10.14	20 years
4. . .	A method for re-identifying and retrieving pedestrians in clothing changes based on multimodal intelligent perception and fusion (基於多模態智能感知和融合的換衣行人重識別和檢索方法)	Invention	Our Company	The PRC	CN202210742934.7	2023.01.03	20 years
5. . .	An unsupervised cross-domain video action recognition method based on multi-discriminator collaboration and strong-weak sharing mechanism (基於多鑑別器協同和強弱共享機制的無監督跨域視頻動作識別方法)	Invention	Our Company	The PRC	CN202210729369.0	2023.03.24	20 years

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
6. . .	A method for re-identifying pedestrians in clothing changes based on semantically aware attention and visual masking (基於語義感知注意力和視覺屏蔽的換衣行人重識別方法)	Invention	Our Company	The PRC	CN202210670639.5	2022.10.11	20 years
7. . .	An interactive video action detection method based on global knowledge mining and foreground attention (基於全局知識挖掘和前景注意力的交互視頻動作檢測方法)	Invention	Our Company	The PRC	CN202210636564.9	2023.01.13	20 years
8. . .	A camera for image-based camera pose estimation (一種基於圖像的相機姿態估計用相機)	Utility Model	Our Company	The PRC	CN201921241562.X	2020.05.12	10 years
9. . .	A device for a lane curve fitting method (一種車道線曲線擬合方法的裝置)	Utility Model	Our Company	The PRC	CN201921241394.4	2020.05.12	10 years
10. .	A method and device for lane detection based on vision (一種基於視覺的車道線檢測方法及裝置)	Invention	Our Company	The PRC	CN201810730715.0	2025.04.11	20 years
11. .	A method and device for traffic sign ranging based on vision (一種基於視覺的交通標誌測距方法以及裝置)	Invention	Our Company	The PRC	CN201810438007.X	2023.10.13	20 years

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
12.	A robust multi-lane detection method based on perspective images (一種基於透視圖的魯棒性多車道線檢測方法)	Invention	Our Company	The PRC	CN201611036241.7	2019.12.20	20 years
13.	A method and device for identifying traffic light countdown time (一種紅綠燈倒計時時間識別方法及裝置)	Invention	Tianjin Tiantong	The PRC	CN202211325417.6	2024.12.06	20 years
14.	A method and device for re-identifying vehicles (一種車輛重識別方法及裝置)	Invention	Tianjin Tiantong	The PRC	CN202111468702.9	2025.03.21	20 years
15.	A method and device for controlling vehicles based on Vehicle Automation (一種基於自動駕駛的車輛控制方法及裝置)	Invention	Our Company	The PRC	CN202111470230.0	2023.07.11	20 years
16.	A method and device for lane keeping (一種車道保持方法和裝置)	Invention	Tianjin Tiantong	The PRC	CN202111462236.3	2023.06.27	20 years
17.	A method, and device for lane detection model training and lane detection (一種車道線檢測模型訓練、車道線檢測方法和裝置)	Invention	Tianjin Tiantong	The PRC	ZL202211330210.8	2025.08.29	20 years
18.	A method and related device for memory parking positioning (一種記憶泊車定位方法和相關裝置)	Invention	Tianjin Tiantong	The PRC	ZL202411672943.9	2025.08.29	20 years
19.	A method, device, apparatus, and vehicle for tracking targets (一種目標跟蹤方法、裝置、設備和車輛)	Invention	Tianjin Tiantong	The PRC	CN202111421592.0	2025.03.04	20 years

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
20.	A method, device, and apparatus for calibrating extrinsic parameters of a vehicle-mounted forward-looking camera (一種車載前視相機外參標定方法、裝置和設備)	Invention	Tianjin Tiantong	The PRC	CN202111406817.5	2025.03.21	20 years
21.	A method, device, computing device, and storage medium for predicting vehicle lane changes (預測車輛換道的方法、裝置、計算設備及存儲介質)	Invention	Tianjin Tiantong	The PRC	CN202111400536.9	2023.07.07	20 years
22.	A device and method for calibrating intrinsic parameters of a camera (一種相機內參標定裝置及方法)	Invention	Tianjin Tiantong	The PRC	CN202111335495.X	2025.03.04	20 years
23.	A vehicle control method, device, computing device, and storage medium (一種車輛控制方法、裝置、計算設備及存儲介質)	Invention	Tianjin Tiantong	The PRC	CN202111322075.8	2024.07.19	20 years
24.	A distance acquisition method, device, and readable storage medium (一種距離的獲取方法、裝置、設備及可讀存儲介質)	Invention	Tianjin Tiantong	The PRC	CN202110599755.8	2021.10.01	20 years
25.	A drivable area detection method and device (一種可行駛區域的檢測方法及裝置)	Invention	Tianjin Tiantong	The PRC	CN202011416890.6	2021.02.19	20 years

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
26.	A warehouse location positioning method, device, and vehicle-mounted device (一種庫位定位方法、裝置及車載設備)	Invention	Tianjin Tiantong	The PRC	CN202011330907.6	2021.02.05	20 years
27.	A vehicle distance measurement method and device (一種車輛測距方法及裝置)	Invention	Our Company	The PRC	CN202011239306.4	2021.02.02	20 years
28.	A vehicle three-dimensional information detection method, device, and readable storage medium (車輛三維信息檢測方法、裝置、設備及可讀存儲介質)	Invention	Our Company	The PRC	CN202011239442.3	2021.02.02	20 years
29.	A warehouse location tracking method and device (一種庫位跟蹤方法及裝置)	Invention	Our Company	The PRC	CN202011212958.9	2021.02.02	20 years
30.	An automatic parking method and system (一種自動泊車的方法和系統)	Invention	Tianjin Tiantong	The PRC	CN202011201390.0	2021.02.02	20 years
31.	In-vehicle intelligent connected monitoring device (Tiantong No. 1) (車載智能網聯監控設備(天瞳一號))	Design	Tianjin Tiantong	The PRC	CN201930625873.5	2020.04.21	15 years
32.	In-vehicle intelligent connected monitoring device (Tiantong No. 2) (車載智能網聯監控設備(天瞳二號))	Design	Tianjin Tiantong	The PRC	CN201930625951.1	2020.04.21	15 years
33.	Embedded processor heat dissipation device (嵌入式處理器散熱裝置)	Design	Tianjin Tiantong	The PRC	CN201930626161.5	2020.06.09	15 years

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
34.	In-vehicle intelligent device fixing bracket (車載智能設備固定支架)	Design	Tianjin Tiantong	The PRC	CN201930626344.7	2020.04.21	15 years
35.	In-truck intelligent connected monitoring device (卡車智能網聯監控設備)	Design	Tianjin Tiantong	The PRC	CN201930626313.1	2020.04.21	15 years
36.	In-vehicle display screen bracket (車載顯示屏支架)	Design	Tianjin Tiantong	The PRC	CN201930626219.6	2020.06.09	15 years
37.	In-vehicle intelligent connected monitoring equipment (Tiantong-3) (車載智能網聯監控設備(天瞳三號))	Design	Tianjin Tiantong	The PRC	CN201930625948.X	2020.04.21	15 years
38.	Forward-looking monocular camera bracket (adjustable angle 2) (前視單目相機支架(可調節角度2))	Design	Tianjin Tiantong	The PRC	CN201930626308.0	2020.04.21	15 years
39.	In-vehicle camera fixed bracket (new) (車載相機固定支架(新))	Design	Tianjin Tiantong	The PRC	CN201930626084.3	2020.04.21	15 years
40.	Forward-looking binocular camera bracket (前視雙目相機支架)	Design	Tianjin Tiantong	The PRC	CN201930626107.0	2020.04.21	15 years
41.	In-vehicle intelligent connected monitoring equipment (Tiantong-4) (車載智能網聯監控設備(天瞳四號))	Design	Tianjin Tiantong	The PRC	CN201930625979.5	2020.04.21	15 years

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
42.	In-vehicle camera fixed bracket (adjustable) (車載相機固定支架(可調節))	Design	Tianjin Tiantong	The PRC	CN201930626057.6	2020.04.21	15 years
43.	A lane departure warning method for a simulated robot on an Android platform (一種仿真機器人Android平台的車道偏離預警方法)	Invention	Beijing Weishi	The PRC	CN201910711496.6	2024.12.24	20 years
44.	A vision-based traffic sign recognition method and device (一種基於視覺的交通標識識別方法及裝置)	Invention	Beijing Weishi	The PRC	CN201810755179.X	2024.06.11	20 years
45.	A storage location detection method and device (一種庫位探測方法及裝置)	Invention	Tianjin Tiantong	The PRC	CN202110782745.8	2021.10.01	20 years
46.	A lane line perception result evaluation method and device (一種車道線感知結果的評測方法及裝置)	Invention	Tianjin Tiantong	The PRC	CN202110725739.9	2021.09.28	20 years
47.	A storage location tracking method and storage location tracking system (一種庫位跟踪方法及庫位跟踪系統)	Invention	Tianjin Tiantong	The PRC	CN202110035749.X	2021.04.20	20 years
48.	A training and usage methods, medium and equipment for multi class object detection models (多類別目標檢測模型的訓練方法、使用方法、介質及設備)	Invention	Tianjin Tiantong	The PRC	ZL202411914270.3	2026.01.06	20 years

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent Number	Announcement date (year month day)	Duration of patent right from application date
49.	A hardware automated integrated testing method and system (一種硬件自動化集成測試方法及系統)	Invention	Shanghai Tongshi	The PRC	CN202110040239.1	2021.03.26	20 years
50.	A storage location correction method, device, electronic device, and readable storage medium (庫位修正方法、裝置、電子設備及可讀存儲介質)	Invention	Shanghai Tongshi	The PRC	CN202011215755.5	2021.02.02	20 years

(d) Software Copyrights

As at the Latest Practicable Date, our Group had registered the following software copyrights which are material to our business:

No.	Software Name	Registrant	Registration number	Registration date (year month day)
1.	AVM Surround View Algorithm Software (AVM環視算法軟件)	The Company	2021SR0508988	2021.04.08
2.	APA Algorithm Software (APA算法軟件)	The Company	2021SR0508981	2021.04.08
3.	Surround Perception Algorithm Software (環繞感知算法軟件)	The Company	2021SR0508985	2021.04.08
4.	ADAS Assistance System (ADAS自動駕駛輔助系統)	The Company	2021SR0509039	2021.04.08
5.	AVP Algorithm Software (AVP算法軟件)	The Company	2021SR0510412	2021.04.08
6.	CalmCar Video Structuring System Software (CalmCar視頻結構化系統軟件)	The Company	2018SR319296	2018.05.09
7.	CalmCar Forward Collision Warning Software (CalmCar前方碰撞預警軟件)	The Company	2018SR319039	2018.05.09
8.	CalmCar Image Data Annotation Software (CalmCar圖像數據標註軟件)	The Company	2018SR314237	2018.05.08

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No.	Software Name	Registrant	Registration number	Registration date (year month day)
9. . .	CalmCar Vehicle Camera Calibration Software (CalmCar 車載相機標定軟件)	The Company	2018SR315820	2018.05.08
10. . .	CalmCar In-Vehicle Mobile Vehicle Detection and Distance Measurement Software (天瞳威勢車載移動式車輛檢測及測距軟件)	The Company	2016SR252650	2016.09.08
11. . .	Vision-Based Traffic Sign Recognition System (基於視覺的交通標示識別系統)	Tianjin Weishi	2019SR0667763	2019.06.28
12. . .	Image-Based Multi-Target Tracking System (基於圖像的多目標跟蹤系統)	Tianjin Weishi	2019SR0667775	2019.06.28
13. . .	Multi-Scale Detection-Based System (基於多尺度檢測的系統)	Tianjin Weishi	2019SR0666825	2019.06.28
14. . .	Vision-Based Traffic Light Recognition System (基於視覺的交通信號燈識別系統)	Tianjin Weishi	2019SR0668096	2019.06.28
15. . .	CalmCar Road Test Demonstration Big Data Annotation Platform (路測展示 CalmCar大數據標注平台)	Tianjin Weishi	2019SR0667816	2019.06.28
16. . .	Driver Behavior Analysis System (駕駛行為分析系統)	Tianjin Weishi	2019SR0668147	2019.06.28
17. . .	Intelligent Vehicle Safety Driving Assistance System (智能車輛安全駕駛輔助系統)	Tianjin Weishi	2019SR0667255	2019.06.28
18. . .	Vehicle Automation Vision Perception and Decision Assistance System (自動駕駛視覺感知與決策輔助系統)	Tiantong Zhixing	2025SR0702961	2025.04.29
19. . .	High-Precision Driver Monitoring and Behavior Analysis Software (高精度駕駛員監測與行為分析軟件)	Tiantong Zhixing	2025SR0596773	2025.04.10
20. . .	Intelligent Driving Lane Departure Warning and Safety Control Platform (自動駕駛線偏離預警與安全控制平台)	Tiantong Zhixing	2025SR0596772	2025.04.10

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No.	Software Name	Registrant	Registration number	Registration date (year month day)
21. . .	Blind-Spot Monitoring and Intelligent Early-Warning Decision Support Platform (盲區監測與智能預警決策支持平台)	Tiantong Zhixing	2025SR0582895	2025.04.08
22. . .	High-Precision Driving Safety and Behavior Analysis System (高精度行車安全與駕駛行為分析系統)	Tiantong Zhixing	2025SR0540563	2025.03.28
23. . .	Machine-Vision-Based Object Detection and Tracking System (基於機器視覺的目標檢測與追蹤系統)	Tiantong Zhixing	2025SR0541743	2025.03.28
24. . .	Intelligent Vehicle Dynamic Monitoring and Driving Safety System (智能車輛動態監控與駕駛安全系統)	Tiantong Zhixing	2025SR1150495	2025.07.03
25. . .	Vehicle Automation Vision and Decision Support Platform (自動駕駛視覺與決策支持平台)	Tiantong Zhixing	2025SR0981512	2025.06.11
26. . .	Vehicle Automation and Panoramic Perception System (智能駕駛與全景感知系統)	Tiantong Zhixing	2025SR0981506	2025.06.11
27. . .	Vehicle Automation Intelligent Deviation Warning and Control System (自動駕駛智能偏離警示與控制系統)	Tiantong Zhixing	2025SR0800037	2025.05.16
28. . .	Smart Vehicle Dynamic Monitoring and Driving Safety System (智能車輛動態監控與駕駛安全系統)	Tiantong Zhixing	2025SR1150495	2025.07.03
29. . .	Smart Transportation and Driving Safety Monitoring Platform (智能交通與駕駛安全監控平台)	Tiantong Zhixing	2025SR1209466	2025.07.09
30. . .	Driving Behavior Big Data Analysis System (駕駛行為大數據分析系統)	Shanghai Tongshi	2022SR1186230	2022.08.18
31. . .	Cross-Platform High-Performance Low-Latency Camera Acquisition System (跨平台高性能低延遲的相機採集系統)	Shanghai Tongshi	2022SR1122301	2022.08.15

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No.	Software Name	Registrant	Registration number	Registration date (year month day)
32. . .	Scalable Vehicle Automation Data Auto-Return System (可靈活擴展的智能駕駛數據自動回傳系統)	Shanghai Tongshi	2022SR1122615	2022.08.15
33. . .	Cloud-Rail Perception and Early-Warning Software (雲軌感知預警軟件)	Shanghai Tongshi	2022SR1128294	2022.08.15
34. . .	Image-Feature-Matching-Based Target Tracking System (基於圖像特徵點匹配的目標跟蹤系統)	Shanghai Tongshi	2022SR1126908	2022.08.15
35. . .	High-Speed-Scenario 360-Degree Perception Software (高速場景的360度感知軟件)	Shanghai Tongshi	2022SR1060425	2022.08.09
36. . .	CalmCar IPM-View-Based v.SLAM System (天瞳智駕基於IPM視圖的v-SLAM系統)	Tianjin Zhijia	2021SR1438625	2021.09.27
37. . .	CalmCar Data Acquisition Ground-Truth System (天瞳智駕數據採集真值系統)	Tianjin Zhijia	2021SR1436266	2021.09.27
38. . .	CalmCar Parking-Space Perception System (天瞳智駕庫位感知系統)	Tianjin Zhijia	2021SR1437928	2021.09.27
39. . .	CalmCar Autonomous-Driving Vehicle Data Analysis System (天瞳智駕自動駕駛汽車數據分析系統)	Tianjin Zhijia	2021SR1436113	2021.09.27
40. . .	CalmCar Autonomous-Driving Vehicle Data Acquisition System (天瞳智駕自動駕駛汽車數據採集系統)	Tianjin Zhijia	2021SR1436112	2021.09.27
41. . .	CalmCar Mapping, Localization and Perception-Fusion System (天瞳智駕建圖定位及感知融合系統)	Tianjin Zhijia	2021SR1437927	2021.09.27
42. . .	CalmCar Autonomous-Driving Vision Perception System (天瞳智駕自動駕駛視覺感知系統)	Tianjin Zhijia	2021SR1437929	2021.09.27
43. . .	CalmCar Vision-Based Intelligent Cockpit System (天瞳威勢基於視覺的智能駕駛艙系統)	Beijing Weishi	2021SR1325220	2021.09.06

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No.	Software Name	Registrant	Registration number	Registration date (year month day)
44. . .	CalmCar Visual Intelligent Computing System (天瞳威勢視覺智能計算系統)	Beijing Weishi	2021SR1322047	2021.09.06
45. . .	CalmCar SLAM Mapping and Localization System (天瞳威勢SLAM建圖與定位系統)	Beijing Weishi	2021SR1295174	2021.08.31
46. . .	CalmCar AVM Panoramic Surround-View Imaging System (天瞳威勢AVM全景環視影像系統)	Beijing Weishi	2021SR1295175	2021.08.31
47. . .	CalmCar Multi-Sensor Parking-Space Detection System Based on TDA4 Platform (天瞳威勢基於TDA4平台的多傳感器庫位檢測系統)	Beijing Weishi	2021SR1282936	2021.08.30
48. . .	CalmCar Monocular-Camera-Based Lane Line Detection System (天瞳威勢基於單目相機的車道線檢測系統)	Beijing Weishi	2021SR1275293	2021.08.27
49. . .	CalmCar Multi-Sensor-Fusion-Based Vehicle Automation Surround Perception System (天瞳威勢基於多傳感器融合的自動駕駛環繞感知系統)	Beijing Weishi	2021SR1278395	2021.08.27
50. . .	CalmCar Traffic Signal Control Status Monitoring System (天瞳威勢交通信號控制狀態監視系統)	Beijing Weishi	2019SR0920257	2019.09.04
51. . .	CalmCar Assisted-Driving Vehicle Model Calibration and Test Control System (天瞳威勢輔助駕駛車型標定測試控制系統)	Beijing Weishi	2019SR0919797	2019.09.04
52. . .	CalmCar Machine-Vision Graphic Calibration and Control System (天瞳威勢機器視覺圖形標定控制系統)	Beijing Weishi	2019SR0920266	2019.09.04

APPENDIX VI

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interest

(a) *Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations*

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised) 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 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 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our H Shares are [REDACTED]:

Name	Capacity/Nature of Interest	Class of Shares held after the [REDACTED]	Number of Shares immediately following completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised)	Approximate percentage of shareholding in the issued share capital of our Company after the [REDACTED] ⁽¹⁾
Mr. Wang ⁽²⁾	Beneficial interest/Interest in controlled corporation	H Shares	[REDACTED]	[REDACTED]
Mr. Zhang Weidong ⁽³⁾ .	Interest in controlled corporation	H Shares	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised).
- (2) See “Substantial Shareholders” above for details.
- (3) Mr. Zhang Weidong is the ultimate controlling shareholder in Honour View Holdings Limited (“Honour View”). Therefore, Mr. Zhang Weidong is deemed to be interested in the Shares held by Honour View under the SFO.

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(b) Interests of the substantial shareholders

Save as disclosed in the section headed “Substantial Shareholders” of this document and set out below, 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 the Shares or the underlying Shares which would fall to be disclosed to us and the 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 and any member of our Group.

Member of our Group	Name of Substantial Shareholder	Approximate percentage of interest
Hong Kong Smart Drive Technology Limited) (香港慧行 科技有限公司)	GPTX Hong Kong Pan-AI Industrial Limited Partnership Fund (簡坤香港 泛人工智能產業有限合夥基金)	40%

2. Particulars of the Directors’ Service Contracts

We have entered into a service contract with each of our Directors. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts 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, none of the Directors has entered into any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

For details of the remuneration of Directors, see “Directors and Senior Management — Emolument of Directors and Senior Management” and note 13 in “Appendix I Accountant’s Report” to this document.

4. Agency fees or commissions received

Save as disclosed in this section, no commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

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5. Disclaimers

- (a) Save as disclosed in “Substantial Shareholders” and “C. Further information about our Directors, and Substantial Shareholders” of this section, none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the 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 Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED] on the Stock Exchange;
- (b) Save as disclosed in “Substantial Shareholders” and “C. Further information about our Directors and Substantial Shareholders” of this section, none of our Directors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are [REDACTED] on the Stock Exchange;
- (c) Save as disclosed in the section headed “History, Development and Corporate Structure” of this document, none of the Directors nor any of the experts referred to in “D. Other Information — 8. Qualifications and Consents of Experts” below:
 - (i) has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; or
 - (ii) is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group;
- (d) Save in connection with the [REDACTED] and in this section, none of the Directors nor any of the experts referred to in “D. Other Information — 8. Qualifications and Consents of Experts” below:
 - (i) interested legally or beneficially in any [REDACTED] in any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to [REDACTED] for or to nominate persons to [REDACTED] for any securities in any member of our Group;

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- (e) Save as disclosed in the section headed “Business — Our Customers and Business — Our Suppliers” of this document, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the top five customers or our top five suppliers of the Group.

D. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

2. Litigation

As of the Latest Practicable Date, the Company was 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 us, that would have a material adverse effect on our results of operations or financial conditions.

3. The Joint Sponsors’ Independence

The Joint Sponsors have made an application on our behalf to the Listing Committee for the [REDACTED], and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US\$800,000 for acting as sponsors to the Company in connection with the [REDACTED]. As of the Latest Practicable Date, US\$800,000 remained payable by the Company to the Joint Sponsors.

4. Compliance Adviser

The Company has appointed Guotai Junan Capital Limited as the compliance adviser upon [REDACTED] in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

5. Preliminary Expenses

The Company has not incurred any preliminary expenses.

6. Taxation of holder 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

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Shares being sold or transferred (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

7. Promoters

Our promoters comprised 37 of our then Shareholders immediately before our conversion into a joint stock limited liability company on October 22, 2025.

Within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

8. Qualifications and Consents of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) which have given opinions or advice in, or referred to in, this document are as follows:

Name of Expert	Qualifications
HSBC Corporate Finance (Hong Kong) Limited* . .	Licensed corporation to conduct Type 6 (advising on corporate finance) regulated activities under the SFO
Huatai Financial Holdings (Hong Kong) Limited* . .	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities as defined under the SFO
Deloitte Touche Tohmatsu .	Certified Public Accountants and Registered Public Interest Entity Auditor
Jingtian & Gongcheng	Legal advisers as to PRC law to our Company
China Insights Industry Consultancy Limited . . .	Industry consultant

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Name of Expert	Qualifications
Jingtian & Gongcheng	Legal advisor as to PRC cybersecurity and data privacy law to our Company
DLA Piper Singapore Pte. Ltd.	Legal advisor as to international regulatory matters to our Company

(* in alphabetical order)

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or references to its name and qualifications included herein in the form and context in which they respectively appear.

9. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, 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.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. No Material Adverse Change

After due and careful consideration, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report in Appendix I to this document).

12. Miscellaneous

- (a) Save as disclosed in the section headed “History, Development and Corporate Structure” and this section, within the two years preceding the date of this document, no share or loan capital of the Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.
- (b) No share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option.

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- (c) No founder, management or deferred [REDACTED] of the Company or any of its subsidiary have been issued or have been agreed to be issued.
- (d) Our Company has no outstanding convertible debt securities or debentures.
- (e) None of the experts listed under “— 8. Qualifications and Consents of Experts”:
 - (i) is interested beneficially or non-beneficially in any [REDACTED] in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to [REDACTED] for or to nominate persons to [REDACTED] for securities in any member of the Group save in connection with the [REDACTED].
- (f) There are no procedures for the exercise of any right of pre-emption or transferability of [REDACTED] rights.
- (g) 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.
- (h) The English text of this document shall prevail over their respective Chinese text.
- (i) There is no arrangement under which future dividends are waived or agreed to be waived.
- (j) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document.
- (k) Our Company is not presently [REDACTED] on any stock exchange or traded on any trading system.
- (l) None of our equity and debt securities is presently [REDACTED] on any stock exchange or traded on any trading system and no such [REDACTED] or permission to [REDACTED] is being or is proposed to be sought.
- (m) Our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures.
- (n) There are no restriction affecting the remittance of profits or repatriation of capital by us into Hong Kong from overseas.

APPENDIX VII

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the material contract(s) referred to in “Appendix VI — Statutory and General Information”; and
- (b) the written consents referred to in “Appendix VI — Statutory and General Information.”

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.calmcar.com during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report and the report on the unaudited [REDACTED] financial information prepared by Deloitte Touche Tohmatsu, the texts of which are set out in “Appendix I — Accountants’ Report” and “Appendix II — Unaudited [REDACTED] Financial Information”, respectively;
- (c) the audited consolidated financial statements of the Group for the years ended December 31, 2023, 2024 and 2025;
- (d) the PRC legal opinion from Jingtian & Gongcheng, the Company’s PRC Legal Adviser, in respect of, among other things, the general matters of the Company and the property interests of our Group in the PRC;
- (e) the PRC legal opinion as to PRC cybersecurity and data privacy law issued by Jingtian & Gongcheng, our legal advisor as to cybersecurity and data privacy law in the PRC;
- (f) the industry report prepared by China Insights Industry Consultancy Limited, a summary of which is set forth in “Industry Overview”;
- (g) the PRC Company Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translations;

APPENDIX VII

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (h) the legal opinion as to international regulatory matters issued by DLA Piper Singapore Pte. Ltd., our legal advisor as to international regulatory matters;
- (i) the service contracts between each of the Directors and the Company referred to in “Appendix VI — Statutory and General Information”;
- (j) the material contract(s) referred to in “Appendix VI — Statutory and General Information”; and
- (k) the written consents referred to in “Appendix VI — Statutory and General Information”.