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 the [**REDACTED**].

There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the* [**REDACTED**]. *Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.*

OVERVIEW

We design, develop and sell NEPVs, including battery electric vehicles ("**BEVs**") and range-extended electric vehicles ("**REEVs**"), covering product definition and design, intelligent vehicle engineering, system integration, vehicle sales and after-sales support. Our vehicles are developed through a combination of in-house capabilities and strategic cooperation with Changan Automobile, our Controlling Shareholder and the sole manufacturer of our vehicles during the Track Record Period, together with CATL in battery-related technologies and supply, and Huawei in intelligent vehicle solutions. We focus on product definition and design, intelligent vehicle engineering, system integration, sales and customer engagement, while working with external suppliers and partners for key components, systems and manufacturing-related services. We deliver our vehicles and related services through a combination of direct sales and distributorship, including our AVATR app, official website, self-operated stores and distributor-operated stores, and provide ongoing software upgrades, maintenance and customer services throughout the ownership lifecycle. Through coordination across design, research and development, supply chain and sales, we aim to maintain consistent product quality and user experience across our model range and to build a distinct brand in the NEPV market.

Since 2021, we have collaborated with Changan Automobile, CATL and Huawei to establish a new-luxury NEPV brand by adopting a market-oriented management approach. This approach allows us to leverage Changan Automobile's manufacturing capabilities while maintaining efficient operations and flexible decision-making mechanisms, enabling us to promptly adapt our business strategies to evolving consumer preferences and market needs. In just under five years since introducing the AVATR brand, we have built core capabilities in the full chain of product design, definition, development, branding, product matrix, marketing and customer engagement. We have launched NEPV models that cover the premium and luxury NEPV markets, establishing our presence in the automobile industry.

We operate under an asset-light business model, which allows us to focus on activities that deliver greater value to customers, such as product definition, product design, core technology development, branding, sales and marketing and ecosystem operations. We benefit from Changan Automobile's resources in smart manufacturing, supply chain system, R&D and testing infrastructure and sales channels. Our partnership with CATL supports our operations in terms of advanced new energy technology and improves our brand influence through joint marketing. We also collaborate with Yinwang, a supplier with intelligent vehicle solutions. In February 2025, we acquired a 10% equity stake in Yinwang for a total consideration of RMB11.5 billion. Both parties will adopt a co-creation model to jointly develop upgraded versions of existing models and the next-generation series of AVATR vehicles. The teams will be deeply integrated and collaborate on vehicle definition, joint development and testing, and joint marketing, together to enhance AVATR's product competitiveness, drive sales growth and elevate our brand.

Benefiting from our asset-light business model, we have created and maintained an efficient and streamlined team. As of December 31, 2024 and 2025, we had a total of 3,492 and 3,978 employees, respectively, who collectively contributed to our total revenue of over RMB15.0 billion in 2024 and RMB25.0 billion in 2025. During the Track Record Period, we achieved rapid growth and operating momentum, marked by sales expansion, award-winning vehicle models, accelerating revenue growth and expanding international market presence.

In 2025, AVATR ranked eighth by sales volume in China's new luxury NEPV market for models priced above RMB200,000, with total sales of 122,702 units. In 2025, AVATR 06 ranked fourth among new luxury NEPV mid-size sedans priced above RMB200,000 in China, AVATR 07 ranked fourth among mid-size SUVs in the same price segment, AVATR 12 ranked second among new luxury NEPV large sedans priced above RMB300,000, and AVATR 11 ranked 13th among new luxury NEPV large SUVs priced above RMB300,000.

COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (i) strategic alliances with top-tier partners, leading to resource consolidation that centers around operational efficiency; (ii) asset-light business model enabling allocation of resources to higher value creation for customers; (iii) "New-Luxury" NEPV brand centering on original design, vehicle intelligence, and safety and wellness technologies, redefining an emotionally intelligent premium mobility experience; (iv) top-tier capabilities in independent R&D and technology integration, continuously fortifying technological barrier; (v) rapidly evolving product portfolio, proactively responding to fierce market competition; and (vi) management team with diverse backgrounds and extensive experience, and skilled and efficient workforce that contributes to our sustainable growth. For details, see "Business — Competitive Strengths."

STRATEGIES

We intend to pursue the following strategies to support our continuous growth: (i) strengthen strategic alliances to shape a new paradigm of leading premium intelligent NEPV brand; (ii) continuously launch new products, especially new blockbuster products, in key markets, focusing on user demand; (iii) accelerate our global expansion and explore new growth engines; (iv) maintain our technology leadership and strengthen our intelligent mobility branding; (v) establish our new-luxury brand image and continuously bring high-value service and mobility experience for consumers; and (vi) co-create the future mobility ecosystem with strategic partners. For details, see "Business — Strategies."

Technological Capabilities

We have committed substantial resources to proprietary research and development across core domains of luxury intelligent NEPVs, underpinned by our robust in-house technological capabilities and proprietary aesthetic design. We place emphasis on building a high-caliber research and development team. As of December 31, 2025, 55.0% of our workforce were R&D personnel, reflecting our firm strategies in innovation and technical excellence. We have made the development of proprietary research and technology a strategic priority. As of December 31, 2025, we had built a robust intellectual property portfolio and reserve; in just under five years since introducing the AVATR brand, we had been granted 1,559 patents globally, including numerous patents in frontier areas of new energy vehicles, demonstrating our ability to efficiently develop our patent portfolio. We deploy a range of core technologies across our vehicle portfolio, including a modular intelligent NEPV platform, centralized electronic and electrical architecture, multi-sensor assisted driving systems, HarmonyOS-based intelligent cockpit, intelligent chassis control and an integrated multi-layer safety framework, with specific functions varying by model. See "Business — Technologies."

OUR BUSINESS

We are a premium NEPV brand, dedicated to delivering a mobility experience that integrates design, advanced intelligent features and overall value through proprietary technology. Our intelligent NEPVs are designed for the premium and luxury segments of China's NEPV market, which primarily comprises high-net-worth individuals who prioritize refined aesthetics, advanced technology and premium driving experiences. During the Track Record Period, we primarily generated revenue from NEPV sales. To a lesser extent, we also generated revenue from the sales of automotive parts and components, and value-added products and ancillary services related to NEPV ownership. The following table sets forth the breakdown of our revenue by business segments for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
NEPV Sales	5,542,018	98.2	14,417,324	94.9	23,902,035	93.3
Sales of automotive parts and components and others[(1)]	103,339	1.8	777,896	5.1	1,729,250	6.7
Total	**5,645,357**	**100.0**	**15,195,220**	**100.0**	**25,631,285**	**100.0**

Note:

(1) Others primarily included services which comprised after-sales repair and maintenance services, premium accessories and light modification services, charging services, referral services for financial and insurance products, platform technology services, and personnel support services.

Since 2024, we have sold intelligent NEPVs to overseas markets, including Southeast Asia, Middle East and Africa, Eurasia and Central and South America. Revenue generated from sales to overseas markets accounted for 1.5% and 5.5% of our total revenue in 2024 and 2025, respectively.

Our Vehicle Products

As of the Latest Practicable Date, we had introduced four main vehicle models that had been mass-produced, namely AVATR 06 series, 07, 11 and 12, all of which offered both BEV and REEV powertrain options and covered the premium and luxury segments of China's NEPV market. For each of AVATR 11 and 12, we also introduced the Royal Theater series and the limited-edition "0" series (namely AVATR 011 and AVATR 012). As of the Latest Practicable Date, all models offered both pure electric and range-extended powertrain options, making us the first emerging NEPV brand to complete a full dual-power lineup, with vehicle selling prices ranging from RMB200,000 to RMB700,000. For a brief description of our main vehicle models, including product positioning, launch time, price range and key specifications, see "Business — Overview."

Since we commenced vehicle delivery in December 2022, our total deliveries increased from 20,021 units in 2023 to 122,702 units in 2025. Deliveries of certain models fluctuated during the Track Record Period due to resource reallocation for new model launches, customer purchase timing and market competition. Deliveries of AVATR 11 declined from 18,024 units in 2023 to 9,310 units in 2024, primarily due to the reallocation of internal resources to support the launch of AVATR 12. Deliveries of AVATR 12 decreased from 30,785 units in 2024 to 20,963 units in 2025, mainly because certain customers deferred purchases in anticipation of the planned launch of its four-LiDAR version in the second half of 2025. Notwithstanding fluctuations in deliveries of individual models, our overall vehicle deliveries continued to grow as our product portfolio expanded. AVATR 06 commenced deliveries in 2025 and recorded sales of 36,528 units in 2025. Deliveries of AVATR 07 increased from 21,493 units in 2024 to 57,338 units in 2025. In 2025, our total deliveries reached 122,702 units, representing an increase of approximately 99.2% from 2024.

As our product portfolio continues to diversify, we have gradually enhanced our overall delivery scale and operational resilience. For a breakdown of vehicle deliveries by models and geographical markets, see "Business — Our Business — Our Vehicle Products — Key Operating Data."

SALES AND MARKETING

We market our intelligent NEPVs through a combination of direct sales and distributorship. We adopt a direct sales model to maintain consistent user experience and operational efficiency. Users can explore features, customize configurations, schedule test drives and place orders through our AVATR app and official website. We also engage authorized sales agents to assist in direct sales; customers place orders with us and we retain title until delivery. Agents earn a fixed commission, and revenue is recognized as direct sales. To expand market coverage in China and overseas, we also adopt a distributorship model in line with industry practice. Distributors purchase vehicles from us and operate branded stores for sales and after-sales services. To ensure alignment with our brand values and sales strategy, we apply stringent distributor selection criteria, focusing primarily on their financial strength, operational capability and industry experience. Our distributors typically have extensive experience in vehicle sales, repair and maintenance services. In 2023, 2024 and 2025, revenue generated from distributorship amounted to RMB62.2 million, RMB1,464.9 million and RMB12,623.6 million, respectively, accounting for 1.1%, 9.6% and 49.3% of our total revenue in the same years, respectively. As of December 31, 2023, 2024 and 2025, we had nil, 259 and 384 NEPV distributors, respectively. See "Business — Sales and Marketing — Distributorship."

CUSTOMERS

Our customers primarily include individual vehicle purchasers under our direct sales model and distributors under our distributorship model. In 2023, 2024 and 2025, revenue generated from five largest customers in each year during the Track Record Period was RMB146.8 million, RMB694.4 million and RMB2,580.4 million, respectively, accounting for 2.5%, 4.6% and 10.1% of our total revenue in the same year, respectively. In 2023, 2024 and 2025, revenue generated from our largest customer in each year during the Track Record Period was RMB64.4 million, RMB232.6 million and RMB927.4 million, respectively, accounting for 1.1%, 1.5% and 3.6% of our total revenue in the same year, respectively.

SUPPLIERS

We engage third-party suppliers for key components and materials for our NEPVs, including batteries, traditional automotive parts and other components and materials. We also purchase intelligent vehicle solutions and marketing services from our suppliers. Our major suppliers are suppliers of automotive parts and components and vehicle service providers. In 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period were RMB6,862.5 million, RMB9,249.1 million and RMB12,718.6 million, respectively, accounting for 88.4%, 65.3% and 55.5% of our total purchase amount in the same years, respectively. In 2023, 2024 and 2025, purchases from our largest supplier in each year during the Track Record Period were RMB2,797.3 million, RMB3,023.2 million and RMB4,969.5 million, respectively, accounting for 36.0%, 21.4% and 21.7% of our total purchase amount in the same year, respectively. We typically settle payments with our five largest suppliers in each year during the Track Record Period through bank acceptance bills.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks. Some of the major risks we face include, but are not limited to (i) we operate in the highly competitive NEPV market in China, and we may not be able to compete effectively; (ii) our future growth depends on consumers' demand for our NEPVs; (iii) our industry is rapidly evolving, and technological breakthroughs in alternative NEPV technologies may adversely affect demand for our vehicles; (iv) our business and results of operation may be adversely affected if our collaboration with Changan Automobile is terminated or curtailed, or no longer mutually beneficial; (v) we are or may be subject to risks associated with strategic alliances or acquisitions; (vi) delays in the development and launch of new vehicle models in our pipeline could materially and adversely affect our business; (vii) we rely on suppliers for raw materials, components, software and services essential to our vehicles, and this may adversely affect our business operations; (viii) our business and prospects depend on our ability to establish, maintain, and enhance the "AVATR" brand, and failure to do so could adversely affect our reputation and business; (ix) we have a limited operating history, which makes it difficult to evaluate our business and future prospects; and (x) changes in government policies that are favorable for NEPVs or domestically manufactured vehicles could materially affect our business.

COMPETITION

The China's NEPV market is highly competitive. Since we are strategically focused on offering new luxury NEPV, we directly compete with major players in China's new luxury NEPV market, including both pure-play NEPV companies and traditional OEMs that also produce NEPVs. China remains the largest NEPV market globally, with a penetration rate of 54.0% in 2025, compared to a global average of 28.4%. In 2025, China NEPV sales volume reached 13.0 million units, accounting for 59.5% of the global NEPV market. By 2030, NEPV sales volume in China is expected to reach 19.1 million units, with a CAGR of 8.0% from 2025 to 2030, representing 45.1% of the global market.

According to Frost & Sullivan, new luxury NEPV refers to premium and luxury NEPVs priced above RMB200,000 and the premium and luxury NEPV segments have grown rapidly, expanding from 1.2 million units in 2021 to 4.9 million units in 2025, representing a CAGR of 43.4%. The sales volume of NEPVs priced above RMB200,000 accounted for 37.8% of the total NEPV market in China. Driven by increasing resident income and consumption upgrades, this market is expected to maintain a steady growth, reaching 8.2 million units by 2030. From 2025 to 2030, the market is projected to grow at a CAGR of 10.7%. The competitive landscape of China's new luxury NEPV market is intensifying rapidly. Multiple brands have shown strong growth, demonstrating market potential and brand appeal. For more information on the competitive landscape of our industry, see "Industry Overview."

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables summarize our consolidated financial information during the Track Record Period and should be read in conjunction with "Financial Information" of this document and the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

Summary of the Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue	5,645,357	15,195,220	25,631,285
Cost of sales	(5,814,813)	(14,233,927)	(23,214,675)
Gross (loss)/profit	**(169,456)**	**961,293**	**2,416,610**
Other income and gains	122,450	120,693	192,392
Selling and marketing expenses	(2,304,287)	(3,036,301)	(3,281,131)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	(579,628)	(705,935)	(765,777)
Research and development expenses	(660,121)	(1,214,069)	(2,085,654)
Impairment losses on financial assets, net	–	(1,248)	(4,342)
Other expenses	(16,315)	(37,524)	(32,081)
Finance costs	(85,148)	(104,894)	(109,603)
Share of profits of an associate	–	–	182,485
Loss before tax	(3,692,505)	(4,017,985)	(3,487,101)
Income tax expense	–	–	(1,790)
Loss for the year	**(3,692,505)**	**(4,017,985)**	**(3,488,891)**

During the Track Record Period, we recorded net losses of RMB3,692.5 million, RMB4,018.0 million and RMB3,488.9 million in 2023, 2024 and 2025, respectively, primarily reflecting the early commercialization and ramp-up stage of our business.

We incurred substantial upfront investments before the scale benefits could fully emerge. In particular, since we only commenced vehicle deliveries in late December 2022, we incurred substantial expenses in product development, channel expansion and organizational build-out to support our business ramp-up. We also incurred substantial selling and marketing expenses to build brand awareness and support the launch of our vehicle lineup, including advertising and promotional campaigns, launch events and other brand-building activities, which were necessary to establish market presence but did not scale proportionately with vehicle deliveries at the early commercialization stage. In addition, we incurred substantial research and development expenses for whole-vehicle development, engineering validation, platform-level technological advancement, intelligent systems integration and powertrain configurations, reflecting upfront investment required to build a competitive product portfolio and establish core technical capabilities. In addition, our cost structure had not fully benefited from economies of scale during the Track Record Period. In particular, comparatively smaller procurement volumes limited our bargaining power with component suppliers, while manufacturing-related costs were spread across a relatively low level of delivery volume during the ramp-up stage, which adversely affected our gross margin and overall profitability. As we continue to invest in business expansion, sales and marketing activities and research and development, our profitability in the near term may remain under pressure, and we may continue to record net losses for the year ending December 31, 2026. For details, see "Financial Information — Description of Key Components of Our Results of Operations."

Summary of the Consolidated Statements of Financial Position

The following table sets forth the selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total non-current assets	2,249,478	6,194,055	16,444,937
Total current assets	10,394,569	22,959,978	12,919,555
Total assets	**12,644,047**	**29,154,033**	**29,364,492**
Total non-current liabilities	789,993	2,316,151	2,364,085
Total current liabilities	9,760,275	18,247,752	21,204,147

	As of December 31,		
	2023	2024	2025
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total liabilities	**10,550,268**	**20,563,903**	**23,568,232**
Net current assets/ (liabilities)	**634,294**	**4,712,226**	**(8,284,592)**
Net assets	**2,093,779**	**8,590,130**	**5,796,260**
Equity attributable to owners of the parent			
Share capital	1,994,965	3,006,328	3,065,147
Reserves	98,814	5,583,802	2,731,113
Total equity	**2,093,779**	**8,590,130**	**5,796,260**

Our net current liabilities decreased from RMB8,284.6 million as of December 31, 2025 to RMB5,179.8 million as of April 30, 2026, primarily due to decreases in current liabilities, including (i) a decrease in trade and notes payables of RMB2,545.0 million; (ii) a decrease in interest-bearing bank and other borrowings of RMB1,155.0 million; and (iii) a decrease in other payables and accruals of RMB873.5 million. Such decrease was partially offset by a decrease in cash and cash equivalents of RMB3,438.3 million, primarily driven by continued investment in R&D and marketing, as well as payments to suppliers following the alignment of payment terms to within 60 days.

Our net current assets of RMB4,712.2 million as of December 31, 2024 changed to net current liabilities of RMB8,284.6 million as of December 31, 2025. This was primarily due to (i) a significant decrease of RMB9,635.9 million in cash and cash equivalents mainly related to the payment of consideration for our strategic investment in Yinwang; (ii) a decrease of RMB213.8 million in prepayments, other receivables and other assets, primarily because the first tranche of consideration paid in 2024 in relation to our strategic investment in Yinwang was reclassified from current assets and recognized as non-current assets in 2025; (iii) an increase of RMB3,400.6 million in trade and notes payables arising from our continued investment in operations and the need to support higher production and delivery volumes; and (iv) an increase of RMB891.7 million in other payables and accrued expenses, primarily attributable to our continued investment in research and development and marketing initiatives. For details of our investment in Yinwang, see "History, Development and Corporate Structure — Acquisitions, Mergers and Disposals."

Our net assets increased significantly from RMB2,093.8 million as of December 31, 2023 to RMB8,590.1 million as of December 31, 2024, primarily due to shareholder capital contributions of RMB10,490.5 million in 2024, partially offset by net loss of RMB4,018.0 million recorded during the year. Our net assets decreased by 32.5% from RMB8,590.1 million as of December 31, 2024 to RMB5,796.3 million as of December 31, 2025, primarily due to net loss of RMB3,488.9 million recorded during the year, partially offset by shareholder capital contributions of RMB610.1 million and equity-settled share-based payment expenses of RMB77.9 million in 2025.

For details, see "Financial Information — Discussion of Certain Key Balance Sheet Items."

Summary of the Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from/ (used in) operating activities	(800,922)	1,755,141	2,315,453
Net cash used in investing activities	(1,147,631)	(3,799,690)	(10,689,131)
Net cash generated from/ (used in) financing activities	5,871,308	14,228,920	(1,263,030)
Net increase/(decrease) in cash and cash equivalents	3,922,755	12,184,371	(9,636,708)
Cash and cash equivalents at beginning of year	3,217,445	7,139,058	19,323,334
Effect of foreign exchange rate changes, net	(1,142)	(95)	806
Cash and cash equivalents at the end of the year	7,139,058	19,323,334	9,687,432

In 2025, our net cash generated from operating activities was RMB2,315.5 million, reflecting our loss before income tax of RMB3,487.1 million, adjusted by non-cash and non-operating items and movements in working capital. Our movements in working capital primarily reflect (i) an increase in trade and notes payables of RMB3,416.6 million; (ii) an increase in other payables and accruals of RMB508.4 million; (iii) a decrease in prepayments, other receivables and other assets of RMB388.7 million, and (iv) a decrease in inventories of RMB253.5 million, partially offset by an increase in trade and notes receivables of RMB111.3 million.

In 2024, our net cash generated from operating activities was RMB1,755.1 million. This turnaround was primarily attributable to our disciplined cash flow management approach. From 2022 to 2024, supported by the successful completion of multiple rounds of equity financing, we maintained relatively sufficient cash reserves and adhered to established payment terms when settling amounts due to suppliers. As our product offerings expanded and sales volumes increased, together with growing brand recognition, cash receipts from operations gradually caught up with and subsequently exceeded the level required to sustain our stable payment rhythm, resulting in a transition of our net cash flows from operating activities from net outflows to net inflows. Our net cash generated from operating activities is calculated by adjusting our loss before income tax of RMB4,018.0 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB3,216.8 million. Our movements in working capital primarily reflect (i) an increase in trade and notes payables of RMB4,355.9 million; (ii) an increase in other payables and accruals of RMB743.1 million; and (iii) an increase in provision of RMB244.4 million, partially offset by (i) a decrease in contract liabilities of RMB143.5 million; (ii) an increase in trade and notes receivables of RMB98.4 million; and (iii) an increase in prepayments, other receivables and other assets of RMB72.2 million.

In 2023, our net cash used in operating activities was RMB800.9 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB3,692.5 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB3,029.3 million. Our movements in working capital primarily reflect (i) an increase in trade and notes payables of RMB3,644.5 million; (ii) an increase in other payables and accruals of RMB581.0 million; and (iii) an increase in contract liabilities of RMB463.8 million, partially offset by (i) an increase in inventories of RMB2,225.6 million; and (ii) an increase in prepayments, other receivables and other assets of RMB305.4 million.

For details, see "Financial Information — Cash Flows."

KEY FINANCIAL DATA

The following table sets forth certain of our key financial ratios for the years indicated:

	Year ended/As of December 31,		
	2023	2024	2025
Gross profit/(loss) margin (%)(1)	(3.0)	6.3	9.4
Current ratio(2)	1.1	1.3	0.6
Quick ratio(3)	0.8	1.1	0.5
Gearing ratio (%)(4)	83.4	70.5	80.3

Notes:

(1) Gross profit/(loss) margin was calculated by dividing gross profit/(loss) by revenue for the years indicated and multiplied by 100%.

(2) Current ratio was calculated by dividing total current assets by total current liabilities as of the dates indicated.

(3) Quick ratio was calculated based on total current assets less inventories divided by total current liabilities as of the dates indicated.

(4) Gearing ratio was calculated based on total liabilities divided by total assets as of the relevant end of years multiplied by 100%.

Our liquidity position tightened from December 31, 2024 to December 31, 2025, with our current ratio decreasing from 1.3 to 0.6 and our quick ratio decreasing from 1.1 to 0.5 during the same period. This was primarily attributable to (i) a reduction in liquid current assets resulting from our strategic investment in Yinwang, as a substantial portion of our cash and cash equivalents was used to pay the consideration for such investment and the investment was subsequently recognized as a long-term equity investment under non-current assets; and (ii) increased working capital requirements associated with the continued expansion of our business, including higher expenditures on procurement, research and development and sales and marketing activities to support our growing product portfolio and expanding sales and service network. As a result, our liquidity position tightened as of December 31, 2025, reflecting the combined impact of significant investment outflows and elevated operating funding requirements during our growth phase.

DIVIDEND POLICY

We currently do not have any fixed dividend policy nor pre-determined dividend payout ratio. No dividend was paid or declared by our Company during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached 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 net profit to our statutory common reserve fund as described above.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], after deducting the [**REDACTED**] fees and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], assuming the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]) and assuming that the [**REDACTED**] is not exercised.

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used in product development and platform and technology development to enhance our market competitiveness; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] is expected to be used for brand building and the expansion of our sales and service network; and (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] is expected to be used for working capital and general corporate purposes.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Changan Automobile, directly and indirectly through Chang'an Innovation, held approximately 41.57% of our total issued share capital. China Changan Automobile Group is the holding company of Changan Automobile and holds its equity interest directly and indirectly through its wholly-owned subsidiaries, ChenZhi Automobile and United Prosperity. Immediately following the completion of the [**REDACTED**], Changan Automobile will hold approximately [**REDACTED**]% of our total issued share capital. Therefore, China Changan Automobile Group, ChenZhi Automobile, United Prosperity, Changan Automobile and Chang'an Innovation will constitute a group of Controlling Shareholders of our Company upon [**REDACTED**] under the Listing Rules.

Changan Automobile is a major Chinese state-owned automobile manufacturer with nearly 40 years of experience in automotive R&D, manufacturing, and sales. Its product portfolio covers both ICE vehicles and NEVs, the latter comprising NEPVs and NECVs. There is no material competition between ICE vehicles and NEVs, or between NECVs and NEPVs. Our Directors are of the view that the business operations between our Group (premium and luxury NEPV) and Changan Automobile are clearly delineated, with distinct differences in branding, market positioning and technical features. Based on the independent due diligence work performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would reasonably cause them to cast doubt on the aforementioned view of our Directors in any material aspect.

We have and will continue to conduct certain connected transactions involving the purchase and sale of products and services with Changan Automobile and its subsidiaries. During the Track Record Period, our procurement from Changan Automobile and its subsidiaries declined steadily, accounting for 36.0%, 21.4% and 13.3% of our total purchase in 2023, 2024 and 2025, respectively. In addition, revenue derived from Changan Automobile and its subsidiaries represented less than 10% of our total revenues in each of the same periods. Considering (i) the established mutually beneficially long-term relationship and our continued status as a close associate of Changan Automobile after [**REDACTED**]; (ii) transactions being conducted on a non-exclusive, arm's length basis under fair and reasonable terms; (iii) general availability of equivalent products and services Independent Third Parties; and (iv) Changan Automobile's ability to efficiently meet our needs with stable, high-quality supply, aligning with the best interest of our Company and our Shareholders as a whole. In addition, our Directors are of the view that although Changan Automobile has been our only whole vehicle manufacturer during the Track Record Period, readily available alternatives exist in the market. Our Company can switch to these suppliers, which offer comparable terms. Our Directors believe that despite the continuation of the connected transactions, we will be able to operate independently from Changan Automobile. Therefore, there is no material reliance by our Group on Changan Automobile. Based on the independent due diligence work performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would reasonably cause them to cast doubt on the aforementioned views of our Directors in any material aspect. See "Relationship with our Controlling Shareholders" for details on our Relationship with Changan Automobile, including, among others, our business delineation and independence from Changan Automobile.

CONNECTED TRANSACTIONS

Prior to the [**REDACTED**], our Group has entered into certain transactions in our ordinary and usual course with parties who will, upon the [**REDACTED**], become connected persons of our Company. We will continue to engage in such continuing connected transactions after the [**REDACTED**]. We have applied for, and the Stock Exchange [has granted] us waivers from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules. For details, see "Connected Transactions."

[REDACTED] INVESTMENTS

We have engaged in [**REDACTED**] Investments with our [**REDACTED**] Investors, such as Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) ("**CATL**"), Chongqing Anyu Private Equity Investment Fund Partnership Enterprise L.P.* (重慶安渝私募股權投資基金合夥企業(有限合夥)) ("**Chongqing Anyu**") and South Industry Assets Management Co., Ltd.* (南方工業資產管理有限公司) ("**SIAMC**"). For further details of the identity and background of the [**REDACTED**] Investors and the principal terms of the [**REDACTED**] Investments, see "History, Development and Corporate Structure — [**REDACTED**] Investments."

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of the [**REDACTED**] of, and permission to deal in, our H Shares to be converted from Domestic Unlisted Shares and issued pursuant to the [**REDACTED**], on the basis that we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (i) our revenue of RMB25,631.3 million in the financial year ended December 31, 2025 exceeds HK$500 million; and (ii) our expected [**REDACTED**] at the time of the [**REDACTED**], which, based on the low-end of the indicative [**REDACTED**] range, exceeds HK$4 billion.

[REDACTED]

	Based on the [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on the [REDACTED] of HK$[REDACTED] per [REDACTED]
[**REDACTED**] of our Shares(1)	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share(2)	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately after completion of the [**REDACTED**], with the reference date being the [**REDACTED**]. For details, see "History, Development and Corporate Structure — [**REDACTED**]" in this document.

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share are arrived at after adjustment and on the basis that [**REDACTED**] Shares are expected to be in issue immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] had been completed on December 31, 2025 without taking into account of the H Shares which may be issued upon exercise of the [**REDACTED**].

(3) No adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets of our Group as of December 31, 2025 to reflect any trading result or other transactions of our Group entered into subsequent to December 31, 2025.

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**], and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] will be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**]), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$[**REDACTED**] in [**REDACTED**] fees (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**]). Among the total [**REDACTED**], approximately HK$[**REDACTED**] will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining approximately HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive loss. We incurred HK$[**REDACTED**] of [**REDACTED**] during the Track Record Period and the remaining HK$[**REDACTED**] of [**REDACTED**] shall be incurred after the Track Record Period.

RECENT DEVELOPMENT

Since December 31, 2025, our business has continued to develop. From January to May 2026, our total vehicle sales amounted to 20,160 units, including 2,949 units sold in overseas markets. Our overseas vehicle sales for the same period increased by 33.4% compared with the corresponding period in 2025. In March 2026, we launched Taihang Intelligent Control 2.0 technology. In April 2026, we introduced the 2026 AVATR 12 and AVATR 06T, both equipped with this technology, Huawei's Qiankun ADS 4, an 896-line image-grade LiDAR system and HarmonySpace 5 intelligent cockpit. We also continued to expand our sales channels. We have enhanced the overall quality and brand image of our sales network by developing flagship stores and upgrading existing locations. Overseas, we had expanded into 43 countries and regions, with 95 distribution points as of May 31, 2026. In April 2026, we entered into a strategic cooperation agreement with Huawei Huitong to jointly develop premium intelligent vehicle service ecosystems. As we continue to invest in business expansion, sales and marketing, and research and development, our profitability in the near term may remain under pressure, and we may continue to record net losses for the year ending December 31, 2026.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.