OVERVIEW

We design, develop and sell NEPVs, including BEVs and 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 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 design, definition, 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 advanced intelligent vehicle solutions. In February 2025, we acquired a 10% equity interest in Yinwang for a total consideration of RMB11.5 billion. Together with Yinwang, we plan to 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 to enhance our product competitiveness, drive sales growth and elevate our brand. 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.

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. The following diagram illustrates our key achievements and performance during the Track Record Period:

Notes:

(1) Among emerging NEPV brands that target vehicle models priced over RMB200,000 or above per unit, with 2025 year-on-year sales volume growth of over 99%.

(2) From the year ended December 31, 2024 to the year ended December 31, 2025.

As of the Latest Practicable Date, we had launched four main models that had been mass-produced, namely AVATR 06 series, 07, 11 and 12. For each of AVATR 11 and 12, we also introduced the Royal Theater series and limited edition "0" series (namely AVATR 011 and AVATR 012). In August 2022, we introduced our first mass-produced flagship model, AVATR 11, a mid and large-size SUV. We subsequently expanded our portfolio to meet the evolving needs of premium customers. In November 2023, we launched AVATR 12, a large-size sedan. In September 2024, we introduced AVATR 07, a mid-size SUV. In April 2025, we launched AVATR 06, a mid-size sedan and in April 2026, we launched the AVATR 06T, an all-scenario sports sedan. Leveraging our capabilities in exterior design aesthetics, product definition and technological innovation, our comprehensive product portfolio has garnered widespread acclaim from both top-tier domestic and international professional institutions as well as users. Notably, our flagship models, AVATR 11 and AVATR 12, were awarded the prestigious Red Dot Design Award in the Product Design category in 2024, underscoring our excellence in design and innovation. In 2025, our AVATR 11 further received the Gold Award for Industrial Design at the 25th China Patent Awards, affirming our industry leadership in aesthetic and functional design. In addition, multiple models ranked among the top sellers in their respective target market segments in the year ended December 31, 2025. 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.

The following table sets forth a brief description of our four main vehicle models:

	AVATR 11	AVATR 12	AVATR 07	AVATR 06/06T
Product images				
Product positioning	Futuristic intelligent luxury SUV	Futuristic intelligent luxury sedan	Intelligent urban luxury SUV	Intelligent sports urban luxury sedan (06) Intelligent all-scenario sport sedan (06T)
Dimensions (mm)	4,895x1,970x1,601	5,020x1,999x1,460	4,825x1,980x1,620	4,855x1,960x1,467 (06) 4,940x1,960x1,475 (06T)
Wheelbase (mm)	2,975	3,020	2,940	2,940
Power form			Pure electric/extended-range	
Maximum Range Kilometers (CLTC)	Pure electric: 815 km Extended-range: 1,065 km	Pure electric: 735 km Extended-range: 1,260 km	Pure electric: 650 km Extended-range: 1,100 km	Pure electric: 650 km (06) Extended-range: 1,250 km (06) Pure electric: 741 km (06T) Extended-range: 1,250 km (06T)
Initial launch time	August 2022	November 2023	September 2024	April 2025 (06) April 2026 (06T)
MSRP excluding overseas (RMB in thousands)	289.9-429.9	293.9-433.9	219.9-279.9	209.9-279.9 (06) 219.9-279.9 (06T)

	AVATR 11	AVATR 12	AVATR 07	AVATR 06/06T
Product Achievements/ Highlights	• Ranking second among pure-electric vehicle models selling at THB2.0 million and above in terms of sales volume in Thailand in 2025 • 2024 Red Dot Award in the Product Design category • Gold Award for Industrial Design at the 25th China Patent Award	• Ranking second among new luxury NEPV large-size sedans priced above RMB300.0 thousand in terms of sales volume in China in 2025 • 2024 Red Dot Award in the Product Design category	Ranking fourth among new luxury NEPV mid-size SUV models priced above RMB200.0 thousand in terms of sales volume in China in 2025	Ranking fourth among mid-size NEPV sedan models priced above RMB200.0 thousand in terms of sales volume in China in 2025 (06)

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. Our efforts span key areas including original design, automotive intelligence and safety and wellness technologies, through which we have established a differentiated technology portfolio. Meanwhile, we have strategically integrated the manufacturing capabilities of Changan Automobile, the new energy platform innovations of CATL and technology resources of Yinwang for intelligent automotive functions. These collaborations have enabled us to accumulate deep technological reserves and accelerate innovation across our product ecosystem. Leveraging our innovation capabilities, design capabilities and our unique "emotional intelligence" concept, and empowered by the technologies of our core strategic partners, we have built a portfolio of vehicles that offer advanced emotional interaction capabilities and continue to co-develop next-generation intelligent mobility solutions, setting new benchmarks for intelligent mobility experiences.

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 will continue to increase investment in the development of frontier technologies and aesthetic design, while actively absorbing the advanced technological capabilities of our core strategic partners. We expect such efforts to support our long-term goal of maintaining technological strength and market position.

We have made the development of proprietary technology a strategic priority. We had built a robust intellectual property portfolio and reserve; in just under five years since introducing the AVATR brand, as of December 31, 2025, 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.

Our Global Footprint

We established offices in both China and Munich, Germany. As of December 31, 2025, our Munich design center had 144 employees, creating a fertile environment for the development of our vehicle design capabilities, which, when applied across our vehicle models, remains at the industry forefront. It also plays a pivotal role in shaping the luxurious appeal and world-class aesthetic complexity of our vehicles, helping our brand resonate deeply with consumers around the world.

We have consistently pursued global business expansion. In China, we have established a broad and deeply integrated sales network: as of December 31, 2025, our sales and service network consisted of 607 stores covering 216 cities, effectively covering nearly all tier-1 to tier-3 cities and over 90% of core commercial districts in China. This extensive network enables us to reach a wide range of consumers and maintain brand visibility across key central areas. Meanwhile, we are accelerating our expansion into emerging global markets and have begun to demonstrate competitive momentum. As of December 31, 2025, we had over 80 overseas sales locations in 38 countries and regions such as Southeast Asia, Middle East and Africa, Eurasia and Central and South America; we plan to formally enter the European market in 2026, which we believe represents a high-potential market for premium new energy vehicles.

Our Growth

We began delivering vehicles in December 2022. Our vehicle delivery increased significantly from 20,021 units in 2023 to 61,588 units in 2024. Monthly delivery volume exceeded a record 14,211 units in November 2025, and total delivery volume reached 122,702 units in 2025.

Our revenue increased significantly from RMB5,645.4 million in 2023 to RMB15,195.2 million in 2024, and further to RMB25,631.3 million in 2025. Revenue from vehicle sales increased significantly from RMB5,542.0 million in 2023 to RMB14,417.3 million in 2024, and further to RMB23,902.0 million in 2025. Revenue from other businesses (including assisted driving solutions, services and sales of parts and components) increased significantly from RMB103.4 million in 2023 to RMB777.9 million in 2024 and further to RMB1,729.3 million in 2025, accounting for 1.8%, 5.1% and 6.7% of our total revenue in the same year, respectively. As our revenue from vehicle sales continued to increase cumulatively, our revenue from other services also rose rapidly with substantial growth potential.

COMPETITIVE STRENGTHS

Strategic Alliances with Top-Tier Partners, Leading To Resource Consolidation that Centers around Operational Efficiency

We have formed close alliances with Changan Automobile, Huawei and CATL. These mutually beneficial partnerships enable us to leverage their resources and support, which is critical in our ability to evolve into a leading premium new-luxury intelligent new energy intelligent NEPV brand in China. On September 20, 2025, we, together with Changan Automobile, Huawei and CATL, jointly launched the AVATR Initiative 2.0. Under this initiative, all parties will collaborate to "formulate new strategic directions, develop new vehicle models, establish advanced smart manufacturing capabilities and explore new markets." Through coordinated planning across products, technology, services and global markets, we are refining how we develop and operate the business based on an upgraded collaboration framework among Changan Automobile, Huawei and CATL. We work with our partners on product definition and selected areas of technology development, while continuing to improve key vehicle systems including assisted driving, cockpit, chassis and the three-electric system. We are expanding our product portfolio to cover both battery electric and extended-range electric vehicles across a broader pricing range, and standardizing development through shared platforms and common architectures with increased reuse of components and software. At the same time, we are strengthening our service system and offline network and advancing a phased international expansion with the development of overseas channels, with a focus on supporting growth while maintaining discipline in the use of capital, personnel and supply chain resources. The initiative will be implemented under the principle of "one team, one goal and one approach" to ensure its effective execution.

Changan Automobile

As an independent new-luxury vehicle brand created with the support of Changan Automobile, we play a critical role in expanding Changan Automobile's brand image towards premium status. Changan Automobile provides us with comprehensive platform-based empowerment across smart manufacturing, supply chain system, R&D and testing infrastructure, and sales channels. Through collaboration with Changan Automobile in NEPV development, we aim to synergize the strengths and complementary resources of each other to enhance our product development efficiency, improve sales volume and continuously enhancing our core competitiveness in the premium NEPV market.

- *Smart manufacturing:* Changan Automobile, with its internationally leading lean manufacturing system and full-process digital production capabilities, provides us with a highly efficient production foundation. Through joint manufacturing with Changan Automobile, we enjoy lower manufacturing costs throughout the entire production process.

- *Supply chain system:* We leverage Changan Automobile's full-chain supplier system, which helps ensure the quality of our collaborating suppliers. In addition, Changan Automobile also assists us in supplier negotiations to secure favorable terms on technologies and procurement pricing.

- *R&D and testing infrastructure:* Changan Automobile provides us with full access to its globally leading R&D laboratory and data center capabilities (180 laboratories centering on 12 major fields of development). In addition, Changan Automobile offers the foundational architecture of its product R&D system, supporting us in building a high-end research and development framework.

- *Sales channel:* Changan Automobile leverages its premium dealership resources to help us rapidly open new sales locations. In addition, Changan Automobile's overseas resources including 103 overseas sales regions facilitate our rapid entry into overseas markets.

CATL

In the field of NEPV power solutions, we have established a comprehensive alliance with and obtained full strategic support from CATL, a globally leading battery company primarily engaged in the R&D, production and sales of NEPV batteries and ESS batteries. Under such alliance, CATL has made its full-suite flagship power solutions and technologies available across our vehicle models. These include Qilin battery, Shenxing Plus supercharging battery, Freevoy Super Hybrid Battery, full-lifecycle intelligent battery management system, CTP 3.0 technology and 5C fast-charging technology. Our AVATR vehicle models will also incorporate its latest Bedrock Chassis technology. This can achieve globally leading battery safety capability which prevents combustion even in head-on collisions at speeds up to 120 km/h. We are also collaborating with CATL on the next-generation skateboard chassis technologies for future vehicle models. In 2025, we initiated the N-Plus collaboration approach where we and CATL aligned our branding, sales and marketing resources to jointly build our brands, promote our products and enhance market impact. The N-Plus model strengthens supply chain efficiency by giving our priority access to CATL's capacity and next-generation battery technologies, which helps improve supply stability, support cost discipline and accelerate technology adoption. Through joint branding and coordinated marketing activities, we are also able to expand customer reach more efficiently. These arrangements enhance product competitiveness, support customer demand and strengthen pricing power.

Yinwang

Our strategic collaboration with Yinwang and strategic investment in Yinwang, a leader in the automotive intelligence industry, is crucial to our efforts to improve vehicle intelligence and market influence. In February 2025, we further deepened the strategic cooperation between both parties through strategic investment, reinforcing our long-term commitment to this partnership. This strategic investment is intended to generate sustainable value for us over the long term, including potential value accretion, dividend returns and enhanced strategic collaboration support. Under this collaboration model, we have established a highly integrated project decision-making mechanism with Yinwang, with both parties assigning a significant number of professionals to work jointly at each other's locations. This approach enables us to develop a more efficient and user-centric operational framework. This collaboration enhances our capabilities in vehicle design, functionality and performance by integrating Yinwang's assisted driving technologies, smart in-cabin systems and intelligent vehicle control. We also aim to deepen such end-to-end partnership across product definition, development and marketing, ensuring synergistic development throughout the entire product lifecycle. In product development, we integrate Yinwang's advanced intelligent vehicle solution to achieve deep technical alignment. We have also obtained a suite of cutting-edge solutions, including Yinwang's iDVP intelligent digital foundation, and Harmony Space intelligent cockpit. iDVP enables hardware platformization and a service-oriented software architecture, allowing hardware and software to be developed independently and coordinated across different systems. This architecture allows new vehicle models to reuse established hardware modules and software components. We are also co-creating a competitive in-cabin application ecosystem with Yinwang. In marketing, Huawei and Yinwang's dedicated team supports our brand-building efforts. Through this collaboration, we are progressively expanding our reach and enhancing user recognition. In April 2026, we entered into a strategic cooperation agreement with Huawei, focusing on collaboration in areas such as service ecosystem development, user experience enhancement and brand promotion. This collaboration is primarily aimed at enhancing our service standards, including the adoption of advanced service processes, training systems and digital tools to improve in-store service capabilities and user experience.

Asset-Light Business Model Enabling Allocation of Resources To Higher Value Creation for Customers

Building on our close strategic relationship with and the competitive advantages provided by our strategic partners, we operate under an asset-light business model, which allows us to focus on activities that deliver greater value to customers, such as product design, definition, core technology development, branding, sales and marketing, and ecosystem operations. Leveraging Changan Automobile and our strategic partners' capabilities in asset-heavy functions such as factory construction and vehicle manufacturing, we can focus more effectively on identifying customers' needs and designing our products so as to enhance their full-cycle mobility experience accordingly. Our asset-light business model further brings business agility which enables us to flexibly and quickly adapt to the competitive dynamics of the global NEPV market.

Faced with fierce competition in China's new energy intelligent vehicle market, we have adopted a streamlined approach, leveraging the advantageous resources of our strategic partners to maintain business sustainability and risk resilience. Drawing on the lean management expertise of Changan Automobile, we have established a lean management system tailored to premium product development. Meanwhile, we have internalized and adapted product development processes from core strategic partners such as Yinwang. Leveraging innovative digital and lean management practices, we strive to deliver optimal manufacturing costs and superior production efficiency. With a highly efficient and compact team of approximately 3,948 employees as of December 31, 2025, we concentrate resources and efforts on key business areas, which has led to rapid growth in overall business performance and a significant reduction in expenditures. Meanwhile, our asset-light model has enhanced our responsiveness to market demand. By leveraging platform capabilities, we have developed cutting-edge technologies for premium products, built an iterative product matrix and established a comprehensive channel and marketing capability.

Our asset-light business model also allows us to enhance users' full-lifecycle mobility experience by offering a wide range of services in addition to vehicle sales, such as assisted driving subscription, vehicle maintenance and support, accessories, branded merchandise, car-owner engagement and interaction platforms. These services offer customers a one-stop solution for their mobility needs while generating recurring revenue and long-term business value. In 2025, revenue from assisted driving solutions, services and sales of parts and components accounted for 6.7% of our total revenue. We are actively expanding our aftermarket ecosystem business footprint, which we believe can lead to monetization potential.

"New-Luxury" NEPV Brand Centering on Original Design, Vehicle Intelligence, and Safety and Wellness Technologies, Redefining an Emotionally Intelligent Premium Mobility Experience

Through years of sustained investment in building, refining and disseminating our AVATR brand, we have established a highly original and recognizable premium brand. We integrate original aesthetic design, automotive intelligence and comprehensive safety and wellness technologies to elevate the overall driving and riding experience. We convey our unique brand character through a signature futurist design language, and deliver on our promise of intelligent mobility across all scenarios through advanced assisted driving and immersive smart in-cabin experiences powered by proprietary and partner-enabled technologies. We also set a benchmark for travel with our full-domain safety architecture and wellness-related in-cabin features that exceed industry standards. These efforts have strengthened our brand recognition among our target customer groups.

Design

We have established our premium brand identity by bringing consumers an exceptional aesthetic experience. We are highly focused on vehicle design. We blend advanced vehicular technology with individuality, functionality and artistic expression across all of our vehicle models, delivering a graceful mobility experience that reflects car owners' exceptional taste. Our team of the industry's design talents are fully devoted to developing differentiated vehicle models and carrying out our unique design philosophy. We continue to enhance our premium brand positioning through co-branded and limited-edition "0" series. We co-developed AVATR 012 with Kim Jones, the then incumbent Artistic Director of Dior, Fendi and Haute Couture, and launched the "Royal Theatre" series led by our Chief Designer Nader Faghihzadeh. These collaborations have significantly reinforced our brand's luxury appeal and received broad market recognition, further solidifying our image as a premium intelligent NEPV brand.

Intelligence

We also possess advanced intelligent technology to deliver consumers an intelligent mobility experience that ensures users' all-round safety and wellness, as well as bringing users a highly emotionally intelligent interactive space. We adopt an innovative collaboration model which enables us to fully capitalize on China's leading technology and manufacturing capabilities.

We are also committed to integrating the concept of "emotional intelligence" with advanced AI foundation model technologies to analyse user inputs and usage patterns and improve the responsiveness of user interactions. This integration allows for highly personalized emotional experiences. For example, our vehicles can automatically adjust seat position, temperature and ambient lighting based on user preferences, and offer audio interactions during the journeys. Through these interactions, we aim to establish emotional connection between the vehicle and its occupants, positioning the vehicle as a truly intelligent companion.

Safety and Wellness

We are committed to building our vehicle safety protection system in collaboration with our strategic partners to deliver an exceptional "safe luxury" experience. In response to the evolving safety requirements in the intelligent NEPV industry from passive safety to proactive, holistic and intelligent safety, we have developed a system that encompasses passive safety, active safety, battery safety and digital safety technologies. Our AVATR 11 model is among the first to obtained five-star ratings under each of the C-NCAP, C-GCAP and C-ICAP assessment systems. Our AVATR 07 model has also obtained a five-star safety rating under the C-NCAP with an overall safety score rate of 90.2%, comparing to the 2025 average safety score rate of 87.7% for SUVs in the same class. These achievements reflect our ongoing efforts to establish a solid and resilient fortress for users, reinforcing our belief that safety is the ultimate form of luxury. Inside the vehicle cabin, we incorporate antibacterial interior, UV sterilization lights and an advanced temperature control system and water-ion AC system, all designed to create a safe, healthy and comfortable space for users.

Top-Tier Capabilities in Independent R&D and Technology Integration, Continuously Fortifying Technological Barriers

Recognizing the evolving technological trends in the intelligent NEPV industry of electrification and intelligentization, we are committed to strengthening AVATR's technology moat by integrating technological resources and continuously building competitive advantages. Leveraging years of sustained investment in research and development and strategic collaboration, we have embedded original design, emotional intelligence and safety and wellness features into every aspect of the user mobility experience. We have established a solid technological foundation to deliver smart NEPVs that are intelligent, aesthetically appealing and high in value, thereby redefining the premium intelligent mobility experience and setting a new benchmark in the new luxury mobility segment. We aim to lead in redefining the premium intelligent mobility experience and establishing a new benchmark in the luxury travel segment.

High Intelligence

Leveraging our technologies in areas such as the AEEA intelligent platform architecture, assisted driving, intelligent cockpit, Taihang intelligent chassis and Kunlun powertrain, we adopt a user-centric approach and embrace the concept of software-defined vehicles to deliver intelligent interaction and a pleasurable driving experience.

- *AEEA Intelligent Platform Architecture:* Together with Yinwang, we have developed an AEEA intelligent platform architecture based on a central-plus-zonal structure that shortens our development cycle by over 30% and enables us to deliver cutting-edge solutions with greater speed and precision. This architecture integrates Yinwang's assisted driving, cockpit and iDVP zonal controller products. This architecture enables three-dimensional vehicle control, and supports integrated perception and control across six major domains, namely body, powertrain, chassis, assisted driving, intelligent cockpit and cloud connectivity. The platform adopts a zonal proximity layout for sensor and actuator integration, reducing wiring costs and saving space. It improves overall cost efficiency, functional bandwidth, safety and hardware integration of the electrical and electronic system, allowing for greater synergy and innovation.

- *Assisted Driving:* We work closely with our strategic partners to leverage their assisted driving technologies. We have continued to be among the first to launch assisted driving features, such as urban Navigation Cruise Assist ("**NCA**") and Automated Valet Parking ("**AVP**"). By equipping our vehicles with redundant perception hardware, we are able to offer users a highly efficient, safe and reliable intelligent mobility experience. Each vehicle is equipped with up to 34 assisted driving sensors and up to four LiDARs, enabling 360-degree environmental perception with robust redundancy. This supports a

full-scenario assisted driving experience across urban and highway environments. In addition to urban NCA and highway NCA, our system also enables advanced assisted driving features such as Point-to-Point ("**P2P**") parking, One-Touch Vehicle Relocation and Ultra-Narrow Space Parking Assistance. All models come as standard with a comprehensive collision prevention system, delivering a safer mobility experience through full-dimensional protection for users.

- *Intelligent Cabin:* We have jointly developed advanced integrated AI cockpit technologies with our strategic partners and deliver an intelligent and personalized in-cabin experience. By integrating AI-driven technologies across cabin design and intelligent interaction, we have created a seamless fusion of technology and user-centric design. The cabin features an original design, soft-touch materials, a premium Meridian Audio sound system, intelligent ambient lighting and a scent diffusion system, all designed to elevate comfort and luxury. Powered by a wraparound sensory cabin, remote display screens and the MoLA hybrid large model, our intelligent interaction system delivers a multi-sensory and immersive driving experience across sight, sound, touch and scent, thereby redefining in-vehicle luxury.

- *Taihang Smart Control Chassis:* We have integrated advanced hardware with intelligent control technologies and work closely with world-renowned experts to calibrate our Taihang intelligent chassis system. This enables us to achieve an optimal balance between performance and comfort, delivering an exceptional driving experience for our users. On the hardware level, our chassis utilizes components such as magnetic adaptive dampers and distributed electric drive systems. We are also actively developing and preparing for mass production of equipping several hardware configurations, including hydraulic active suspension, electromagnetic active suspension, brake-by-wire, steer-by-wire and rear-wheel steering. These innovations aim to establish a top-tier mechanical foundation. On the software level, we deploy cross-domain sensing, integrated control systems and AI algorithms to make the chassis truly intelligent — maintaining industry leadership in both responsiveness and precision.

- *Kunlun Powertrain:* We have also collaborated with our strategic partners to develop the Kunlun range-extended power system with intelligent energy management. This system delivers enhanced acceleration performance and exceptional cabin quietness, offering users a dynamic and serene driving experience. The system combines exceptional power with superior refinement, delivering performance and quietness comparable to pure electric vehicles under full-charge and power-feed conditions. It also features advanced temperature, torque and fuel-electric control capabilities. With a fuel-to-electric conversion rate of 3.63 kWh per liter and an operating efficiency of 90.6%, it offers highly efficient energy use. Noise levels are kept below 75 decibels, which ensures a smooth and quiet riding experience for users.

High Aesthetics

We invest significant effort in developing original aesthetic designs for our vehicle models. On the exterior, we introduce innovative features such as the Halo interactive screen, rear windshield-free design, seamless frameless doors and concealed water trims. On the interior, we incorporate elements like the "emotional vortex," remote display screens and advanced color and material technologies to create a distinctive experience. We have also built a substantial technical reserve to support the innovative exterior styling of our next-generation models, continuously pushing the boundaries of premium, original aesthetics across our entire product lineup. At the same time, we invest heavily in both styling aesthetics and craftsmanship, striving to achieve the optimal balance between design concepts and engineering feasibility, delivering creations that are both forward-looking and manufacturable.

High Value

We also improve consumers' mobility experience through a series of high-value features on safety and wellness.

Safety

We view safety as a core component of the mobility experience. Focusing on the following four aspects, we comprehensively ensure our vehicles' full-domain safety and safeguard passengers' safety:

- *Passive Safety:* We adopt a high-strength body structure design and utilize top-grade safety materials, equipping our vehicles with a number of airbags that exceeds those of comparable models to deliver comprehensive passive safety protection. For example, AVATR 07 model has obtained a five-star safety rating under the C-NCAP with an overall safety score rate of 90.2%, comparing to the 2025 average safety score rate of 87.7% for SUVs in the same class. It adopts a reinforced body structure, with advanced high-strength steel, hot-formed steel and advanced aluminum alloys accounting for approximately 90% of the body materials. The model also comes standard with nine airbags.

- *Active Safety:* By integrating cutting-edge assisted driving technologies, we offer advanced active safety features such as automatic emergency braking ("**AEB**"), driver monitoring system ("**DMS**") for fatigue detection and enhanced emergency steering assistance. These capabilities ensure rapid and intelligent responses in unexpected traffic scenarios, providing robust protection for users.

- *Battery Safety:* We enhance battery safety by promoting and applying semi-solid-state and solid-state battery technologies. All of our vehicle models are equipped with full-dimensional thermal safety protection systems, ensuring comprehensive battery thermal safety.

- *Digital Safety:* Building on full-vehicle functional safety, we have developed proprietary platforms including an intelligent detection and early warning system and an intelligent cloud-based diagnostic platform. Leveraging advanced IoT technologies and big data analytics, these platforms enable 24/7 real-time monitoring and intelligent alerts for vehicle operating conditions.

Wellness

Meanwhile, we also strive to transform our vehicles into "intelligent mobile wellness spaces" by building an in-cabin wellness ecosystem focused on air quality and proactive health management.

- *Air Quality:* We have comprehensively upgraded the materials and manufacturing processes of our cabin interiors to reduce volatile organic compounds ("**VOC**") emissions and odor at the source. We have also integrated a nano water-ion air conditioning system that provides antibacterial, antiviral and allergen-suppressing functions to support respiratory health.

- *Proactive Wellness Management:* We are conducting R&D on occupant monitoring ("**OMS**") and driver monitoring technologies to detect changes in vital signs such as heart rate and blood pressure. Our AI algorithms and medical models analyze these indicators in real time to continuously safeguard user health.

Rapidly Evolving Product Portfolio, Proactively Responding To Fierce Market Competition

Based on our deep insights into evolving consumer preferences and needs, we flexibly and efficiently adjust our product definition and development to ensure our products accurately address such changing preferences and needs. Combined with our advanced and agile OTA upgrade capabilities, we have significantly enhanced user experience and responsiveness to evolving demands. These efforts continuously reinforce our premium brand perception and strengthen our competitive edge in the market.

Product Definition and Development Process

We work closely with strategic partners throughout the vehicle definition process. Using structured analytical tools and scientific research methods, we gain a deeper understanding of real customer needs that enables us to define key vehicle features through modular design, end-to-end feature management and constant readjustment. We introduced our AI-PDS new product development system to focus on the full-lifecycle product development of our products. AI-PDS applies a structured, end-to-end development methodology that aligns market needs, engineering and manufacturing, reducing ineffective investment and late-stage changes. Modular and asynchronous development shortens cycle time and decreases comprehensive R&D costs. Our AI-PMS product marketing system to support full-lifecycle commercial operations and support. AI-PMS integrates data and workflows across marketing, sales, supply chain and after-sales functions, establishing a unified, market-oriented product development framework. It introduces standardized stage-gate review and decision processes, along with defined deliverable templates and collaboration protocols, to ensure consistency across functions. We reduce duplicated work and unnecessary spending, improve coordination across departments, and enhance the efficiency and execution of product launches. Each key process within these two systems is designed to support our new-luxury branding strategy throughout the product definition, development, manufacturing, sales and marketing and after-sales service processes.

Software Ecosystem Upgrade

We are among the first NEPV brands in China to offer full-vehicle OTA upgrade service capabilities, which is refined and released at least once a month. In collaboration with strategic partners, we developed a service-oriented electronic and electrical architecture along with a foundational application update mechanism. This infrastructure enables the efficient and convenient development of software and supports secure and stable software updates throughout the entire vehicle lifecycle. As of December 31, 2025, we had completed a total of 52 OTA upgrades in the domestic market, including 22 upgrades in 2025, with the success rate of each OTA upgrade consistently remaining above 99.9%. As of the same date, we had completed seven OTA upgrades in overseas markets, all of which were carried out in 2025, with the success rate of each OTA upgrade consistently remaining above 99.0%. OTA upgrades have been deployed across multiple vehicle models in both domestic and overseas markets, allowing continuous feature enhancements and improved user experiences. Our comprehensive OTA service system supports full-lifecycle upgrades across various vehicle models.

Management Team with Diverse Backgrounds and Extensive Experience, and Skilled and Efficient Workforce that Contributes to Our Sustainable Growth

Our senior management team brings together professionals from international luxury automotive brands, domestic joint ventures, leading traditional OEMs and top global financial institutions. Members of our senior management team have an average of over 20 years of professional experience in the automotive industry, which enables them to offer leadership informed by global perspectives and diversified expertise.

Our success also relies on the contributions of our R&D team, comprising approximately 2,186 employees as of December 31, 2025. Our staffing focuses on R&D talent with advanced degrees: 55.0% of our workforce is engaged in technology and R&D roles, covering key processes such as R&D project management and vehicle product development, and forming the backbone of our innovation capabilities. Our employees are primarily based in Chongqing and Shanghai. This cultural diversity enhances our design creativity and global market insight.

STRATEGIES

Strengthen Strategic Alliances To Shape a new Paradigm of a Leading Premium Intelligent NEPV Brand

We aim to deepen our strategic partnerships to enhance our operational and development capabilities. By internalizing the extensive experience and systematic capabilities accumulated by Changan Automobile, CATL and Yinwang, we expect to significantly improve our operational quality across branding, marketing, technology, product development, supply chain and manufacturing.

- *Changan Automobile:* We plan to continue to integrate Changan Automobile's systematic operational strengths in vehicle R&D, manufacturing, supply chain and marketing. Leveraging their deep technical expertise in electrification and intelligent systems and fundamental technical resources, we will continue to transform cutting-edge technologies into product features that resonate with our target users. We will also draw on Changan Automobile's robust supply chain and production management experience to establish more effective supplier communication mechanisms and cost-efficient flexible manufacturing capabilities. Furthermore, we intend to leverage Changan Automobile's strategic momentum in new media marketing, channel transformation and global expansion to accelerate our sales footprint worldwide.

- *CATL:* We plan to enter into a new phase of strategic collaboration with CATL. Specifically, we plan to advance our joint development in next-generation energy technologies, including high energy density solid-state batteries and the Panshi skateboard chassis platform, with the objective of enhancing future vehicle performance, efficiency and safety. We also plan to strengthen cooperation in joint marketing and product definition to amplify brand influence and sharpen our positioning around the "New Safety" concept. Additionally, we expect to deepen joint marketing efforts with CATL. Both parties plan to cooperate on brand communication opportunities, co-develop marketing content and align promotion activities at major product or technology milestones.

- *Yinwang:* We are deepening an integrated co-creation model with Yinwang. This includes joint efforts in product experience, definition, development, channel sharing and marketing. We plan to continue to leverage Yinwang's cutting-edge technologies in assisted driving, smart cabins, intelligent vehicle control and intelligent cloud-based vehicle systems. Together, we intend to create and broadly incorporate advanced intelligent solutions into our future models, and build more personalized application scenarios and ecosystems. The collaboration roadmap includes multiple key stages, where we lead in overall vehicle development, prototyping and testing, quality management, supply chain management, manufacturing, retail channel development, brand marketing and delivery and after-sales services, while Yinwang will jointly lead product definition, development in the intelligent vehicle domain and ecosystem operations.

Continuously Launch New Products, Especially New Blockbuster Products, in Key Markets, Focusing on User Demand

We have adopted a user-centric approach with the goal of establishing premium brand momentum. By continuously launching new products in key markets, we aim to secure a leading position in the minds of high-end consumers.

We plan to further enhance our capabilities in user demand insight, which will serve as the foundation for refining product definitions. Through a strategic cycle of consumer preference analysis, product attribute definition, product launch and iteration, user experience evolution and lifetime user value expansion, we strive to elevate our brand value. Within this cycle, we will continuously deepen our understanding of user needs and rapidly improve product design, intelligent features and full-lifecycle user experience in order to build long-term core competitiveness for our products.

We plan to further enrich our premium product portfolio by introducing a range of new premium and luxury models to meet diverse market demands. We aim to gradually optimize our product mix, enhance the average selling price and focus on expanding into large-scale, high-growth market segments to strengthen our competitive position. Specifically, we will focus resources on the high-demand, high-margin premium mid-to-large-sized and large-sized SUV segment, and will introduce new vehicle models with targeted annual sales volumes of over 100,000 units, thus enabling rapid scale-up while accelerating the elevation of our premium brand image. Our future models will be driven by four core pillars of design leadership, extraordinary dimensions, outstanding value-for-money and breakthrough technologies. These pillars will empower our products to deliver leading experiences across diverse usage scenarios, offering consumers a differentiated, spacious and superior mobility journey.

Accelerate Our Global Expansion and Explore New Growth Engines

We remain firmly committed to advancing our global strategy, building a fully integrated business system and capability across R&D, manufacturing, supply, sales and service on a global scale. Our goal is to simultaneously elevate our brand's international influence and expand our global market share.

Guided by the specific needs of regional markets, we intend to develop a diversified product matrix that combines pure electric and range-extended powertrains. Tailored to the unique characteristics of regions such as the Middle East, Southeast Asia and Europe, our portfolio will blend luxury with mass-market appeal. This approach enables us to precisely match local demand and build brand recognition overseas.

We also intend to capitalize on the overseas footprint already established by Changan Automobile, using its global channels to accelerate market entry and establish standardized global service protocols. Meanwhile, we plan to build localized production, supply chain and service systems in high-value automotive markets worldwide. We believe this deep market integration lays a solid foundation for rapid sales growth and long-term brand development.

Maintain Our Technology Leadership and Strengthen Our Intelligent Mobility Branding

We intend to deepen our technology roadmap through open collaboration with third parties, as well as in-house development of core differentiating technologies, to ensure full control of the most advanced and distinctive technologies. By embedding AI across the entire value chain, we plan to build a more competitive and resilient technology ecosystem. Specifically, we plan to pursue continuous improvement in our platform architecture to enhance product performance and cost efficiency; we will invest in the development and continuous upgrades of distinctive technologies and features such as advanced AI intelligent cabin features, advanced assisted driving functions and the advanced Taihang Smart Control Chassis system. We will also invest in refining our original

design technologies, combining advanced safety and wellness innovations to build a globally leading full-domain safety system and a comfortable, wellness-focused mobility space. These efforts reinforce our brand's core identity around intelligence and position us as a leader as a global new-luxury premium intelligent new energy NEPV brand.

Establish Our New-Luxury Brand Image and Continuously Bring High-Value Service and Mobility Experience for Consumers

We plan to enhance our "high aesthetics, high intelligence and high value" approach to rapidly enhance brand awareness and consumer acceptance and create deeper resonance with our new-luxury brand identity. Specifically:

- *High Aesthetics:* We plan to upgrade our design philosophy to showcase the second-generation design aesthetic, complemented by collaborations with top-tier designers to reinforce our positioning as a automotive brand with leading original design capabilities in China.

- *High Intelligence:* By in-house development and collaboration with strategic partners, we intend to continue to strengthen our capabilities and reserves in intelligent technology, delivering increasingly intelligent mobility experiences to consumers.

- *High Value:* We intend to comprehensively improve our sales, delivery and service capabilities to improve our ability to offer consumers a customized, high-quality, responsive and worry-free new-luxury experience throughout each step of their vehicle ownership, from vehicle selection to purchase and ownership. To that end, we will enhance the recruitment and training standards of our retail team and refine our standardized retail operations to enhance our service quality, with an aim to enhance customer satisfaction with our brand.

Co-Create the Future Mobility Ecosystem With Strategic Partners

As advanced autonomous driving technologies continue to evolve, we believe vehicles will transform into the third mobile space with rising user demand for in-cabin entertainment, relaxation, productivity, vehicle-to-home connectivity and outdoor lifestyle scenarios such as camping. To meet these emerging needs, we plan to actively collaborate with strategic partners to build a next-generation intelligent mobility ecosystem across three dimensions: software-driven cockpit services, autonomous driving platform services and extended vehicle lifestyle services. This ecosystem will be designed to deliver a seamless, intelligent and emotionally engaging experience throughout the user's mobility journey.

OUR BUSINESS

We are a premium NEPV brand dedicated to delivering a mobility experience that integrates design, advanced intelligent features and substantial 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, which accounted for 98.2%, 94.9% and 93.3% of our total revenue in 2023, 2024 and 2025, respectively. 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 flowchart illustrates our entire business flow from pre-sales to after-sale services:

Pre-Sales Services Flowchart

Duration	10 mins	2.5 mins	25 mins	36 mins	17 mins	35 mins	6 mins	250 mins	55 mins	10 mins
External Parties	Customers	Customers	Customers	Customers	Customers	Customers	Customers	Customers	Customers/ Finance & Insurance	Customers
Internal Parties	-	-	-	-	-	Delivery Department	-	Sales/OTD/ Logistics and other departments	After-Sales Department	-

After-Sales Services Flowchart

Duration					N/A[1]					
External Parties	-	Roadside Assistance Service Provider	Vehicle Pick-Up & Delivery Service Provider	-	-	-	Loaner Vehicle Service Provider	-	-	-
Internal Parties	AVATR stores	AVATR stores	AVATR stores	AVATR stores	AVATR stores	AVATR stores	AVATR stores	AVATR stores	AVATR stores	AVATR stores

Note:

(1) There is no standard process duration for the after-sales service phase, as it varies based on individual customer differences and occurs on an irregular basis.

Our Vehicles Products

As of the Latest Practicable Date, we had introduced four mass-produced vehicle models namely AVATR 11, AVATR 12, AVATR 06 series and AVATR 07, 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 AVATR 12 models, we offer the Royal Theatre premium series as well as the premium "0" series, namely AVATR 011 and AVATR 012. All models offer both pure electric and range-extended powertrain options, making us the first emerging NEPV brand to complete a full dual-power lineup. In August 2022, we introduced our first mass-produced flagship model, AVATR 11, a mid and large-size SUV. Building on our advanced vehicle design capabilities and intelligent technologies, we rapidly expanded our product portfolio to meet the evolving needs of our premium customer base. In November 2023, we launched AVATR 12, a large-size sedan. In September 2024, we introduced AVATR 07, a mid-size SUV. In April 2025, we launched AVATR 06, a mid-size sedan and in April 2026, we launched the AVATR 06T, an all-scenario sports sedan.

AVATR 12

AVATR 12 is our large-size sedan designed for customers who value aesthetics, advanced technology, and a refined driving experience. Its target customers primarily include individuals who appreciate innovation and modern design, and seek vehicles that reflect their preference for

sophistication and smart features. We launched AVATR 12 in November 2023 and subsequently introduced the AVATR 12 Royal Theater series, which features a twotone gray-and-black exterior with a silver accent line, a red suede-like roof and white leather seating. The 2026 AVATR 12 is available in both battery electric and range-extended versions. The battery electric version is equipped with a 98.07 kWh battery, delivering a driving range of up to 735 km. AVATR 12 is also the first sedan in the RMB300,000 price segment that features range-extension technology. It adopts the Kunlun powertrain paired with CATL's 52.01 kWh Freevoy Super Hybrid Battery, achieving a pure electric range of up to 350 km and a combined range of up to 1,260 km. The following picture showcases AVATR 12:

The 2026 AVATR 12 is equipped with Huawei's QianKun Intelligent Driving ADS 4 solution and a 34-sensor perception hardware architecture, including a new-generation dual-optical-path image-level 896-line LiDAR and three high-precision solid-state LiDAR units. Its cabin features the Harmony Space 5 system, a 35.4-inch 4K panoramic display, a 16-inch 2K rear floating screen, dual zero-gravity front seats, nappa leather upholstery and a Meridian Audio sound system with 25 speakers. In terms of exterior and interior design, AVATR 12 adopts a wheel-to-height ratio of 0.514, a width-to-height ratio of 1.38 and a wheelbase-to-length ratio of 0.602. It also features a butterfly front fascia, a starlight headlamp cluster composed of 234 LEDs, an active sail-type rear spoiler, electronic interior and exterior mirrors, and a cabin design without a traditional rear window. AVATR 12 adopts a steel-aluminum hybrid cage structure, with aerospace-grade aluminum and high-strength steel accounting for over 80%, and is equipped with eight airbags, including two rear side airbags, and dual pre-tensioned seatbelts. It is fully equipped with Taihang Intelligent Control Chassis 2.0, featuring a distributed electric drive system and next-generation electromagnetic suspension, and offers up to 712 kW of power with 0–100 km/h acceleration in 2.71 seconds on high-performance variants. AVATR 12 made its international debut at IAA Mobility 2023 and received the 2024 Red Dot Best Product Design Award.

AVATR 012 Series

We also introduced the "0" series of AVATR 12, namely AVATR 012, a limited-edition collaboration with Kim Jones, then incumbent artistic director at Dior and Fendi. Recognized as one of the most influential contemporary designers, Kim Jones brings haute couture sensibilities and cross-disciplinary design language to automotive form. AVATR 012 is limited to only 700 units globally and underscores our commitment to integrating luxury design, technology and craftsmanship. AVATR 012 incorporates selected design elements and material features into the vehicle's interior and exterior based on the AVATR 12 design. For select components, including the steering wheel and B-pillar, we offer personalized customization options. This customization approach, in combination with the limited production run, supports the model's collectible attributes. AVATR 012 is equipped with a "Starlight Canopy" panoramic roof, featuring a 64-color starry-sky pattern that dynamically synchronizes with the interior ambient lighting through an

intelligent control system. The AVATR 012 model also incorporates diffuse EC light-sensitive canopy technology, which supports adaptive light control, and improves comfort and privacy. The following picture showcases AVATR 012:

AVATR 07

AVATR 07 is a mid-size SUV designed for urban professionals who pursue a refined lifestyle, advanced technology and expressive design. Positioned as an "Intelligent and Elegant Urban Luxury SUV," AVATR 07 combines design features, high-performance powertrain and intelligent features. Its golden proportions, butterfly-style front fascia and starlight tail lamps create a bold yet elegant silhouette. AVATR 07 was officially launched in September 2024. In February 2025, AVATR 07 received the iF Design Award in Germany for its original vehicle design. With four comprehensive standard configurations, AVATR 07 redefines the value benchmark for mid-size SUVs. AVATR 07 is available in both battery electric and range-extended versions. The battery electric version is equipped with an 82.16 kWh battery featuring CATL's Shenxing ultra-fast charging technology, delivering a driving range of up to 650 km. The range-extended version adopts the Kunlun powertrain paired with CATL's 52.01 kWh Freevoy Super Hybrid Battery, enabling a pure electric driving range of up to 333 km and a combined driving range of up to 1,200 km. The following picture showcases AVATR 07:

AVATR 07 is equipped with the Taihang intelligent chassis control system, which coordinates assisted driving, chassis and power domains through proprietary software algorithms. Its cabin features over 81% coverage of soft-touch materials across 10 m^2, including door panels, dashboard and center console, all certified to OEKO-TEX, a textile safety certification for harmful substances.

AVATR 07 is also equipped with the Harmony Space 5 intelligent cockpit and Huawei's QianKun Intelligent ADS 4 solution, supported by 27 sensors including a 192-line LiDAR and three 4D millimeter-wave radars. It debuts the MoLA architecture, which integrates a general-purpose large model with five domainspecific intelligent agents for navigation, vehicle control, knowledge, news and multimedia.

In terms of safety and performance, AVATR 07 adopts a reinforced body structure, with advanced high-strength steel, ultra-high-strength hot-formed steel and aluminum alloys accounting for 90% of the structure. The vehicle features an intelligent obstacle-avoidance stability system, achieving an elk test result of 82 km/h and a braking distance of 34.5 m from 100 km/h to full stop. Its yaw convergence capability exceeds national standards by 50 times. Developed under the latest C-NCAP standards, AVATR 07 achieved a five-star safety rating with a comprehensive score of 90.2%, ranking first among mid-size SUVs during testing. The range-extended version features the Kunlun intelligent range-extending system, and uses #92 gasoline, with fuel consumption of 6.15 L/100 km. The upgraded 52.01 kWh Freevoy Super Hybrid Battery offers a pure electric range of 333 km, 5C peak charging capability from 30% to 80% in 10 minutes and energy density of 440 Wh/L.

AVATR 06

AVATR 06 is a mid-size sedan designed to meet the evolving needs of young urban consumers who value aesthetics, technology and comfort. As the fourth model in our intelligent NEPV lineup, AVATR 06 combines vehicle design, dynamic proportions and intelligent systems, and is designed for consumers who value vehicle styling and smart features. All AVATR 06 models incorporate the Harmony Space 5 intelligent cockpit and Huawei's QianKun Intelligent ADS 4 solutions, supported by 27 sensors including a 192-line LiDAR. The vehicle is also equipped with a 35.4-inch panoramic display and a 15.6-inch central control screen, delivering a premium intelligent experience.

AVATR 06 is available in both battery electric and range-extended versions. The battery electric version features a 72.88 kWh battery with CATL's 5C Shenxing ultra-fast charging technology, offering a range of up to 650 km. The dual-motor version accelerates from 0 to 100 km/h in 3.9 seconds and supports an 800V high-voltage platform, with charging capacity from 30% to 80% full-charge in ten minutes. The range-extended version with a large battery offers a pure electric range of up to 330 km and a combined range of up to 1,250 km on a full charge and a full tank, with fuel consumption as low as 5.36 L/100 km when operating in extended mode. The following picture showcases AVATR 06/06T:

AVATR 06 adopts AVATR's original design language inspired by the "Cheetah Gaze" concept, with a butterfly-style design with signature "F"-shaped LED daytime running lights and an illuminated emblem, emphasizing its technological appeal. The body is equipped with 20-inch five-spoke sport wheels and aerodynamic body kits, reinforcing its youthful and dynamic character. AVATR 06 adopts the steel-aluminum hybrid reinforced body structure, with military-grade hot-formed steel accounting for over 34% of the body composition. CBS composite material is integrated into the B-pillars to improve collision resistance by 130% than without CBS composite

material. In a 50% overlap frontal crash test at a combined speed of 100 km/h, the A-pillars remained intact, the passenger compartment showed no intrusion and all four doors could be opened normally. In February 2026, the AVATR 06 received the German iF Design Award for its original vehicle design.

In April, 2026, we launched the AVATR 06T, an all-scenario sports sedan designed for youths engaging in commuting, family trips and outdoor explorations. AVATR 06T models are equipped with Huawei's Qiankun ADS 4 and an 896-line, image-grade LiDAR system. The intelligent cockpit features HarmonySpace 5, incorporating the MoLA hybrid large model architecture. It is also equipped with the Taihang distributed electric drive system. Dual-motor rear-wheel-drive configuration is provided, with acceleration from 0 to 100 km/h in 3.74 seconds. A tri-motor all-wheel-drive configuration delivers peak output approaching 1,000 horsepower, with acceleration from 0 to 100 km/h in 2.78 seconds.

AVATR 11

AVATR 11 is the first model developed under the AVATR brand, and was officially launched in August 2022 as a mid and large-size SUV. It showcases our commitment to delivering a new luxury experience characterized by exceptional design, advanced technology and superior value. AVATR 11 received the prestigious Red Dot Product Design Award in 2024 for its original styling, body proportions and design. In 2025, AVATR 11 further received the Gold Award for Industrial Design at the 25th China Patent Awards.

We launched the AVATR 11 Royal Theater series as a premium electric SUV that combines performance with cabin and design upgrades. It features a stylish two-tone exterior in gray and black with a silver accent line, and a luxurious interior highlighted by a red suede-like roof and elegant white leather seats. AVATR 11 is available in both battery electric and range-extended versions. The battery electric version offers an optional 116 kWh ultra-large battery pack, delivering a driving range of up to 815 km. The range-extended version features the Kunlun range-extending system paired with CATL's Freevoy Super Hybrid Battery, achieving a combined driving range of up to 1,065 km. The following picture showcases AVATR 11:

In terms of technology, AVATR 11 integrates Huawei's QianKun assisted driving system and Harmony Space intelligent cockpit to meet consumer demands for safety, convenience and immersive experiences. It is also the first model to feature an industry-first "Halo-screen," a crescent-shaped interactive display embedded in the front fascia with 1,898 LED light beads. This

display can show practical information such as passenger pickup, pedestrian courtesy signals and charging status and can present dynamic patterns consistent with scenario modes. Through OTA updates, users can unlock and configure additional functional modules, enabling customized vehicle interactions.

AVATR 11 is a strategic model for our overseas expansion and has successfully entered multiple markets, including Southeast Asia and the Middle East. In particular, we have achieved favorable sales performance in Thailand, which is a key priority market for us: as measured by sales volume in the year ended December 31, 2025, AVATR 11 ranked second in sales volume in the pure electric vehicle segment priced at THB 2 million and above in Thailand.

AVATR 011 Series

We further launched the premium "0" series version of AVATR 11, namely AVATR 011, a limited-edition series co-designed by Matthew M. Williams (MMW), the then creative director of Givenchy, together with Nader Faghihzadeh. Targeting users who value artistic design, AVATR 011 is priced at approximately RMB600,000 and is limited to only 500 units globally. Building on the design of AVATR 11, AVATR 011 features a "Light-and-Shadow Black" exterior finish, a self-healing high-gloss piano lacquer with a deep mirror-like finish, and a hand-wrapped interior combining nappa high-gloss leather and NUPRIMA matte leather. It also incorporates MMW functional buckle design elements on seat backs, in-cabin storage compartments and rear luggage straps, and floating wheel center caps that allow the wheel center logo to remain visually upright while the vehicle is in motion. The following picture showcases AVATR 011:

AVATR 011 expands our capability to integrate intelligent mobility with contemporary design, reinforcing AVATR 11's positioning in the premium intelligent SUV segment while offering differentiated collectible appeal through limited production and meticulously curated craftsmanship.

Key Operating Data

The following table sets forth the sales volume by vehicle models in the years indicated:

	Year ended December 31,		
	2023	2024	2025
Models	Quantity	Quantity	Quantity
		(Unit)	
AVATR 11	18,024	9,310	7,873
AVATR 12	1,997	30,785	20,963

	Year ended December 31,		
	2023	2024	2025
Models	Quantity	Quantity	Quantity
		(Unit)	
AVATR 07	–	21,493	57,338
AVATR 06	–	–	36,528
Total	**20,021**	**61,588**	**122,702**

Deliveries of certain models fluctuated during the Track Record Period due to resource reallocation for new model launches, customer purchase timing, product lifecycle dynamics and market competition. Our vehicle portfolio is designed to address distinct sub-markets and customer needs, and the launch of new models is intended to expand our overall market coverage. 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. Since we commenced vehicle delivery in December 2022, our total deliveries increased from 20,021 units in 2023 to 122,702 units in 2025. 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.

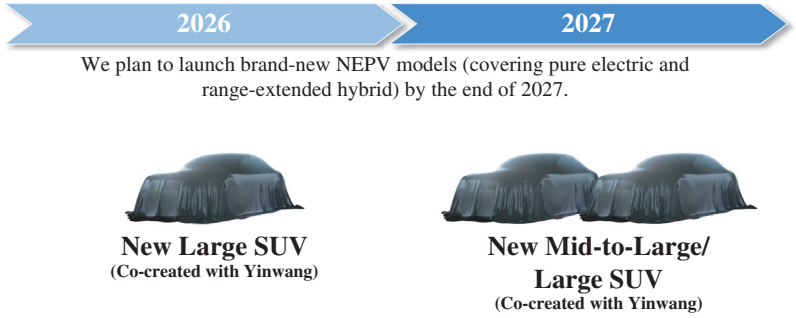
The significant increase in our sales during the Track Record Period was primarily driven by product portfolio expansion, as reflected by the contribution from AVATR 06 and AVATR 07, and was further supported by the expansion of our sales and service network, the strengthening of our collaboration with Huawei and our initial overseas market expansion. The following table sets forth the sales volume of our vehicles by geographical markets in the years indicated:

	Year ended December 31,		
	2023	2024	2025
Regions	Quantity	Quantity	Quantity
	(Unit)	*(Unit)*	*(Unit)*
Chinese Mainland	20,021	60,871	118,159
Southeast Asia	–	401	1,539
Eurasia	–	253	1,650
Middle East and Africa	–	63	1,308
Central and South America	–	–	46
Total	**20,021**	**61,588**	**122,702**

Pipeline Models

We plan to continuously expand and upgrade our intelligent NEPV portfolio to strengthen our presence in China's premium and luxury NEPV markets. By the end of 2027, we aim to launch a range of new models tailored to different customer needs. We also aim to develop flagship products with both scale and profitability potential. Under the co-creation model, we plan to adopt Yinwang's next-generation intelligent technologies in our upcoming major models, including intelligent cockpit systems, assisted driving systems, Qiankun Vehicle Control, Qiankun In-Vehicle Optical and Qiankun Vehicle-Cloud Solutions. For assisted driving, we anticipate being among the first automotive brands to adopt Huawei's Qiankun next-generation assisted driving system. We will also

continue to integrate advanced autonomous driving hardware and plan to introduce L3/L4 autonomous driving solutions in future flagship models. Through this strategic partnership, we expect subsequent new and iterative models to feature intelligent technologies, strengthening our product competitiveness. The following diagram illustrates the expected delivery times of our future intelligent NEPV models:



Note: The expected delivery time and actual specifications of our pipeline models are subject to change.

Our pipeline models include models targeting the mid-to-large and large SUV segments. According to Frost & Sullivan, sales volume of China's mid-to-large and large NEPV SUV segments increased from 290.4 thousand units in 2021 to 1,331.2 thousand units in 2025, representing a CAGR of 46.3%, and is expected to reach 2,271.9 thousand units by 2030. Such growth has been supported by consumer demand for spacious and multi-purpose vehicles and increasing NEV penetration in SUV segments. Our pipeline models are aligned with these market trends and positioned to capture this expanding demand.

DESIGN PHILOSOPHY

We integrate advanced technologies with human-centric design. Guided by our core values of "Leading Design, Advanced Intelligence and User Centricity," we aim to create vehicles that go beyond transportation and that serve as emotionally intelligent companions capable of understanding and responding to user needs and emotions. This philosophy underpins our brand proposition — "Intelligence Follows Instinct, Journey Toward Passion" — and marks our evolution from providing consumers with a premium intelligent NEPV to delivering a comprehensive intelligent and emotionally engaging mobility solution.

Our design philosophy, "Emotional Luxury," represents a new dimension of luxury, not about showcasing more, but about feeling more. Every journey in an AVATR vehicle is designed to be a highly personalized experience. This design philosophy is expressed through three interconnected emotional themes: bold confidence, harmonious ingenuity and vibrant individuality. These themes shape the design of our vehicles, including exterior styling, interior architecture, colors, materials and finishes, and user interface/user experience, to create a consistent visual identity and differentiated user experience.

TECHNOLOGIES

We adopt a differentiated technology development approach, under which certain capabilities are led or developed by us in-house, while others are co-developed with, or integrated from, our partners. Our in-house and AVATR-led capabilities primarily include original vehicle design, vehicle-level system integration, testing and validation, AI cockpit development for global deployment, Taihang Smart Control Chassis development, OTA-enabled product iteration, and vehicle-level electrical safety and digital-security integration. Our co-developed or partner-integrated domains include NEPV platforms, assisted-driving systems, HarmonyOS-based cockpit functions, battery systems, powertrain systems and selected electronic and certain iDVP. In these

domains, we define product and scenario requirements, set engineering and performance specifications, conduct integration and validation, and manage acceptance standards to ensure consistency with our product philosophy, quality requirements and user-experience objectives.

Our collaboration model supports our asset-light business approach. Changan Automobile primarily provides vehicle manufacturing and certain manufacturing-related resources, CATL supports battery and new-energy technology development, and Yinwang/Huawei supports intelligent vehicle solutions. We do not seek to duplicate mature or scale-intensive capabilities where collaboration is more efficient. Instead, we allocate R&D resources to vehicle definition, integration, validation and differentiated technologies that shape product identity and user experience.

We will continue to develop differentiated capabilities in areas that directly shape user experience and product identity, including original design, intelligent chassis control, AI cockpit functions and vehicle-level intelligent architecture. We also expect to continue collaborating with partners in mature or scale-intensive domains, including manufacturing, battery systems, range-extension technologies, intelligent cockpit and assisted-driving solutions. The following subsections describe our principal technologies and identify, where relevant, whether each technology is AVATR-led, co-developed with partners or integrated from partner solutions.

NEPV Platform

We jointly developed the first-generation AVATR intelligent NEPV technology platform with Changan Automobile, Yinwang and CATL combining our product definition, platform requirements and vehicle-level integration capabilities with Changan Automobile's vehicle hardware and manufacturing-related engineering, Yinwang's intelligent vehicle systems and CATL's electrification capabilities. The platform integrates the respective strengths of our partners across hardware, intelligent systems and electrification, and features a new vehicle architecture, enhanced computing capability and high-voltage charging. Leveraging this platform, as of the Latest Practicable Date, we have successfully launched four vehicle series to meet the diverse needs of our users.

To deliver a continuously evolving intelligent NEPV experience, we have collaborated closely with Changan Automobile to establish a new-generation intelligent NEPV technology platform. This platform is designed to accommodate future products with varying vehicle dimensions, design styles and configurations, and meets development requirements for both domestic and overseas markets. It supports both range-extended and pure electric models, and offers modularity and scalability by increasing the commonality of subsystems such as the underbody, chassis, range-extender and electric drive, the platform enables efficient development, cost optimization and rapid deployment across multiple models and markets. It also incorporates advanced features such as hydraulic suspension, rear-wheel steering, dual-chamber air springs and a 2+2 distributed electric drive system, further improving handling stability and safety redundancy.

Building on this new-generation platform, we have worked with Yinwang to upgrade the electronic and electrical architecture, intelligent vehicle control, intelligent cloud, assisted driving and intelligent cockpit modules, and with CATL to enhance the battery management system and battery system. In these collaborations, we define vehicle-level requirements and conduct integration, testing and validation to ensure that the relevant modules meet our product requirements and performance standards. These efforts have resulted in scalable platform architectures, with superior software-hardware decoupling capabilities, supporting continuous upgrades across our vehicle models.

AEEA Intelligent Platform Architecture

Together with Yinwang, we have co-developed the AEEA intelligent platform architecture for premium vehicle models, to enhance vehicle intelligence and control efficiency. It incorporates two central computing units for intelligent cockpit and autonomous driving, and one iDVP as the central electronic module for vehicle control. By integrating vehicle control, gateway, chassis, thermal management and connectivity into a single hardware unit, the platform significantly reduces wiring complexity and communication latency.

The backbone network uses gigabit Ethernet and time-sensitive networking technology to enable high-bandwidth, low-latency data transmission and supports applications such as L3 autonomous driving, steer-by-wire, brake-by-wire and hydraulic braking. Based on AEEA, we have developed the Huawei Xmotion Control, which integrates control of lateral, longitudinal and vertical dynamics, as well as coordinated perception and control across six major domains, body, powertrain, chassis, assisted driving, intelligent cockpit and cloud connectivity. It introduces features including full-scenario active anti-skid control, tire blowout prevention and stability control, high-speed obstacle avoidance and cornering control, intelligent motion sickness mitigation 2.0 and active suspension capabilities for enhanced ride comfort and safety redundancy.

At the electronic and electrical architecture level, we continue to deepen joint innovation with Yinwang. The AEEA architecture under development offers compatibility and supports the development of software-defined vehicles through foundational architecture innovation.

Assisted Driving

We collaborate with Yinwang to integrate its assisted driving hardware and software solutions into our vehicles. For example, the 2026 AVATR 12 and AVATR 06T are equipped with Huawei's Qiankun next-generation dual-optical-path, image-level 896-line LiDAR, capable of detecting low-profile obstacles measuring approximately 14 cm at a distance of up to 120 meters. Current models feature up to 34 assisted driving sensors and up to four LiDAR units, supporting 360° high-redundancy perception fusion and L2+ and L2++ assisted driving capabilities.

In terms of active safety, all models are equipped with a comprehensive collision avoidance system that integrates AEB, proactive safety alerts, driver fatigue monitoring and enhanced emergency steering assist, covering forward, rearward and lateral scenarios. The system is designed to support emergency braking function, including the ability to stop for stationary objects at speeds of up to approximately 130 km/h. In terms of scenario coverage, our vehicles support multiple use cases including highway NCA, urban NCA and all-scenario parking. For advanced assisted driving features, we provide functions such as parking-to-parking navigation, remote parking assist, one-touch vehicle repositioning and ultra-narrow space parking assist. These scenarios and features will be continuously enhanced through OTA updates.

Intelligent Cockpit System

HarmonyOS-Based Cockpit

Our intelligent cockpit is built on a HarmonyOS-based platform and adopts a connected control architecture that enables integration across devices, allowing the vehicle system to connect with smartphones, PCs and wearables to meet user needs in all scenarios. The system supports a broad application ecosystem and can rapidly adapt to diverse intelligent vehicle use cases. A unified hardware-software architecture integrates the cockpit domain controller with a multi-display system to deliver a coordinated in-cabin experience. The cockpit system also incorporates Huawei's accumulated intelligent capabilities, enabling smooth interaction between the vehicle, driver and passengers through the Xiaoyi voice assistant and application-level large-model features, supporting personalized in-cabin functions and interactions.

Leveraging this foundation, we have developed proprietary functions. These include a remote display screen with iterative upgrades for enhanced functionality; TowerGo Mall, designed for digital content and personalization; Scenario World, which enables one-tap switching among vehicle usage modes; and a Halo exterior display panel with eight programmable light effects, improving vehicle-user interaction.

AI Cockpit

We have developed our AI cockpit in-house for global deployment. It adopts a layered, platform-based architecture with configuration-driven management to support rapid rollout and localized customization across models and regions. Our overseas mass-produced cockpit uses an integrated dual SA8155 design with two Qualcomm SA8155 system-on-chips and customized cockpit controller hardware and software for overseas use cases. Supported features include 3D cockpit visualization with smooth transitions, an all-day light-and-shadow mode and spatial audio. In terms of AI technology, we have integrated the DeepSeek large language model to enhance conversational interaction. Building on a flexible AI agent framework and open-source models, we launched the entertainment assistance in overseas markets to support intelligent Q&A, entertainment and general-knowledge use cases.

We are developing a next-generation AI cockpit based on our "1+N+AI" architecture, with an AI-driven operating system at its core. Under this architecture, an integrated edge-cloud service bus, with the cabin as the central control node, enables coordination across cabin entertainment, assisted driving, vehicle control and vehicle-cloud connectivity. Supported by an AI operating system, the architecture is designed to evolve from a traditional SOA service-oriented structure to an intelligent agent-based system capable of full-scenario interaction. By combining a unified service bus with cloud-edge AI capabilities, the platform is intended to deliver more adaptive, personalized and responsive in-cabin experiences while supporting long-term system evolvability across the entire vehicle.

Taihang Smart Control Chassis

The Taihang Smart Control Chassis is our integrated chassis control system designed to enhance handling performance, ride comfort and active safety across different vehicle models. It uses control algorithms to support real-time perception and decision-making capabilities, enabling dynamic adjustments based on road conditions. The Taihang Chassis 1.0 has been deployed in mass production on our AVATR 07 and AVATR 06 models, featuring functions such as adaptive suspension, quick loading and unloading, automatic suspension adjustment for passenger entry and exit, one-touch leveling, speed-adaptive damping and roll and pitch control.

The 2026 AVATR 12 and AVATR 06T feature the Taihang Chassis 2.0, with upgrades including distributed drive technology and a magnetorheological suspension system. We are also developing the Taihang Chassis 3.0, which will be deployed on our next-generation models. Its core features include a distributed drive system with higher peak power and torque, a fully active hydraulic suspension system and a rear-wheel steering system. This advanced combination is designed to deliver agile low-speed maneuverability, improved high-speed stability and precise body control, while providing a scalable foundation for coordination between our assisted driving and vehicle control systems.

Powertrain System

Our Kunlun powertrain platform, co-developed with strategic partners, adopts a high-efficiency range-extended architecture that integrates a dedicated engine, electric drive system and intelligent energy management technology. We define vehicle-level requirements and conduct system integration and validation, while our partners contribute powertrain and battery-related technologies. The system is designed to optimize temperature control, torque management and hybrid coordination. It incorporates a proprietary high-efficiency range extender engine, an

electronic engine oil supply system, coaxial direct connection between the engine and generator and active piston control technology during engine shutdown. The electric drive system achieves an efficiency of approximately 90.6%, while fuel-to-electric conversion efficiency is about 3.63 kWh per liter. The platform incorporates more than 30 active and passive noise-reduction technologies, maintaining idle noise levels at around 75 dB while delivering power output. Through an intelligent energy management system, the platform determines the timing for engine engagement to improve overall energy efficiency and driving comfort.

In addition, we utilize a battery system jointly developed with CATL, which supports high-voltage fast charging and intelligent battery management to enhance driving range and charging efficiency. Together, the Kunlun powertrain system and the battery system form the core power foundation of our NEPV platform, designed to provide an efficient, quiet and reliable driving experience.

Safety Technologies

Our vehicle-level safety technologies cover passive safety, active safety, electrical safety and digital safety, and are designed to improve driving reliability, incident response and vehicle operation monitoring.

Passive Safety

Our vehicles adopt high-strength body structures designed to provide comprehensive structural protection. For example, the AVATR 06 model uses body components made of high-strength steel with tensile strength of up to 2,000 MPa, and the AVATR 07 model also uses a reinforced body structure. The battery pack is housed within a frame combining multi-layer aluminum extrusions and high-strength steel to enhance energy absorption and deformation resistance.

Active Safety

Our active safety functions primarily include: (i) enhanced automatic emergency steering (eAES) and emergency steering assist (ESA), which can brake and steer in scenarios where AEB alone may be insufficient; (ii) driver-incapacitation automated safe pull-over, which brings the vehicle to the roadside when the driver is deemed unable to operate; (iii) AEB collision unlock, enabling door unlocking upon impact to facilitate subsequent safety operations; and (iv) high-speed tire-burst automated safe pull-over, which stabilizes the vehicle and guides it to the roadside after a blow-out. These functions are designed to improve response in sudden-event scenarios.

Electrical Safety

Across our model lineup, we have implemented thermal safety measures that include the use of thermal insulation and V-0-rated flame-retardant materials, designed to meet the requirements of the latest national standards at the design stage. A battery management system (BMS) monitors battery status in real-time to identify potential thermal runaway risks and provide timely alerts. We are also exploring semi-solid and solid-state battery technologies to further support high-voltage safety.

Digital Safety

Building on vehicle operational safety, we have established a digital security framework that spans communications, data and service interactions. The framework comprises our in-house Intelligent Monitoring and Early Warning Platform and our Intelligent Cloud Diagnostic Platform. In addition, we have also implemented scenario-based privacy protection technologies, providing end-to-end data security and operational assurance.

Our Intelligent Monitoring and Early Warning Platform integrates IoT sensing, edge computing and cloud-based analytics to monitor over 6,000 vehicle parameters in real time, using more than 250 early-warning models for fast fault identification and predictive maintenance. Our Intelligent Cloud Diagnostic Platform uses AI algorithms for remote fault diagnosis and repair plan matching, and is updated through data training and OTA updates to improve diagnostic functions and service efficiency.

Comfort and Wellness Technologies

We equip our vehicles with advanced technologies such as nano water-ion air conditioning systems and in-cabin health monitoring features. Our nano water-ion air conditioning system is designed to release hydroxyl radicals to help reduce bacteria, allergens and odors. We are also developing an AI-powered occupant health monitoring system capable of real-time tracking of vital signs such as heart rate and blood pressure, proactively safeguarding passenger health.

OTA Update Capability

In collaboration with Changan Automobile, we have established an OTA upgrade capability that enables software upgrades across six core domains, including assisted driving, cockpit, chassis, powertrain, remote control and vehicle control. The OTA update process incorporates more than 3,000 security and validation strategies, including device-level encryption, single-vehicle authorization and cloud-based anomaly detection, and is designed to minimize the risk of system failure. Our OTA toolchain supports automated workflows across the update cycle and currently supports an update cadence of approximately once per month, helping improve process efficiency and ensure consistency in implementation.

Digitalization Capability and Infrastructure

Our digitalization capability and infrastructure support our operations across R&D, manufacturing, supply chain, sales and after-sales service. Through data governance, system integration and AI-enabled analytics, our digital infrastructure connects vehicle-side data, user data and enterprise systems to support product iteration, customer service and operational efficiency.

End-To-End Integration Across the Value Chain

We have established an intelligent operations system that spans R&D, manufacturing, supply chain, sales and after-sales service. Through standardized data governance and scenario-based enablement, we have integrated business and financial processes, creating a closed-loop "business-finance integration" model. Our platform enables digital user operations and end-to-end order visibility, while real-time interaction between vehicle data and enterprise systems supports R&D, supply chain optimization and customer service, transforming operational efficiency into intelligent decision-making.

Data-Driven Intelligence and AI Enablement

We leverage big data and AI to support analytics, decision-making and automation across core functions. Our governance framework is designed to improve data quality and support predictive analytics, intelligent decision-making and scenario-based automation across.

Open and Collaborative Digital Ecosystem

Our digital platform supports collaboration with Changan Automobile, Yinwang and CATL. Through standardized interfaces and data integration capabilities, we support cross-enterprise coordination, product upgrades and technology optimization based on operational and vehicle-use data.

RESEARCH AND DEVELOPMENT

We dedicate significant resources to research and development to support our technology innovation-driven growth strategy. We have established an R&D framework encompassing vehicle connectivity software, hardware, algorithms and systems, with a focus on intelligent mobility solutions. Our R&D operations are distributed across three R&D centers in China and Germany, namely our Chongqing R&D headquarters, Shanghai software development center and Munich global design center. Our Chongqing R&D headquarters houses our vehicle engineering center and focuses on hardware development and system integration. Our Shanghai software development center focuses on digital solutions, including intelligent cockpit systems, vehicle operating systems and cloud-based services. Our Munich global design center is responsible for product design, including vehicle interior and exterior styling, user interface design and brand image development.

As of December 31, 2025, our global R&D team comprised 2,186 employees. Our team includes software developers, hardware engineers and domain experts. Currently, our R&D efforts are focused on original design, AEEA intelligent platform architecture, Taihang Smart Control Chassis, autonomous driving, AI cockpit and safety and comfort systems. See "— Technologies." In 2023, 2024 and 2025, our research and development expense was RMB660.1 million, RMB1,214.1 million and RMB2,085.7 million, respectively, accounting for 11.7%, 8.0%, and 8.1% of our total revenue in the same years, respectively.

We mainly rely on our in-house R&D team to drive product innovation and development. To enhance R&D efficiency, we engage third-party service providers based on business needs to perform specific non-core tasks, such as basic product testing and auxiliary software and product development. These outsourcing activities are limited in scope and aim to maximize efficiency at optimal cost. We maintain a robust contractual framework to safeguard the quality of deliverables and protect our interests.

R&D Process

We have established a structured R&D process applicable across all technological domains and vehicle models, including complete vehicles, electric drive systems, range-extending technologies and intelligent connectivity solutions. The process is governed by the AVATR Intelligent Product Development System ("**AI-PDS**"), which ensures disciplined execution and cross-functional alignment throughout the product lifecycle.

Our R&D process begins with early-stage research to identify emerging technologies, market trends and user needs through concept validation and feasibility studies. Projects are then initiated after formal reviews of technical feasibility and commercial viability. During development, we conduct staged assessments of design maturity, cost targets, regulatory compliance and production readiness, supported by dedicated project management. Comprehensive testing in simulation, laboratory and real-world environments validates performance, safety and reliability, with feedback integrated into the development cycle. Final deliverables, including production-ready designs and software, are then transferred to manufacturing and supply chain teams to enable efficient industrialization and market launch.

SALES AND MARKETING

We market our intelligent NEPVs through a combination of direct sales and distributorship. The following table sets forth a breakdown of our revenue by distribution type in absolute amount and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct Sales	5,583,121	98.9	13,730,321	90.4	13,007,666	50.7
Distributorship[(1)]	62,236	1.1	1,464,899	9.6	12,623,619	49.3
Total	**5,645,357**	**100.0**	**15,195,220**	**100.0**	**25,631,285**	**100.0**

Note:

(1) Including revenue from the distribution of our NEPVs as well as our automotive component products. Revenue from the distribution of our automotive components was RMB62.2 million, RMB252.7 million and RMB450.6 million in 2023, 2024, and 2025, respectively, while revenue from the distribution of our NEPV sales was nil, RMB1,212.2 million and RMB12,173.0 million in the same period, respectively. Revenue from the distribution business comprised solely revenue from automotive component distribution in 2023.

Direct Sales

Under our direct sales model, we maintain direct communication with users to ensure unified user rights, consistent service experience and operational efficiency. Through our AVATR app and official website, prospective users can explore vehicle features, customize configurations, schedule test drives and place orders with ease. After an order is placed, we follow up with purchasers, arrange production and coordinate shipment and delivery. We also engage authorized sales agents to assist in selling vehicles directly to customers. These agents are responsible for local market development, customer engagement and sales facilitation and operate as independent third-party contractors rather than our employees. For sales facilitated by sales agents, customers place orders directly with us, and we retain title to the vehicle until its transfer to the customer. Sales agents earn a fixed commission, along with service-related incentives. Under this model, customers purchase vehicles on a pre-payment basis and thus we do not adopt credit terms. Revenue from such transactions is recognized as direct sales revenue.

Distributorship

In line with industry practice, we have adopted a distributorship model to expand our market coverage in China and overseas. Our distributors typically have extensive experience in vehicle sales, repair and maintenance services. We maintain a buyer-seller relationship with our distributors, who purchase vehicles directly from us and operate distributor-operated stores to market, sell vehicles and provide ongoing maintenance and repair under our AVATR brand.

Network of Distributors

To ensure alignment with our brand values and sales strategy, we employ stringent selection criteria to our distributors, mainly focusing on financial strength, operational capability, industry experience and alignment with our brand philosophy. Our distributors typically have extensive experience in vehicle sales, repair and maintenance services. They operate our distributor-operated stores, which are typically located in populated areas across tier-1 to tier-3 cities in China to support customer access and market coverage. As of December 31, 2025, we had established distributor-operated stores in 38 countries across Southeast Asia, Middle East and Africa, Eurasia and Central and South America. Our distributors support after-sales services in coordination with our

centralized spare parts supply chain, which improves service quality and cost efficiency. The model also minimizes intra-brand competition and supports distributor accountability within their authorized regions. The following table sets forth the movement in the number of distributors of our NEPVs in the years indicated:

	As of year ended December 31,		
	2023	2024	2025
At the beginning of the year	–	–	259
Addition of new NEPV distributors	–	284	197
Decrease in number of NEPV distributors	–	25	72
Net increase in the number of NEPV distributors	–	259	125
At the end of year	**–**	**259**	**384**

The significant increase in the number of our NEPV distributors in 2024 was mainly attributable to our transition from a primarily self-operated sales model to a distributorship model, which commenced in the first half of 2024. This transition was implemented to support new model launches, accelerate channel expansion and improve market coverage. In connection with this transition, we identified and engaged distributors based on factors including financial strength, operational capability, industry experience and alignment with our brand philosophy, and utilized both the channel resources of Changan Automobile and our own channel development efforts to identify suitable distributor candidates.

The following table sets forth a breakdown of distributors by countries/regions:

	As of year ended December 31,		
	2023	2024	2025
Chinese Mainland	–	241	345
Southeast Asia	–	9	12
Eurasia	–	5	9
Middle East and Africa	–	3	7
Central and South America	–	1	11
Total	**–**	**259**	**384**

As of the Latest Practicable Date, we had a total of 375 distributors, comprising 330 in Chinese Mainland, 13 in Southeast Asia, 10 in Eurasia, eight in the Middle East and Africa, 11 in Central and South America and three in Europe.

During the Track Record Period, substantially all of our distributors were independent third parties. The number of distributors affiliated with Changan Automobile was nil, 17 and 26 in 2023, 2024 and 2025, respectively, compared with total distributor numbers of nil, 259 and 384 in the same years. Among the 26 distributors affiliated with Changan Automobile in 2025, 23 were subsidiaries or branches of Wanyou, a subsidiary of Changan Automobile. As of the Latest Practicable Date, we had 346 independent distributors and 29 distributors affiliated with Changan Automobile. During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, all of our distributors (other than Changan Automobile and its associates) were Independent Third Parties. None of our distributors during the Track Record Period was controlled by us or our former or current employees. Nor do our distributors have any relationship other than buyer-seller relationship with us.

Management of Distributors

We maintain centralized oversight of our distributor network through a digitalized platform that enables unified control over sales and service operations. This ensures consistent service quality, pricing discipline and brand representation across all regions. The salient terms of our distribution agreements are set forth below:

- *Grant of rights.* We typically grant regional, non-exclusive distribution rights for a defined term. Distributors may not transfer or sub-license such rights without our prior written consent. During the Track Record Period, we did not enter into any sub-distribution agreements and had no sub-distributors. We retain the right to conduct direct sales within the authorized region. Use of our trademarks is permitted within the scope of authorized activities subject to brand guidelines.

- *Sales target.* We set sales target on annual basis with our distributors. Failure to meet sales target may lead to termination of distributor agreement.

- *Pricing*. We issue market-guided price, which we can adjust based on market conditions.

- *Vehicle delivery, title and risk allocation.* Distributors are responsible for the sales process, including customer engagement, order confirmation, vehicle delivery coordination, pre-delivery inspection and assistance with financing and insurance arrangements. Vehicles are sold by us to distributors on a principal-to-principal basis, and ownership is transferred to the distributor upon delivery, after which the distributor assumes all related risks.

- *Credit Period.* Vehicle purchases are generally conducted on a pre-payment basis. Credit sales are not adopted as a general practice and, where approved on an exceptional basis, the credit period shall not exceed 90 days.

- *Cash and Volume Rebates/Discounts.* Distributors may receive rebates, incentives, service fees or commissions pursuant to our prevailing commercial and promotional policies.

- *Channel Expenses.* Distributors bear all costs of store establishment and ongoing operations, including rent, personnel, marketing and utilities, and are not reimbursed for such expenses.

- *Notice Period for Termination.* Either party may terminate the agreement upon a material breach not cured within the specified notice period, which is typically 30 calendar days for domestic distributors and 10 calendar days for overseas distributors.

- *Product Liability.* The Company is responsible for statutory product liability and product quality in accordance with PRC laws. Distributors are responsible for losses arising from their own operations.

- *Indemnification.* Distributors are required to indemnify us against losses arising from breaches of contract, violations of law, operational misconduct, safety incidents or third-party claims attributable to the distributor.

We have implemented controls to address channel-stuffing and inventory risks, including monitoring sell-through data by requiring distributors to report end-customer delivery information and comparing such data against observable market and registration data. We apply inventory management thresholds based on historical sell-through and local demand, and review or restrict additional orders where inventory exceeds prescribed levels. We also monitor distributors' operational and financial indicators to identify early signs of abnormal ordering behavior. To

minimize intra-brand competition, we maintain strict regional authorization to prevent cross-regional diversion. We do not permit distributors to return NEPVs except for quality-related reasons, and during the Track Record Period, we did not experience any distributor returns other than for quality reasons. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of distribution agreements that had a significant impact on our business. During the same period, we did not have any material disputes with, or any material return or exchange of products from, our distributors that had a significant impact on our business.

Our Sales and Service Network

We market our intelligent NEPVs and engage with customers through offline brick-and-mortar stores, supported by our digitalized management platform to maintain consistent service standards. Our offline presence is structured around four core store formats:

- *AVATR Experience Center* (the "**Experience Center**"). The Experience Center offers pre-sales functions, including vehicle displays, test drives and order placement, with a focus on attracting customers and converting orders. Experience Centers are generally located either in high-footfall lifestyle commercial districts to maximize brand exposure and customer engagement, or in automotive commercial zones to ensure broader geographic coverage and accessibility. The Experience Center may be operated by us directly or through a distributor.

- *AVATR Center* (the "**AVATR Center**"). The AVATR Center is an integrated 4S store that combines vehicle sales, delivery, after-sales service and repair. Compared to the Experience Center, it offers dedicated delivery and maintenance capabilities and also provides certain sales functions. This format is primarily operated by our distributors. Site selection for AVATR Centers is focused on established automotive commercial districts.

- *AVATR Experience Space* (the "**Experience Space**"). The Experience Space is a short-term, pop-up retail format, primarily operated by our distributors. It is designed to deliver core pre-sales functions, including vehicle display, test drives and order placement, with enhanced flexibility for seasonal campaigns and promotional events in high-traffic areas. Site selection for this format focuses on lifestyle-oriented retail zones, enabling agile brand exposure and customer engagement.

- *AVATR Authorized Body & Paint Center* (the "**Authorized Body & Paint Center**"). The Authorized Body & Paint Center offers after-sales services specializing in body and paint work. It enhances service accessibility and satisfies inspection and verification needs, particularly in landmark locations within tier-1 cities. This format is operated exclusively by our distributors, with network deployment concentrated in tier-1 and tier-2 cities. Site selection prioritizes areas outside the service radius of an AVATR Center but with a sufficient base of AVATR vehicle ownership.

The following table sets forth the number of offline stores in the year indicated:

	Year ended December 31,		
	2023	2024	2025
AVATR Experience Center	214	242	365
AVATR Center	75	143	289
AVATR Experience Space	37	48	10
AVATR Authorized Body & Paint Center	42	47	23
Total	368	480	687

These offline stores serve as touchpoints for user interaction, covering vehicle sales, delivery and after-sales service. Our self-operated presence anchors key cities, and our distributors, with the support of our digitalized management platform, continue to expand their stores and maintain consistent service standards. As of 2023, 2024 and 2025, our sales and service network consisted of 368, 480 and 687 stores, respectively.

The following table sets forth the number of our self-operated stores and their changes in the years indicated:

	Year ended December 31,		
	2023	2024	2025
At the beginning of the year	117	220	19
Addition of new self-operated stores	156	1	1
Closure of self-operated stores	53	202	6
Net increase/(decrease) in the number of self-operated stores	103	(201)	(5)
At the end of year	**220**	**19**	**14**

In 2024, the number of our self-operated stores decreased significantly, primarily due to an adjustment in our sales and marketing strategy. We enhanced our channel development efforts and, in the first half of 2024, began to transition from a primarily self-operated model to a distributorship-model. This strategic shift was driven by the launch of new products, rapid channel expansion and accelerated market growth. By establishing a clear division of responsibilities with distributors and leveraging their regional management capabilities, we aim to enhance efficiency, reduce costs and improve customer experience.

The following table sets forth the movement in the number of our distributor-operated stores in the years indicated:

	Year ended December 31,		
	2023	2024	2025
At the beginning of the year[(1)]	15	148	461
Addition of new distributor-operated stores	135	339	343
Decrease in number of distributor-operated stores	2	26	131
Net increase in the number of distributor-operated stores[*]	133	313	212
At the end of year	**148**	**461**	**673**

Note:

(1) The numbers are calculated based on each store counted under a single business entity.

Pricing Strategies

We have adopted a market-oriented approach to pricing, taking into account the positioning of our vehicle models, market conditions and our sales and profitability objective. Our pricing strategies are formulated through a comprehensive cross-validation process that includes analysis of market trends, competitive landscape, competitor pricing strategies, customer feedback, pricing research and testing process, and align with product positioning, sales volume targets and expected profit margins. In determining vehicle prices, we also consider factors such as government subsidy

policies, cost structure and market positioning. Our pricing policy is designed to maintain brand positioning, ensure pricing consistency across sales channels and support long-term profitability while remaining responsive to market dynamics and customer expectations.

Marketing

We acquire new customers through a combination of online and offline channels, including both proprietary platforms and third-party media. Our online marketing channels include our official website, proprietary mobile app and WeChat mini-programs. These platforms serve as key touchpoints for online test drive bookings, showcasing vehicle specifications and promoting targeted campaigns. Our AVATR app serves as a digital platform that enhances the user experience across vehicle ownership, lifestyle engagement and brand interaction. Key functions include:

- *Vehicle Order and Customization.* Users can explore and compare different vehicle models, locate nearby stores, schedule test drives, customize vehicle configurations and place orders directly through the app.

- *Charging Pile Navigation*. Users can locate the recommended charging piles nearby through the AVATR app.

- *Remote Vehicle Control.* The app enables real-time monitoring of vehicle status, including battery level, door and window status and tire pressure. Users can remotely schedule charging, activate cabin temperature control and preheat seats and the cockpit. Once Bluetooth pairing is completed, users may use keyless entry and exit.

- *User Community and Engagement.* We have built an online community where users can share photos, videos and driving experiences. The app also supports offline engagement through organized events such as owners' club activities, to facilitate user interaction.

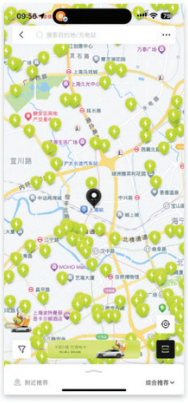
- *Lifestyle and Brand Store.* Users can access curated sections to stay informed about the latest brand and product updates. Based on users' lifestyle preferences, we offer lifestyle products, vehicle accessories and services such as charging solutions in the 'Play' section.

- *Smart Navigation and OTA Services*. Additional features include vehicle location assistance and over-the-air updates, which support updates to vehicle and app functions.

The following images showcase several feature pages of our app:

Order Vehicle

Search Charging Stations



Remote Vehicle Control

User Community

AVATR Mall

We have established close collaborations with automotive vertical media platforms to reach target audiences through precise advertising, thereby generating leads. In addition, we actively engage on content-driven social platforms, leveraging diverse formats including articles and short videos to promote our products and interact with consumers.

Our offline regional marketing initiatives include regional auto shows, regional product launches, exhibitions in leading shopping malls, large-scale test-drive events and partnerships with key accounts. These initiatives aim to increase touchpoints between our products and target customers, support product demonstrations and customer acquisition.

Customer and User Engagement

We maintain a robust user operation framework designed to foster engagement and build a vibrant community throughout the customer lifecycle. Central to our user engagement is our AVATR app, which has achieved a registered user base of approximately 2.5 million as of December 31, 2025. The user community is actively managed through thematic user-generated content (UGC) campaigns that span the full customer lifecycle — from vehicle selection and purchase to ownership and upgrades.

We have also established a robust owner ecosystem, comprising 111 officially certified AVATR owner clubs. These communities directly connect with 20,000 to 30,000 vehicle owners. We have developed a new car club certification mechanism based on user needs to facilitate connections between owners and the brand and to meet their social interaction needs. We also support owner clubs in organizing user activities. In addition, our user experience and operations team manages a dedicated Key Opinion Consumer (KOC) matrix, nurturing over 1,000 owner accounts across platforms such as Douyin, Xiaohongshu and WeChat. These accounts publish user-generated content relating to our vehicles and user experience.

Financing Arrangement

We do not directly provide financing to our customers under the direct sales model. The financing products displayed on our AVATR app are offered by our cooperating financial institutions, and customers who choose such products obtain financing directly from these institutions. Accordingly, we do not bear credit risks associated with customer financing and do not maintain a credit management system for customer financing under the direct sales channel. In addition, we do not directly extend financing to our distributors. Instead, we assist distributors in establishing connections with financial institutions and obtaining credit support. We assess the utilization of credit limits granted to our distributors. The approval of such credit facilities is subject to the final determination of the relevant financial institutions. Where financial institutions encounter difficulties in recovering credit funds from distributors, we may, to the extent permitted under applicable PRC laws and regulations, provide administrative assistance, such as facilitating communication among the relevant parties. We do not bear any compensation obligations for losses incurred by the financial institutions.

SERVICING AND WARRANTY

Warranty

Our warranty coverage comprises (i) a five-year or 120,000-kilometer warranty, whichever is reached first, for the entire vehicle; and (ii) an extended eight-year or 160,000-kilometer warranty, whichever is reached first, covering the battery, motor and electronic control systems. All repairs arising from product design, manufacturing or material defects are provided at no cost to customers. For repair services exceeding 24 hours, eligible customers are offered complimentary commuting vehicles.

Warranty claims are initially processed by service centers without requiring upfront payment from customers. These centers subsequently seek reimbursement from us, and we in turn recover costs from the responsible parties within the supply chain. This process allows customers to receive warranty services without upfront payment, while enabling us to seek recovery from the relevant responsible parties. During the Track Record Period, our warranty costs amounted to RMB8.1 million, RMB52.3 million and RMB81.6 million in 2023, 2024 and 2025, respectively. We also recovered a portion of such warranty costs from our suppliers through warranty-related claims, with supplier reimbursements of RMB1.4 million, RMB20.9 million and RMB57.6 million in 2023, 2024 and 2025, respectively.

After-Sales Service — Yuexin Service

We have established a comprehensive after-sales service system, known as "Yuexin Service" (悦心服務). Our mobile service and after-sale services are performed by our authorized service centers, which under service standards and procedures established by us. Authorized service centers must pass reviews for mobile service vehicles and complete required personnel training and examinations before providing services to end-users, and we conduct periodic inspections to monitor compliance with our standards. Our roadside assistance and towing services are provided by third-party service providers selected through an open tender process based on qualification criteria and service requirements set by us. We monitor their service quality through service performance indicators and regular service-operation review meetings, and implement corresponding measures where service performance falls short. Our Yuexin Service comprises physical service centers, mobile support infrastructure and digital service platforms:

- *Physical Service Network*: We have adopted a hybrid model that combines distributor-operated stores across most cities with a select number of directly managed, self-operated stores in key tier-1 metropolitan areas. This model supports service coverage across our sales and service network.

- *Mobile Support Infrastructure*: To complement our fixed service locations, we operate a dedicated fleet of over 100 mobile service vehicles deployed nationwide. These vehicles provide on-site maintenance services, offering flexible and timely solutions for customers in remote areas or with urgent repair needs.

- *Digital Service Platform*: Our digital support ecosystem is staffed by a specialized team of approximately 200 professionals, including hotline specialists, technical engineers, multi-user group managers and dealer-based customer service officers. This team delivers 24/7 omnichannel assistance, ensuring prompt and professional resolution across all customer touchpoints.

We offer 24/7 roadside assistance and towing services for vehicle breakdowns, supported by online claims guidance and dedicated on-site personnel to ensure customer safety and peace of mind. To further enhance the user experience, we have launched a series of customer care initiatives, which provide additional service support during selected periods. We generate revenue from Yuexin Service primarily through value-added service subscriptions. All vehicle owners have access to standard services such as routine maintenance and basic support, while additional charges apply to value-added services selected by customers. These value-added services primarily comprise (i) packages covering services such as vehicle pick-up and delivery, routine maintenance and range extender maintenance, and (ii) extended vehicle warranty service products, which generally have higher unit prices and longer service periods. We determine pricing for these packages using a competitive benchmarking approach, by reference to comparable service packages offered in the market for similar service content and vehicle segments.

MANUFACTURING

Partnership with Changan Automobile

Changan Automobile is one of China's leading state-owned automotive groups. With nearly four decades of experience in the research, development, manufacturing and sales of automobiles, Changan Automobile has established extensive expertise and robust production capabilities across a broad range of vehicle platforms, including internal combustion engine and new energy vehicles. We believe that partnering with Changan Automobile enables us to leverage its scale, technical know-how and resource depth to ensure the quality and reliability of intelligent NEPV production. This collaboration allows us to significantly reduce capital expenditure associated with manufacturing infrastructure, enabling us to focus on other critical aspects of our NEPV business, such as product innovation, user experience and market expansion. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any disputes with Changan Automobile.

The partnership encompasses vehicle production, including process design, production line construction and modification and mass manufacturing. Under this model, we are responsible for strategic planning, target setting, product development, procurement of most raw materials, logistics and vehicle delivery. Changan Automobile, through its manufacturing centers and processing plants, is entrusted with process engineering and production operations.

Process design and implementation are jointly carried out by integrated project teams comprising personnel from both parties. Changan Automobile is involved throughout the product development cycle to coordinate production processes with our quality and performance standards. The scope of joint manufacturing covers both pre-production and post-production activities. Pre-production includes process design, construction and upgrading of production lines, as well as the preparation and revision of process documentation. Post-production involves ongoing updates to process documentation, tooling and equipment modifications, continuous process improvement and process development. We maintain oversight of all outsourced manufacturing activities and conduct final acceptance inspections to ensure compliance with our product, process and quality standards.

Our collaboration with Changan Automobile is governed by certain manufacturing and supply agreements. We have maintained such contractual arrangements since July 2021 for each of our mass-produced vehicle models, which can be extended by both parties in writing. The salient terms of the manufacturing and supply agreements with Changan Automobile are set forth below:

- ***Scope***: Manufacturing and supply of AVATR 06, AVATR 07, AVATR 11 and AVATR 12 and related components.

- ***Exclusivity***: We enjoy the exclusive supplies of contract products and components.

- ***Manufacturing model and responsibilities***: Changan Automobile acts as contract manufacturer for us. We provide the necessary manufacturing technical support and other agreed assistance to enable Changan Automobile to manufacture the contract products and components in accordance with our requirements. Changan Automobile executes process engineering and production operations, supplying contract products and components exclusively to us.

- ***Quality Control***: We collaborate with Changan Automobile to implement a comprehensive quality assurance system covering raw material procurement, production and inventory management. Our quality control measures include comprehensive audits, user experience evaluations, precision craftsmanship checks, mid-distance and long-distance driving tests and full-vehicle product validation testing to ensure safety, reliability and superior product quality.

- ***Sales and marketing***: We are responsible for the sales of contract products and components manufactured and supplied by Changan Automobile, including marketing, sales and customer service.

- ***Supply and payments***: We are responsible for the payments of manufacturing fees in connection with NEPV manufacturing all costs incurred during the vehicle manufacturing process, including but not limited to certain raw material procurement, transportation of components, and other related expenses.

Production Facilities and Capacity

Our AVATR 11, 12 and 06 models are manufactured at Changan Automobile's Liangjiang No. 1 Plant, which has a designed annual production capacity of approximately 220,000 units with advanced stamping, welding and painting lines, supported by around 230 technical and management staff. Our AVATR 07 model is produced at Changan Automobile's digital intelligent plant, with a designed annual capacity of approximately 280,000 units, a high level of automation and extensive use of digital and intelligent manufacturing technologies supported by around 280 personnel. Both facilities are highly flexible and capable of supporting our current production plans while accommodating future capacity upgrades in response to market demand. These designed annual production capacities refer to the overall capacities of the relevant Changan Automobile plants, which also manufacture vehicles for Changan Automobile and/or its other brands. Changan Automobile allocates production resources for our vehicle models based on our product design requirements, production plans, confirmed orders and expected delivery schedules. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material production delay or disruption due to insufficient manufacturing capacity at these plants.

Changan Automobile's manufacturing system incorporates advanced production technologies, including high-speed stamping lines, automated production lines, smart equipment, digital systems and management tools. Its facilities include enclosed high-speed stamping lines, automated steel-aluminum hybrid flexible welding lines, water-based 3C2B+2K clear coat painting lines, flexible general assembly lines, an industry-first software sealing and testing process, China's first high-cycle CTP/CTV battery production line, and 7,000-ton integrated die-casting lines. Leveraging the latest 5G and industrial IoT technologies, the system enables large-scale equipment networking and full-process digitalization. Sixteen intelligent scenarios have been deployed, reducing overall manufacturing costs by 20% and improving efficiency by 20% in the Changan Automobile's digital intelligent plant.

These plants adopt a customized production model by integrating end-to-end processes from customer demand, order configuration, engineering design and manufacturing to delivery, in order to meet customer needs. This approach enables agile production and precise delivery driven by customer orders. Production lines are designed for flexibility, allowing dynamic capacity adjustments to meet market demand, supporting pure electric platform models and enabling scalable upgrades.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

During the Track Record Period, we dedicated significant efforts to product development, technology innovation, customer base expansion, and the enhancement of our sales and service network. As a result of these efforts, we have achieved steady business growth and improvement in our financial and operational performances during the Track Record Period. Our revenue increased significantly from RMB5,645.4 million in 2023 to RMB15,195.2 million in 2024, and further to RMB25,631.3 million in 2025. Vehicle deliveries rose from 20,021 units in 2023 to 61,588 units in 2024, and further to 122,702 units in 2025. This rapid growth was primarily driven by the successful launch and market acceptance of our four core models — AVATR 11, AVATR 12, AVATR 07 and AVATR 06 — as well as the expansion of our sales network to 607 stores across 216 cities in China and 80 overseas locations in 38 countries and regions as of December 31, 2025.

We have also maintained a healthy liquidity position to support our ongoing operations and future expansion. As of December 31, 2025, our cash and cash equivalents was RMB9,687.4 million, and we had unutilized banking facilities of RMB14,898.7 million as of April 30, 2026. Our net operating cash flow turned from net cash used in operating activities of RMB800.9 million in

2023 into net cash generated from operating activities of RMB1,755.1 million in 2024; in the year ended December 31, 2025, our net cash generated from operating activities was RMB2,315.5 million. As of December 31, 2025, we had net current liabilities of RMB8,284.6 million, primarily due to a decrease in cash and cash equivalents following our strategic investment in Yinwang, as well as the increase in trade and notes payables and other payables and accruals in connection with our business scale-up, including higher production volume and continued investment in research and development and marketing activities.

Reasons for Historical Loss

Despite our revenue growth momentum and improvement in results of operations and financial condition during the Track Record Period, we recorded net losses throughout the Track Record Period and expect to record net losses in 2026. Our net losses were primarily attributable to our early commercialization and ramp-up stage, as we only commenced vehicle deliveries in late December 2022 and therefore incurred substantial upfront investment in product development, sales and marketing, channel expansion and organizational build-out before scale benefits could fully emerge. Our selling and marketing expenses amounted to RMB2,304.3 million, RMB3,036.3 million and RMB3,281.1 million in 2023, 2024 and 2025, respectively, representing 40.8%, 20.0% and 12.8% of our total revenue for the same years, respectively. In particular, brand and marketing expenses amounted to RMB1,024.4 million, RMB1,293.2 million and RMB1,499.3 million in 2023, 2024 and 2025, respectively, representing 44.5%, 42.6% and 45.7% of the total selling and marketing expenses during the same years. These expenses primarily related to advertising and promotional campaigns, launch events and brand-building activities, which were necessary to establish market presence at the initial commercialization stage. In 2023, 2024 and 2025, our research and development expense was RMB660.1 million, RMB1,214.1 million and RMB2,085.7 million, respectively, accounting for 11.7%, 8.0%, and 8.1% of our total revenue in the same years, respectively. At the same time, our cost structure had not fully benefited from economies of scale during the early stage of commercialization, as reflected by cost of sales representing 103.0%, 93.7% and 90.6% of our revenue in 2023, 2024 and 2025, respectively. 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.

Path to Profitability

Looking ahead, we plan to improve our financial performance and progress toward profitability by increasing revenue scale, improving gross margin and enhancing operating leverage. Specifically, we intend to (i) optimize our product mix toward higher-end models and configurations with stronger margin potential, (ii) expand sales in selected overseas markets to contribute incremental growth at higher ASPs and improve our margin mix, (iii) improve cost efficiency and economies of scale across procurement, product development, manufacturing-related arrangements and operating expenses and (iv) differentiate our products and brand positioning to maintain pricing discipline and mitigate the impact of price competition in the NEPV market. Our Directors are of the view that these initiatives will allow us to further increase revenue scale, improve gross margin, enhance operating leverage and improve operating expense efficiency over time, and progressively narrow losses as our business continues to scale.

Optimize Product Mix and Improve Margin

During the Track Record Period, we launched at least one new model each year, forming a diversified product portfolio with price points ranging from RMB200,000 to RMB700,000 and covering both powertrain variants. Our vehicle deliveries increased from 20,021 units in 2023 to 61,588 units in 2024, and further to 122,702 units in 2025, following the launch of four mass-produced models. In parallel, our gross margin improved from a gross loss margin of 3.0% in 2023 to a gross profit margin of 6.3% in 2024, and further to 9.4% in 2025, reflecting improving unit economics as scale increased and our product mix evolved. Such improvement demonstrated the contribution of our expanding model portfolio and product competitiveness to revenue quality and margin performance during the Track Record Period. The expansion of our model lineup and ongoing product enhancements contributed to the growth in vehicle deliveries and revenue and supported the overall improvement in our operating results.

Building on this foundation, we plan to progressively expand our product portfolio by introducing vehicle models at higher price points, which are expected to achieve higher per-vehicle profitability supported by upgraded configurations and technologies. Markets for these vehicle models are expected to expand in the next few years. See "Industry Overview — China's New Luxury NEPV Market." In this regard, we plan to launch new vehicles through the co-creation model from the fourth quarter of 2026 to 2027, with subsequent new models expected to be positioned at higher market segments. Among these, a new high-end, large-size SUV planned for launch at the end of 2026 is expected to offer upgraded specifications and configurations. We intend to focus on higher-end large five-seat and six-seat models, further penetrate higher price bands, optimize our gross profit structure and enhance revenue quality. We expect these new product offerings to strengthen our competitive position in the relevant segments, broaden our reach among higher-end customer groups and support our participation in the growing full-size SUV segment. In addition, we will continue to maintain disciplined pricing practices and channel management to limit unnecessary discounting and preserve realized pricing of higher-margin offerings. Together, these measures are intended to support continued gross margin improvement, operating leverage and a progressive narrowing of losses over time.

Contribute Incremental Growth at Higher ASPs and Enhance Margin Mix

We plan to expand sales in selected overseas markets to increase delivery scale and improve revenue and operating leverage, which is expected to drive incremental delivery growth at higher ASPs and enhance overall profitability. Overseas revenue increased from RMB222.5 million in 2024 to RMB1,397.8 million in 2025. In 2025, we delivered over 4,500 vehicles overseas across 38 countries and regions through approximately 80 overseas sales channels. From January to May 2026, we sold 2,949 units in overseas markets. Our overseas vehicle sales for the same period increased by 33.4% compared with the corresponding period in 2025.

Our overseas sales during the Track Record Period were concentrated in regions where demand for intelligent and premium NEPVs is growing. Our overseas sales grew significantly in 2025, with 1,539 units delivered in Southeast Asia, 1,650 units delivered in Eurasia and 1,308 unitsdelivered in the Middle East and Africa. According to F&S, average selling prices in our main overseas markets remained consistently above those in Chinese Mainland during the Track Record Period, indicating that our overseas expansion has contributed incremental growth with higher revenue quality and supported our margin mix. Such demand growth in these markets has been driven by factors including government incentives, consumer upgrading trends, charging infrastructure development and intelligent technology progress. These markets are characterized by relatively mild competitive landscapes and a higher acceptance of imported NEPVs from Chinese mainland, which we believe presents favorable entry opportunities for us. We intend to attract and capture such demand by offering premium and technologically differentiated vehicle models tailored to local user preferences, supported by distributor-based market entry, localized product positioning and disciplined pricing execution. We expect the rapid growth in demand for new energy vehicles in overseas markets, together with their relatively higher margin profile, to contribute incremental sales volume and enhance the quality of our revenue while improving our gross margin.

Enhancing Cost Efficiency Across Procurement, R&D and Sales

Total vehicle deliveries increased from 20,021 units in 2023 to 61,588 units in 2024, and further to 122,702 units in 2025, enabling us to allocate relatively fixed research and development, marketing and administrative expenses across a larger revenue base and reducing operating expense intensity. This reflects enhanced operating leverage as our business scaled. To the extent that sales volumes continue to increase in the future, this allows a broader spreading of costs and expenses, which contributes to the improvement of our margin performance. At the same time, increased production scale strengthened our purchasing leverage with key component suppliers, supporting lower per-vehicle input costs and improved unit-level gross profitability. As a result of these scale effects, cost of sales as a percentage of revenue decreased from 103.0% in 2023 to 93.7% in 2024 and further to 90.6% in 2025. As our delivery volumes continue to grow, we expect these scale benefits to further enhance margin performance and support our transition toward sustainable, scalable profitability. On the product and supply chain side, we streamlined product design by

reducing redundant features with lower customer willingness to pay, implemented a penetration-based supply chain management approach that extended cost control to multi-tier suppliers and achieved component cost reductions through ongoing technical optimization. These measures are intended to further improve our cost structure and enhance margin performance as our sales volumes continue to grow.

We seek to improve R&D efficiency and manage product development costs by further strengthening our platform-based development capabilities. By reusing common product development platforms and shared components across different models, we are able to reduce incremental development costs per model and enhance overall R&D productivity. Although we made substantial upfront R&D investments for the launch of new vehicle models during the Track Record Period, platform reuse and modular development are expected to support more efficient deployment of R&D resources and improve the scalability of our product development activities overtime. At the same time, our strategic collaborations with technology partners enable us to accelerate access to advanced technologies and system capabilities, reducing the need for duplicative foundational R&D. In particular, our long-term cooperation with CATL on next-generation battery technologies, and with Huawei on intelligent vehicle systems, supports earlier technology adoption, improves development efficiency and contributes to a more optimized R&D cost structure, alongside the planned launch of new vehicle offerings under the co-creation model with Yinwang in the fourth quarter of 2026 and in 2027.

Selling and marketing is a major component of our operating expenses, accounting for 40.8%, 20.0% and 12.8% of our total revenue in 2023, 2024 and 2025, respectively. To enhance selling and marketing efficiency as our product portfolio and channel network mature, we intend to standardize product launch processes, enhance the reuse of marketing content, digital assets and campaign materials across different models. In parallel, we will continue to refine data-driven and targeted marketing approaches to improve customer acquisition efficiency. These measures are intended to improve the efficiency of our selling and marketing activities over time and support operating leverage as our business scales, while maintaining sufficient investment to support brand visibility and sales growth.

Collectively, these targeted measures across product design, supply chain management, R&D and marketing are intended to further drive cost efficiency, improve operating efficiency and support our transition toward sustainable and scalable profitability. Total operating expenses as a percentage of revenue also declined from 62.8% in 2023 to 32.6% in 2024 and further to 23.9% in 2025, reflecting the improvement in our operating expense structure as our business scaled.

Differentiate Our Products and Brand Positioning

As part of our broader brand positioning focused on "new-luxury" intelligent mobility rather than price-driven competition, we aim to differentiate our products through original design and aesthetics, supported by intelligent systems and safety features, so that purchasing decisions of the consumer would be driven by overall brand and product value rather than price alone. Our design approach has been independently recognized by international and domestic awards, including a Red Dot Product Design Award in 2024 and a Gold Award for Industrial Design at the 25th China Patent Awards in 2025 for AVATR 11 and 12. These recognitions reflect the quality of our product design and support the development of a consistent and recognizable brand identity across our model lineup. Building on this design foundation, our vehicles incorporate intelligent technologies and chassis control systems to deliver user-perceivable differentiation in assisted driving, cockpit interaction, handling and comfort, which we believe supports pricing discipline even amid industry-wide competition. We plan to build on this positioning through our pipeline models, including planned mid-to-large and large SUV models to be launched from the fourth quarter of 2026 to 2027. These models are expected to target high-end and quality-focused family users by addressing demand for larger vehicle space, intelligent features, driving comfort and safety. Under our co-creation model with Yinwang, we expect to combine partner-led intelligent vehicle technologies with our capabilities in vehicle definition, original design, system integration and user experience, which we believe will support a more integrated product experience rather than competition based primarily on price or single-point specifications. Our models have consistently ranked among leading offerings within their respective "new-luxury" segments during the Track Record Period, indicating sustained market acceptance of our product and brand positioning without relying solely on price.

QUALITY CONTROL

We have established a comprehensive quality control framework covering product definition and development, manufacturing and after-sales services, with procedures for quality monitoring and feedback. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any manufacturing delays, defects, recalls and non-compliance incidents associated with our suppliers or our vehicles.

Product Development Control

We develop products in compliance with applicable laws, regulations and industry practices. We have implemented the AI-PDS development process, applying standardized controls across requirements definition, concept design, engineering development and validation. To monitor product performance, we have established a systematic quality indicator framework for product launch readiness, covering functional verification, performance testing, reliability assessment and user experience evaluation, enabling quality control throughout the entire product lifecycle. In addition, we have developed a software architecture and quality standard system, with a view to supporting performance stability and product iteration based on user feedback and market demand.

Manufacturing Quality Control

For manufacturing quality control, we leverage Changan Automobile's operational expertise to establish a zero-defect delivery system covering the entire process from raw material procurement to production and inventory management. For supplier management, we have implemented stringent selection criteria and a dynamic evaluation mechanism, and adopted the IATF 16949 quality management system to ensure the stability and reliability of raw material quality. During production, key processes employ statistical process control technology to monitor critical production parameters, enabling precise control and consistent stability in manufacturing. We also use digital systems to monitor the manufacturing process. This system provides real-time data collection, analysis and early warning capabilities, allowing timely identification and resolution of potential quality risks, thereby improving production efficiency and product pass rates.

Product Quality Control

Our after-sales services are designed to support customer satisfaction, leveraging a data-driven approach to optimize warranty support mechanisms and improve service quality and brand reputation. We have established a comprehensive after-sales quality feedback system to enhance product quality through the following measures: (i) implementing a rapid response mechanism to customer issues, ensuring prompt responses; (ii) conducting statistical analysis of after-sales data to identify potential product issues; and (iii) establishing a closed-loop quality improvement process to feed after-sales feedback into design and production stages. During the Track Record Period and up to the Latest Practicable Date, there were a limited number of publicly reported incidents and market allegations involving our vehicles and related sales or service practices, including vehicle fire incidents, disputes relating to assisted driving or safety assistance functions, customer order or refund complaints, and allegations relating to product quality, advertising, internal operations or after-sales services. For related risks, see "Risk Factors — Risks Relating to Our Business and Industry — We may become subject to product liability claims, or choose to or be compelled to undertake product recalls or take other similar actions, which could adversely affect our reputation, business and results of operations."

In response to these matters, we conducted internal investigations and, where applicable, reviewed technical analysis, backend vehicle data, communications with users, records of sales and service processes and third-party conclusions. Based on these investigations, (i) the reported vehicle fire incidents were not caused by battery defects and did not indicate systemic battery safety or product quality issues; (ii) disputes relating to assisted driving or safety assistance functions arose from specific boundary or lowspeed scenarios outside the applicable system activation conditions,

rather than product defects; (iii) customer order or refund complaints mainly arose from contractual order lock-in arrangements following customer-initiated actions; and (iv) allegations relating to false advertising, product quality, internal operations or after-sales services were inaccurate or misleading in material respects. None of these matters involved any personal injury or loss of life.

We have adopted measures to handle these matters, including: (i) establishing special task forces and cooperating with users, fire authorities and relevant government departments to support proper handling and investigation; (ii) issuing clarifications based on investigation results or third-party conclusions, where applicable; (iii) assisting affected users with insurance claims, compensation arrangements and follow-up handling, where applicable; and (iv) taking platform coordination, clarification or legal actions against materially false or defamatory information where appropriate.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns, product recalls or product liability claims due to quality control issues. The above incidents and allegations have not had, individually or in aggregate, any material adverse impact on our operations, financial performance, liquidity or business prospects, and our business has continued in the ordinary course.

We maintain an independent and comprehensive quality control and vehicle safety assurance framework and do not solely rely on Changan Automobile or any single manufacturing partner. The Directors, after having made reasonable enquiries, are of the view that: (i) the incidents were isolated and non-systemic in nature; (ii) the related allegations were, to the extent verified, inaccurate or misleading and did not indicate product defects or compliance failures; and (iii) the incidents have not had any material adverse impact on the Group's operations or financial performance. Based on the due diligence work conducted above, nothing has come to the attention of the Joint Sponsors that would cause them to cast doubt on the Directors' view as mentioned above in any material respect.

LOGISTICS, WAREHOUSING AND INVENTORY MANAGEMENT

Logistics

We engage third-party logistics service providers to deliver assembled vehicles from our production bases to our stores. Raw materials and components are delivered to production bases directly or delivered to our regional transit warehouses by suppliers or through third-party logistics service providers engaged by us.

Warehousing

We have a warehousing system consisting of (i) three central warehouses, located near Changan Automobile's Liangjiang No. 1 Plant, which serve as the primary hub for nationwide order fulfillment for retail outlets; (ii) two warehouses dedicated to storing material components supplied by our strategic partners; and (iii) five regional transit warehouses leased from logistics service providers. As of the Latest Practicable Date, we maintained a total of eight vehicle warehouses and two automobile parts warehouses. These transit warehouses are strategically located to support defined sales regions, covering key areas such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Pearl River Delta and selected inland provinces. Responsibility for day-to-day management resides with third-party logistics service providers, while we maintain oversight through regular on-site inspections, semi-annual operational audits and coordination of independent third-party audits.

Inventory Management

Our inventory primarily includes material parts and components and finished vehicles. Our inventory turnover days were 96.1 days, 63.3 days and 35.8 days in 2023, 2024 and 2025, respectively. We adhere to a demand-driven production strategy informed by regular market insights, enabling us to exercise strict control over our vehicle inventory levels. To meet market competition dynamics, enable faster delivery and support our sales forecasts, we produce a limited amount of finished vehicle inventory in advance. We maintain such vehicles at a prudent inventory level and are intended to ensure timely fulfillment of customer demand. By leveraging our central factory warehouse and multimodal transit warehouses, we achieve precise inventory coverage across all sales regions nationwide. This approach enables us to accelerate inventory turnover and ensure efficient and timely delivery of our vehicles to customers.

CUSTOMERS

During the Track Record Period, we primarily sold our intelligent NEPVs directly to vehicle purchasers. Our five largest customers in each year during the Track Record Period primarily comprised corporate customers and distributors, while individual consumers accounted for a smaller proportion. In 2023, 2024 and 2025, revenue generated from our 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. To the best of our knowledge, except for Changan Automobile and its associate, each of our five largest customers in each year during the Track Record Period was an Independent Third Party. To the best of our knowledge, except for Changan Automobile, none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest customers in each year during the Track Record Period.

Third-Party Payment Arrangements

Background of Third-Party Payment Arrangements

During the Track Record Period, certain of our corporate customers and distributors (individually or collectively, the "**Relevant Customers**") settled transactions with us through the accounts of third parties designated by these customers ("**Third-Party Payment Arrangements**"). The Relevant Customers mainly comprised domestic distributors located in Guangdong, Jiangsu, Shandong and Zhejiang. In 2023, 2024 and 2025, the number of the Relevant Customers was nil, 25 and 41, respectively, and revenue generated through Third-party Payment Arrangements was nil, RMB153.7 million and RMB1,074.7 million, respectively, representing nil, 1.0% and 4.2% of our total revenue during the respective year. No individual Relevant Customer made a material contribution to our revenue during the Track Record Period. To the best of our knowledge, the designated third-party payors primarily consisted of persons affiliated with the Relevant Customers, such as shareholders and related parties.

During the Track Record Period, all Third-Party Payment Arrangements were initiated by Relevant Customers, and we did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements. During the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. During the Track Record Period, there were no outstanding amounts owed by the Relevant Customers and therefore no situations in which third-party payors were required to bear joint and several liability. Between July and

December 2025, a total of 23 Relevant Customers continued to use third-party payment arrangements, all of which ceased such arrangements before the Latest Practicable Date. Given the limited number of Relevant Customers involved and the limited transaction amounts under the Third-Party Payment Arrangements during the Track Record Period, and taking into account the Tri-Party Agreements entered into with the Relevant Customers as discussed below, the cessation of the Third-Party Payment Arrangements is not expected to have any material adverse impact on our business operations or financial performance.

Reasons for Third-Party Payment Arrangements

It is a relatively common commercial practice for NEPV purchasers to settle their payments through third-party payors for convenience and flexibility. Based on the representations of the Relevant Customers and to the best of our knowledge, the Relevant Customers utilized Third-Party Payment Arrangements primarily due to internal operational and financial management practices.

Rectification of Third-Party Payment Arrangements

To further safeguard our interest against risks associated with Third-Party Payment Arrangements, we implemented the following internal control enhancement measures to rectify Third-Party Payment Arrangements. As of the date of this document, we have entered with all existing Relevant Customers into tri-party agreements ("**Tri-Party Agreements**") to ensure genuineness of the relevant transactions, stating (i) the designated third-party payor is authorized by the Relevant Customer to settle payments with us on behalf of the Relevant Customers; (ii) the designated third-party payor undertakes that any payments made to us shall not be requested to be refunded under any circumstances; (iii) both the Relevant Customer and the designated third-party payor undertake that any economic disputes arising from the Third-Party Payment Arrangements shall be resolved between the Relevant Customer and the designated third-party payor and shall not concern us; and (iv) no parties shall use the Third-Party Payment Arrangement for money laundering purposes.

To prevent any future Third-Party Payment Arrangements, we (i) explicitly required the relevant departments to review cases where the payer differs from the entity designated in the contract and to suspend such transactions; and (ii) if in limited circumstances a difference exists, we will enter into a Tri-Party Agreement with the payor and the Relevant Customer to ensure the genuineness of the transactions. We have issued the above procedures and requirement as our internal policies throughout our Group. Our Directors are of the view, and our internal control advisor concurs, that such measures are effective and adequate in preventing future occurrence of Third-party Payment Arrangements. Based on the due diligence work performed, nothing has come to the attention of the Joint Sponsors that would cause them to cast doubt on the Directors' and the internal control advisor's views as mentioned above in any material respect. Our Directors will continuously monitor the effectiveness of these measures in the future and update them as needed. These above measures are not expected to lead to any material adverse impact or interruptions to our business operations and/or financial performance.

Legal Consequences of Third-Party Payment Arrangements

As advised by our PRC Legal Advisor, our Third-Party Payment Arrangements did not violate or constitute circumvention of PRC laws and regulations, primarily based on the grounds: (i) these arrangements were initiated by the Relevant Customers for the purpose of genuine business transactions; and (ii) we had not proposed or initiated any Third-Party Payment Arrangements for the purpose of circumventing relevant laws and regulations in China or for any other reason.

To the best of our knowledge, we were not the subject of any investigations, inquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any major refund requests, actual or pending disputes or disagreements due to

Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. We had also entered into Tri-Party Agreements, which, as advised by our PRC Legal Advisor, are valid and enforceable under PRC laws and regulations. In light of the above, we believe the risk of the designated payors requesting for refunds for their payments made on behalf of the Relevant Customers is remote.

To prevent risk of money laundering under the Third-Party Payment Arrangements, we had adopted the following internal control measures during the Track Record Period: (i) as of the date of this document, we have entered into Tri-Party Agreements with all existing Relevant Customers to ensure genuineness of the relevant transactions and include anti-money laundering provisions, among other provisions; and (ii) we settled payments only through wire transfer by reputable financial institutions. As of the Latest Practicable Date, we had not been found by the financial institutions that handled the payments under the Third-Party Payment Arrangements to be involved in any money laundering activities, activities that could be related to money laundering or any relevant investigations. As advised by our PRC Legal Advisor, in light of the above, our Third-Party Payment Arrangements do not constitute instances of breaches of PRC money laundering laws and regulations.

SEASONALITY

Traditionally, sales are higher in the fourth quarter, which is a peak season in China for the auto industry, mainly due to nationwide auto shows and increasing vehicle purchases near year-end. Sales volume for new cars typically declines in the first quarter, especially around the Chinese New Year holiday. Due to our limited operating history, the seasonal trends that we have experienced in the past may not fully apply to, or be fully indicative of, our future operating results. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to seasonal fluctuations."

SUPPLIERS

We engage third-party suppliers for key components and materials for our NEPVs, including power batteries and traditional automotive parts such as various brake hose and brake pipe assemblies, charging port and lighting components, and other components and materials. We also purchase intelligent vehicle solutions and marketing services from our suppliers. We choose suppliers based on a combination of price, quality, capacity, financial stability, delivery, scale and reputation. We work with strategic partners including Yinwang and CATL to supply our vehicles with intelligent vehicle solutions and batteries. These parts and components are typically customized for specific vehicles.

Our Major Suppliers

Our major suppliers are suppliers of power batteries, 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 year, 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 with bank acceptance bills.

The following tables provide details of our top five suppliers in each year during the Track Record Period:

Year ended December 31, 2023,

No.	Suppliers	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit Term
			(RMB'000)			
1. . .	Changan Automobile and its subsidiaries[1]	Automotive parts, spare parts and accessories, and whole vehicle manufacturing services	2,797,348	36.0	2021	30 days
2. . .	CATL[2]	Power Batteries	2,211,897	28.5	2022	30 days
3. . .	Huawei[3]	Automotive parts and components	1,387,476	17.9	2022	30 days
4. . .	Supplier C[4]	Automotive parts and components	419,471	5.4	2022	–
5. . .	Supplier E[5]	Automotive parts and components	46,284	0.6	2023	120 days
Total.			**6,862,475**	**88.4**		

Notes:

(1) Founded in 1996, Changan Automobile and its subsidiaries are a PRC limited liability company primarily engaged in automobile research, manufacturing and sales.

(2) Founded in 2011, CATL is a PRC company specializing in EV battery and energy storage systems, and is currently listed on the Hong Kong Stock Exchange.

(3) Huawei is a PRC-based global leader in information and communications infrastructure and smart device solutions.

(4) Supplier C is a PRC-based technology company focused on the research, development, manufacturing, and sales of in-vehicle domain controller products.

(5) Supplier E is a PRC-based company specializing in the research, development, manufacturing, and sales of vibration-damping rubber-metal components for chassis and power transmission systems.

Year ended December 31, 2024,

No.	Suppliers	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit Term
			(RMB'000)			
1. . .	Changan Automobile and its subsidiaries	Automotive parts, spare parts and accessories, and whole vehicle manufacturing services	3,023,171	21.4	2021	30 days
2. . .	CATL	Power Batteries	2,931,731	20.7	2022	30 days
3. . .	Huawei	Automotive parts and components	2,369,702	16.7	2022	30 days

			Year ended December 31, 2024,			
No.	Suppliers	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit Term
			(RMB'000)			
4. . .	Supplier C	Automotive parts and components	694,093	4.9	2022	–
5. . .	Supplier F[(1)]	Automotive parts and components	230,401	1.6	2023	60 days
Total.			**9,249,098**	**65.3**		

Note:

(1) Supplier F is a PRC-based company primarily engaged in the production, processing, and sales of automotive wiring harnesses.

			Year ended December 31, 2025,			
No.	Suppliers	Products/services provided to us	Purchase amount	% of our total purchase amount	Year of commencement of business relationship with us	Credit Term
			(RMB'000)			
1. . .	CATL	Automotive parts	4,969,541	21.7	2022	30 days
2. . .	Huawei	Automotive parts	3,171,755	13.8	2022	30 days
3. . .	Changan Automobile and its subsidiaries	Automotive parts, spare parts and accessories, and whole vehicle manufacturing services	3,042,391	13.3	2021	30 days
4. . .	Supplier C	Automotive parts	977,004	4.3	2022	–
5. . .	Supplier F	Automotive parts	557,913	2.4	2023	60 days
Total.			**12,718,604**	**55.5**		

To the best of our knowledge, except for Changan Automobile, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party. To the best of our knowledge, except for Changan Automobile and CATL, none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest suppliers in each year/period during the Track Record Period.

The salient terms of our standard agreement with suppliers are set out below:

- ***Term***: The duration of each supply agreement is determined by mutual agreement between the parties and may be updated or renewed as needed.

- ***Procurement amount***: We typically issue rolling procurement plans, such as monthly or weekly delivery schedules, based on our production needs. The actual procurement amount is determined by the purchase orders or delivery schedules we issue to suppliers. There is no minimum purchase amount.

- ***Settlement***: The settlement price is based on the actual quantity of goods delivered and accepted by us, in accordance with the pricing terms set out in the supply agreement or relevant purchase orders.

- ***Product liability***: Suppliers are required to provide warranties for the goods supplied. During the warranty period, suppliers are responsible for any quality defects and must bear all costs and losses, including those arising from recalls, replacements, repairs or accidents caused by defective goods. Suppliers must also cooperate with us in handling any related government investigations or customer complaints.

- ***Termination***: We may terminate the agreement in the event of a material breach, such as failure to deliver goods on schedule, failure to address quality issues or unauthorized disclosure of confidential information.

- ***Pricing***: Depending on the type of goods and supplier, the pricing terms, for example process fees, are determined through separate commercial arrangements between the parties, settled based on actual quantity and cost where applicable, and are generally established with reference to prevailing market prices.

Supplier/Customer Overlap

During the Track Record Period, Changan Automobile was one of our five largest suppliers and was also our customer for our NEPVs and auto parts. For the relationship between our Company and Changan Automobile, as well as the shareholding structure of our Company and Changan Automobile, see "History, Development and Corporate Structure — Establishment and Development of Our Company." These reciprocal arrangements reflect strategic collaborations within the value chain, enabling both parties to leverage each other's technological strengths and drive mutual growth. In addition, Supplier F was our customer in 2024.

Negotiations of the terms of our sales to and purchases from Changan Automobile and Supplier F were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. All of our sales to and purchases from Changan Automobile and Supplier F were conducted in the ordinary course of business and all negotiations were conducted on an arm's-length basis, consistent with the prevailing market practices, and are comparable to those offered to our other customers and suppliers. In 2023, 2024 and 2025, revenue from Changan Automobile was RMB13.5 million, RMB230.6 million and RMB737.7 million, respectively, accounting for 0.2%, 1.5% and 2.9% of our total revenue in the same year, respectively. In 2023, 2024 and 2025, purchases from Changan Automobile were RMB2,797.3 million, RMB3,023.2 million and RMB3,042.4 million, respectively, accounting for 36.0%, 21.4% and 13.3% of our total purchase in the same year, respectively. In 2024, we sold our NEPVs to Supplier F and purchased auto components from Supplier F, generating revenue of RMB0.3 million and incurring purchases of RMB0.2 million, which accounted for approximately 1.6% of our total purchases in the same year. 2024 was the only year when Supplier F was also our customer.

Our Relationship with Counterparties

We maintain strategic collaborations with Changan Automobile, CATL and Huawei (together, the "**Counterparties**") since 2021, which support our asset-light operating model and enable us to focus resources on product definition, design, branding and user experience. As a result, certain core functions of our business rely on the continued cooperation of these Counterparties.

- *Collaborations with Changan Automobile*. As our Controlling Shareholder, Changan Automobile is our sole whole-vehicle manufacturer. With its advanced lean manufacturing and digital production capabilities, Changan Automobile offers a highly efficient and scalable manufacturing platform, supported by its integrated supplier

network, R&D infrastructure and broad sales channels. We collaborate with Changan Automobile for vehicle manufacturing. Under this collaboration, Changan Automobile conducts vehicle production in accordance with production plans, capacity arrangements and quality standards agreed with us. We remain responsible for product definition, engineering requirements and overall system integration, and we establish the key build standards and acceptance criteria applied to our vehicles. For details, see "— Manufacturing." In addition, we also collaborate with Changan Automobile in other aspects of our operations, such as R&D and technical services, distributions and trademark licensing arrangements, among others. For details, see "Relationship with Controlling Shareholders – Operational independence" and "Connected Transactions."

- *Battery systems and powertrain technologies from CATL*. CATL is our principal partner for the supply of power batteries and related system components integrated across our vehicle platforms. Our collaboration with CATL includes technical alignment and coordination on battery solutions and technology roadmaps. We define battery pack requirements including packaging constraints, interfaces, performance targets and safety requirements and integrate CATL's battery systems into our vehicle architectures through our platform-level system integration and validation processes.

- *Intelligent vehicle systems and software integration from Huawei*. We collaborate with Huawei, primarily through Yinwang in which we acquired a ten percent equity interest, in the development and integration of assisted driving systems, in-cabin technologies and related software solutions. We define the system-level architecture, functional requirements and user-experience objectives, and we integrate Huawei's technologies into our vehicles through our software and electronic and electrical architecture frameworks, calibration and validation processes. We plan to launch a new vehicle offering under the co-creation model with Yinwang in the second half of 2026 and in 2027.

We do not have any profit sharing arrangement with the Counterparties. We retain and control the core and critical aspects of our products, including internally driven product conceptual design and platform-level system integration. We define the specifications, system architectures and user-experience requirements for our products, and technologies and components provided by the Counterparties are integrated accordingly. Through this integration process, we ensure that our vehicles reflect a cohesive product vision and differentiated brand identity, and that key intellectual property, brand equity and customer relationships remain under our control.

Salient terms of cooperation arrangements

Our cooperation agreements with the Counterparties generally share the following features:

- *Form and scope of cooperation*. The arrangements comprise strategic framework agreements and project-based implementation documents, covering R&D collaboration, technology integration, manufacturing or supply arrangements, and, where applicable, branding or sales-channel support.

- *Governance and oversight*. Cooperation is governed through joint committees or working groups, with defined milestones, deliverables, review mechanisms and acceptance procedures, enabling ongoing monitoring and quality control.

- *Intellectual property rights*. Each party retains ownership of its background intellectual property. Intellectual property developed during cooperation is owned by the creating party or jointly owned if co-developed, as agreed. Any licences to use technology or trademarks are generally limited to the relevant project scope, non-exclusive, non-transferable and subject to termination upon the end of the cooperation, unless otherwise agreed.

- *Exclusivity and supply arrangements*. Cooperation is non-exclusive or conducted on a preferred or priority basis.

- *Quality, defects and liability*. Responsibilities for product quality, defects and recalls are allocated based on fault, distinguishing between design, component and manufacturing responsibilities, with defined corrective-action and indemnity mechanisms.

- *Term, renewal and termination*. The agreements are typically multi-year in nature and may be terminated for material breach subject to cure periods, force majeure or other specified events. Upon termination, provisions apply for orderly wind-down, settlement of outstanding amounts and cessation of licensed use of intellectual property or branding.

While the extent of our collaboration with the Counterparties is significant, particularly in manufacturing and core technologies, we believe such collaboration is consistent with our business model, mitigated by contractual safeguards and declining concentration trends in procurement, and does not prevent us from operating independently in product strategy, branding, sales channels and customer relationships.

Continuity of Cooperation and Mitigation Measures

We believe the likelihood of a material adverse change in, or termination of, our cooperation with the Counterparties is relatively low, taking into account (i) the equity and commercial alignment among the parties, including that Changan Automobile is our Controlling Shareholder, we have acquired a 10% equity interest in Yinwang, and CATL holds a minority equity interest in us; (ii) the long-term cooperation frameworks with the Counterparties, which set out the scope of cooperation, responsibilities, intellectual property arrangements and continuity protections; and (iii) the mutual commercial incentives under the cooperation arrangements, as the Counterparties have made investments or strategic commitments in connection with their cooperation with us and have commercial incentives to maintain such cooperation, subject to the terms of the relevant agreements.

If a material adverse change were nevertheless to occur, we may experience short-term operational and financial impacts, including higher transition costs, extended validation timelines and temporary pressure on margins and deliveries. Adjustments in manufacturing, battery supply or intelligent systems could affect development schedules for certain pipeline models and require additional testing, re-calibration and regulatory validation. See "Risk Factors — Risks Relating to Our Business and Industry — Our business and results of operations may be adversely affected if our collaboration with Changan Automobile is terminated or curtailed or no longer mutually beneficial" and "— We are, or may be, subject to risks associated with strategic alliances or acquisitions."

We believe the impact of such changes could be mitigated by our internal capabilities and the structure of our vehicle platforms. In particular, (i) we retain in-house capabilities in system architecture definition, software integration, vehicle calibration, testing and validation, which support our ability to adapt vehicle platforms to alternative manufacturing partners, battery suppliers or intelligent system providers; (ii) our vehicle platforms, electronic and electrical architecture and software stack are designed using a modular and platform-based approach, under which we define the core vehicle platforms, system interfaces, communication protocols, control logic and integration standards, and hardware modules and software components are integrated through standardized interfaces and abstraction layers rather than supplier-specific proprietary architectures; and (iii) individual components and systems can therefore be modified, upgraded or replaced without necessarily requiring a redesign of the entire vehicle platform, subject to customary validation, tooling, regulatory certification and contractual processes. For example, if an alternative battery supplier is engaged, the relevant battery cells, modules, battery pack structure, battery management system, thermal management interface and vehicle control parameters would

need to be adapted and validated; if an alternative intelligent system provider is engaged, the relevant sensors, domain controller, software algorithms, human-machine interface, assisted driving functions and in-cabin functions would need to be integrated, calibrated and validated; and if an alternative manufacturing partner is engaged, production processes, tooling, process documentation, production line configuration, quality inspection standards and final acceptance procedures would need to be established or adjusted.

We believe we are able to transition to alternative suppliers, although any such transition would require time and be subject to customary validation, tooling and regulatory certification processes. China's NEV industry has a broad ecosystem of OEM groups, contract manufacturers and tier-one suppliers that may support our vehicle programs, including (i) established OEM groups and contract manufacturers with whole-vehicle manufacturing capabilities; (ii) tier-one battery suppliers capable of providing EV battery solutions, battery management systems and pack-level integration; and (iii) technology providers offering advanced driver-assistance functions, in-cabin solutions and software platforms with comparable functional coverage.

With respect to manufacturing, Changan Automobile remains our sole whole-vehicle manufacturer and an important cooperation partner. However, we retain control over production planning, quality assurance and acceptance standards, and are technically capable of integrating alternative manufacturers if necessary, subject to completion of required validation, regulatory and contractual steps. We also have contingency plans to support business continuity in the event of a change in manufacturing partner. After we stably reach an annual sales volume of approximately 300,000 units and subject to a comprehensive assessment of relevant factors, including applicable policies and regulations and our operating conditions, we may consider initiating arrangements under which Changan Automobile may transfer the relevant manufacturing facility to us. Changan Automobile is expected to transfer the "AVATR" trademarks to us when we develop in-house production capabilities for whole vehicle manufacturing services, subject to applicable laws, regulations and completion of the relevant procedures. See "Connected Transactions — Fully-Exempt Continuing Connected Transactions — Trademark Licensing Framework Agreement."

In addition, our reliance on Changan Automobile has decreased during the Track Record Period from a procurement perspective. Procurement from Changan Automobile and its subsidiaries amounted to RMB2,797.3 million, RMB3,023.2 million and RMB3,042.4 million in 2023, 2024 and 2025, respectively, while its proportion of our total procurement decreased from 36.0% in 2023 to 21.4% in 2024 and further to 13.3% in 2025. We do not rely on Changan Automobile for the management of our branding, sales or after-sales services. In particular, our arrangements with Changan Automobile and its subsidiaries in respect of trademark licensing, sales channels and after-sales related support services are limited in scope and/or transaction amount, and do not affect our independent management of branding strategy, sales network operations, customer relationships or after-sales service standards. See "Connected Transactions" and "Relationship with Controlling Shareholders — Operational independence."

We maintain ongoing dialogue with each Counterparty through joint-project collaboration mechanisms, including regular meetings at operational and senior management levels and joint reviews based on key project milestones. We also operate risk-monitoring and emergency-response mechanisms covering manufacturing, intelligent systems and battery supply, with fallback strategies and escalation procedures. In addition, we have conducted technical exchanges and interface validations with multiple alternative intelligent-technology providers and battery suppliers, and our in-house capabilities in software integration, platform architecture and battery-pack definition support supplier substitution if required. For further details of our manufacturing arrangements with Changan Automobile, see "— Manufacturing."

CYBERSECURITY, DATA PRIVACY AND PERSONAL INFORMATION

We regard data security and user privacy protection as important to our business operations. We have established internal policies and procedures covering the collection, transmission, storage, use and destruction of data, and apply measures such as user consent, minimum necessary data collection, encryption, anonymization, access controls, data handling approvals, employee training and incident reporting procedures. We have also established internal governance arrangements to oversee the implementation of our data security and personal information protection measures.

In the ordinary course of business, we collect and process personal information provided by customers through our assisted driving systems, intelligent cockpit systems and sales and service channels. Such information may include, among others, names, contact details, identification numbers, driving license information and payment details. We also collect certain vehicle-related data, such as location, condition, assisted driving system status and maintenance records. Such data is collected with the informed consent of users and in accordance with applicable laws and regulations and is stored in Chinese mainland. During the Track Record Period and up to the Latest Practicable Date, we did not handle any core data related to national security, national economy or public interests.

We have adopted internal policies and procedures to ensure that personal data is processed lawfully, fairly and securely. We do not disclose sensitive customer data to third parties without prior consent, unless required by law or regulation. We implement access controls, role-based permissions and monitoring mechanisms to restrict and track employee access to personal data. Only authorized personnel with a legitimate business need may access sensitive data, and employees receive regular training on data privacy and are required to report suspected data breaches.

Our distributors may access customer data only within the scope of their authorized services. We require them to sign confidentiality agreements and adopt data protection measures, including encryption, anonymization and secure data transmission protocols. Personally identifiable information is de-identified where it is not necessary for business operations.

During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the currently effective and applicable data security laws in the PRC in all material, and we had not been subject to any fines or other penalties due to non-compliance with cybersecurity, data security and personal information protection laws or regulations.

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. NEPV penetration rates vary significantly across regions, reflecting differences in energy prices, infrastructure maturity, and policy support. In 2025, China's NEPV penetration rate in the passenger vehicle market reached 54.0%, well above the global average of 28.4%. From the perspective of NEPV sales across different regions, China has led the world in NEPV sales for ten consecutive years. 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 are 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 NEPVs refer to premium and luxury NEPVs priced above RMB200,000 and in 2025, the premium and luxury 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%, compared to the overall China NEPV market, the China new luxury NEPV will have a higher growth rate in the future. In comparison, the NEPV market for vehicles priced below RMB200,000 is projected to grow at a more moderate CAGR of 6.2% between 2025 and 2030, highlighting a clear divergence in growth momentum.

The competitive landscape of China's new luxury NEPV market is intensifying rapidly. Multiple brands have shown strong growth, demonstrating strong market potential and brand appeal. In terms of year-on-year growth rate, AVATR ranked third in the new luxury NEPV market. In the 2025, in terms of sales volume, among new luxury NEPV mid-size sedan priced above

RMB200,000 in China, AVATR 06 ranked fourth. In 2025, in terms of sales volume, among new luxury NEPV mid-size SUV priced above RMB200,000 in China, AVATR 07 ranked fourth. In 2025, in terms of sales volume, among new luxury NEPV large Sedan priced above RMB300,000 in China, AVATR 12 ranked second, and AVATR 11 ranked 13th among new luxury NEPV large SUVs priced above RMB300,000. For more information on the competitive landscape of our industry, see "Industry Overview." For risks relating to our competitiveness in the industry, see "Risk Factors — Risks Relating to our Business and Industry — We operate in the highly competitive NEPV market in China, and we may not be able to compete effectively."

INTELLECTUAL PROPERTY

We regard our proprietary patents, copyrights, domain names, trademarks, trade secrets and other intellectual property critical to our business operations and fundamental to our success and competitiveness, and we devote significant time and resources to their development and protection. We rely on a combination of patents, copyrights, trademarks, trade secret laws and confidentiality clauses in all of our employees' contracts to protect our intellectual property. As of December 31, 2025, we had 1,559 patents, 1,276 trademarks and 51 registered software copyrights. For detailed information about our material intellectual property, see "Appendix VI — Statutory and General Information — Further Information about Our Business — Our Material Intellectual Property Rights."

We implement a comprehensive set of measures to protect our intellectual property, in addition to making trademark and patent registration applications. Our employees are generally required to enter into a standard employment contract that includes a confidentiality clause and a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our property and assigning to us any ownership rights that they may claim in those works. We have established an independent intellectual property management team and have implemented an intellectual property management system that covers both domestic and international intellectual property layout and risk control. We aim to establish a full lifecycle intellectual property management system, and to provide adequate funding to our intellectual property management team to ensure efficient operation of all intellectual property activities. During the Track Record and up to the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties' trademarks, licenses and other intellectual property rights in China.

EMPLOYEES

As of December 31, 2025, 3,834 of our employees were based in Chinese mainland, and 144 of our employees were based in Germany. The following table sets forth the number of our employees by function as of December 31, 2025:

Employee function	Number of employees	Percentage
		(%)
Research and Development	2,186	54.9
Sales and Marketing	1,019	25.6
General Administration	488	12.3
Supply Chain	285	7.2
Total	**3,978**	**100.0**

Our success depends on our ability to attract, retain and motivate qualified personnel, as we believe our high-quality talent pool is one of our core strengths. We provide compensation packages and employee development programs, including internal and external training, to support the development of our management and employees.

We maintain comprehensive employment practices that align with regulatory requirements and protect our business interests. As required by PRC regulations, we participate in various employee social security plans organized by local governments, covering housing, pension, medical care, work-related injury, maternity and unemployment benefits. We enter into employment contracts with our employees, which include provisions on confidentiality, intellectual property and non-competition.

Our recruitment process employs multiple channels, including campus recruitment, online platforms, recruitment agencies and referrals. We had not experienced any material labor disputes or recruitment difficulties during the Track Record Period and up to the Latest Practicable Date. Our employees in China have set up labor unions in Chongqing and Shanghai in accordance with the Trade Union Law of the PRC. As of the Latest Practicable Date, we had not experienced any labor strike, and we consider our relationship with our employees to be good.

INSURANCE

We consider our insurance coverage to be adequate, as we maintain all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. Our insurance portfolio includes supplementary commercial medical insurance for all active employees (including those rehired post-retirement), supplementary medical insurance for employees' children, overseas travel and assignment insurance, property insurance, employer liability insurance, public liability insurance, export credit insurance, marine cargo insurance and vehicle insurance for test and demonstration vehicles.

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain any "key man" insurance or insurance policies covering damages to our information technology systems. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors — Risks Relating to Our Business and Industry — We have limited insurance coverage, which could expose us to significant costs."

TRANSFER PRICING ARRANGEMENTS

During the Track Record Period, we engaged in intra-group transactions primarily involving our Germany based design center, which primarily involved the provision of styling and design research and development services, the transaction amounts of which were not material. The Organization for Economic Cooperation and Development (the "**OECD**") published the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**"), which are generally followed by the relevant tax jurisdictions for intra-group transactions (including Chinese mainland and Germany), or their tax laws are consistent with the OECD Transfer Pricing Guidelines. According to the OECD Transfer Pricing Guidelines, intra-group transactions should be conducted in accordance with the arm's length principle. Our Directors are of the view that (i) our transfer pricing arrangements during the Track Record Period were consistent with the functions performed, assets employed, and risks assumed by the relevant entities, and complied with the arm's length principle under the OECD Transfer Pricing Guidelines in material respects, and (ii) the risk for us to conduct material transfer pricing adjustment and pay additional tax can be considered as relatively low. In addition, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not been subject to nor were we aware of any material outstanding enquiries, audit, investigation or challenge by any tax authorities in relation to our intra-group transactions and transfer pricing arrangements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") MATTERS

ESG Governance

Led by the Board, we are committed to integrating ESG considerations into our business operations. The Board has the overall responsibility for overseeing ESG strategy, management approach, policies and performance, including ESG-related risks and opportunities (particularly climate-related matters), and reviews progress against relevant metrics and targets to ensure alignment with our long-term development. Our Board members possess expertise and knowledge in managing ESG matters, including, but not limited to, employment and labor practices, occupational health and safety, supply chain management, product responsibility, business ethics, and ESG compliance oversight. Upon [**REDACTED**], we will provide the Board with regular training and relevant materials on ESG and climate-related topics to ensure that it remains well informed and equipped with up-to-date knowledge to support effective ESG oversight. Through these ongoing capability-building efforts, the Board continues to strengthen the skills and competencies required to oversee ESG matters.

To support the Board's oversight, we have established an ESG working group comprising senior management and heads of major functional departments. Delegated by the Board, the ESG working group is responsible for coordinating ESG- and climate-related matters across the Group. Key responsibilities of the ESG working group include: (i) assessing the effectiveness of the ESG management framework and structure of the Group and advising on any necessary changes; (ii) monitoring the Group's performance against its goals and targets; (iii) monitoring stakeholders' feedback (including the review and approval of material issues and materiality matrix); (iv) identifying and advising the Board on material ESG- and climate-related risks and opportunities and corresponding action plans; (v) supervising the ESG-related functional departments to advance the Group's sustainability agenda; and (vi) reviewing and approving the annual ESG report of the Group.

Materiality Assessment

The materiality assessment plays an important role in advancing our ESG strategy and forming the foundation for ESG disclosure. Upon the [**REDACTED**], we will adopt a three-step approach to identify, prioritize and validate ESG issues material to our business and stakeholders, allowing us to gain insights into stakeholders' expectations and emerging sustainability trends. This in turn enables us to incorporate our sustainability priorities into our strategy development and reporting processes:

Step 1 – Identification: (i) Review and summarise potential material ESG issues identified through regular stakeholder engagement; (ii) Conduct peer benchmarking and make reference to international ESG disclosure standards and the materiality maps proposed by reputable ESG ratings agencies, including the Sustainability Accounting Standards Board ("**SASB**") Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ("**IFRS S1**"), IFRS S2 Climate-related Disclosures ("**IFRS S2**"), and MSCI's ESG Industry Materiality Map; and (iii) Conduct an online stakeholder engagement survey with key external and internal stakeholders including customers, employees, suppliers, investors and management.

Step 2 – Prioritisation: (i) Assess material ESG issues from two perspectives: stakeholder materiality (importance to stakeholders) and financial materiality (importance to business performance continuity and development); and (ii) Develop a materiality matrix based on the findings from the online stakeholder engagement survey.

Step 3 – Review and validation: Present the list of identified material issues and the materiality matrix to the ESG working group for review and approval.

Identification and Management of ESG-related Risks and Opportunities

We conduct periodic assessments to identify, evaluate and prioritize material ESG-related risks and opportunities, whether negative or positive, actual or potential, taking into account our business nature and industry research, and with reference to local and international reporting frameworks and the materiality maps proposed by reputable ESG ratings agencies, including the SASB Standards, IFRS S1, IFRS S2, and MSCI's ESG Industry Materiality Map. With the assistance of third-party ESG consultants, we formulate a dual ESG-related risks and opportunities rating system to dynamically monitor and assess both the risks and the effectiveness of our corresponding mitigation measures. We assess identified ESG-related risks and opportunities by assigning initial risk ratings based on their likelihood and potential impact on our business, strategy and financial performance over the short-, medium- and long-term horizons. We then implement corresponding mitigating measures and determined residual risk ratings after taking into account the effectiveness of our ESG-related risk control measures. Below is a summary of material ESG-related risks and opportunities identified and the corresponding measures:

ESG-related risks	Timeframe and potential impacts on business, strategy, financial planning	Mitigating actions (taken/ to be taken)	Quantifiable risk indicators
Climate-related physical risks			
Acute risks: The increased severity and frequency of extreme weather events due to climate change (e.g., typhoons, rainstorms, floods	Short, medium and long term • Disruption to business operation, supply chain and logistics arrangements • Damage to properties and operating assets, which may adversely impact financial results	Closely monitored local weather forecast, reminded employees to familiarize themselves with contingency plans and implemented emergency protective measures, and will consider prioritizing the selection of local and nearby suppliers	For our greenhouse gas ("GHG") emissions, please refer to the "Environmental Metrics and Targets"
Climate-related transition risks			
Policy and legal risks: Evolving climate-related laws and regulations in transition to a low-carbon economy, including China's 2060 carbon neutral goal	Medium to long term • Increase in compliance and operating costs	Regularly monitored changes in laws, policies and regulations, and promptly communicated policy updates to employees	For our GHG emissions, please refer to the "Environmental Metrics and Targets"
Market risks: Rising customer demand for new products and services with advanced technology and lower environmental footprint	Medium to long term • Increase in customer demand for eco-friendly products and designs, such as energy-efficient battery charging and lightweight designs	Established customer satisfaction policies to monitor customer satisfaction and reputation, and will respond to emerging industry trends	For our GHG emissions, please refer to the "Environmental Metrics and Targets"
Other ESG-related risks			
Supply chain risks: Energy consumed and GHG emissions released along the supply chain .	Medium to long term • Increase in stakeholder concern, reputational and operational risks	Encouraged suppliers to explore opportunities to reduce environmental impact in operations and manufacturing processes, established policies requiring suppliers to comply with environmental laws and regulations and minimizing energy consumption, and will work with key suppliers to improve energy efficiency and GHG emissions performance while monitoring regulatory developments	Upon the [**REDACTED**], we will enhance our scope 3 data collection system to strengthen carbon emissions tracking and management across key suppliers

ESG-related risks	Timeframe and potential impacts on business, strategy, financial planning	Mitigating actions (taken/ to be taken)	Quantifiable risk indicators
Climate-related opportunities			
Market opportunities: Increasing market demand for the EV driven by the global low-carbon transition and growing consumer awareness of sustainability . . .	Medium to long term • Increase in sales opportunities and EV market demand, driving an increase in operating revenue	Will continue investing in R&D and conducting regular market research, while strengthening talent development through product innovation training to keep employees informed of market trends	N/A

ESG Policy

We are committed to incorporating ESG factors into our business decision-making process. As such, we have established a group-level ESG policy complemented by a set of measures and initiatives to guide our actions and strengthen our sustainability efforts.

Environment

Our environmental policy outlines our green practices and measures (as far as practicable), with a focus on emissions and waste reduction, resource conservation, protection of environmental and natural resources, and addressing climate change. As part of our environmental management system aligned with the ISO14001 standard, we ensure our environmental management practices meet international standards and drive continuous environmental improvement. A designated team oversees environmental management and promotes awareness. The historical environmental compliance costs were approximately RMB0, RMB5,000 and RMB4,000 in 2023, 2024 and 2025, respectively, including but not limited to expenses incurred in connection with waste management.

Sustainable Mobility

As a premium NEPV brand, we are dedicated to delivering a mobility experience that integrates design, advanced intelligent features and overall value through proprietary technologies. We embed sustainability throughout the entire product lifecycle, spanning product planning, design, raw material sourcing, manufacturing, logistics, sales, after-sales service and end-of-life product disposal, ensuring that environmental considerations are integrated into every stage of product development and operation. We prioritise the use of energy-efficient technologies and lightweight materials to enhance vehicle performance while minimizing environmental impact. Our dedication not only reduces the carbon footprint of our own operations, but also enables our customers to adopt lower-emission lifestyles. As we continue to innovate, we aim to accelerate the transition to smart electric mobility and contribute to global decarbonisation efforts.

Energy and Greenhouse Gas Emissions Management

Our operations do not involve fuel consumption. Our primary source of energy consumption and GHG emissions (Scope 2) is purchased electricity. We have implemented measures such as adopting energy-efficient equipment and LED lighting systems, increasing the use of natural lighting, and reminding employees to turn off idle equipment. We also utilize EVs for administrative purposes to reduce air and GHG emissions across our operations.

Water Consumption

Our water consumption mainly arises from municipal water usage in our operations. We have implemented water-saving measures, including timely repair of dripping taps, adoption of water-efficient fixtures, regular monitoring of water consumption, and internal communications to encourage employees to reduce water usage.

Waste Management and Use of Resources

Non-hazardous waste primarily comes from domestic waste, while hazardous waste primarily comprises waste engine oil, waste batteries and oil-contaminated packaging materials and used filters. We ensure proper handling and disposal of all waste and engage licensed third parties for collection and treatment when necessary. To minimize non-hazardous waste, we promote recycling, waste sorting and double-sided printing, while hazardous waste is stored in designated areas and containers.

We incorporate recyclable and reusable materials into our vehicles to enhance resource efficiency and circularity. We utilise recyclable metal materials, including steel and aluminum alloy in vehicle parts, and copper and aluminum in key power battery components. We also seek to replace traditional thermosetting materials with thermoplastic materials to enhance vehicle material recyclability. In addition, we focus on battery recycling and reuse during the R&D process and support battery lifecycle management, including battery design, usage monitoring and end-of-life collection. We also promote long-lasting battery systems that facilitate disassembly, recycling and secondary use.

Environmental Metrics and Targets

With reference to our historical environmental performance, our expected business operational scale and the expected measures to be implemented in the future, we have set targets to support the national "30·60" carbon peak and neutrality targets, as well as international standards such as the Paris Agreement. To advance our commitment to environmental protection, we have established the following reduction targets by 2030, using 2025 as the baseline, with the assumption of constant related emission factors and considering future business operations. For details of measures implemented to achieve these targets, please refer to "Environment" in this section.

- Reduce Scope 2 GHG emissions intensity (tCO_2e/million RMB revenue) by 10%;
- Reduce electricity consumption intensity (MWh/million RMB revenue) by 10%; and
- Reduce water consumption intensity (m^3/million RMB revenue) by 10%.

The following table sets forth key environmental metrics of our business operations[1,2]:

		For the year ended December 31,		
	Unit	2023	2024	2025
Emissions				
GHG emissions[3, 4]				
Total (Scopes 2, 3)	tCO_2e	22,356.52	33,416.26	53,568.61
(i) Energy indirect emissions (Scope 2)	tCO_2e	3,394.88	3,561.27	3,090.17
(ii) Other indirect emissions (Scope 3)[5]	tCO_2e	18,961.64	29,854.99	50,478.44

Notes:

(1) The key environmental metrics cover available data from the Group's major business operations in Chinese mainland and Germany.

(2) Totals may not be the exact sum of numbers stated here due to rounding.

(3) The calculation of GHG emissions made reference to the GHG Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). Scope 2 (Energy indirect) emissions cover GHG emissions of indirect energy resulting from purchased electricity consumed by our operations, while Scope 3 (Other indirect) emissions cover those that occur in the Group's value chain.

(4) The Group's major business operations did not involve fuel consumption during the Track Record Period, such that we did not generate Scope 1 GHG emissions.

(5) The Scope 3 emissions include available data arising from Category 1: purchased goods and services (including emissions from the manufacturing of automobiles), Category 6: business travel and Category 7: employee commuting.

	Unit	For the year ended December 31, 2023	2024	2025
Total (Scope 2) intensity	tCO_2e/million RMB revenue	0.60	0.23	0.12
Total (Scopes 2, 3) intensity	tCO_2e/million RMB revenue	3.96	2.20	2.09
Hazardous Waste				
Total	Tonnes	0.00	0.39	2.68
Intensity	kg/million RMB revenue	0.00	0.03	0.10
Use of Resources				
Energy				
Total	MWh	5,564.47	5,839.76	5,105.01
(i) Purchased electricity	MWh	5,564.47	5,839.76	5,105.01
Intensity	MWh/million RMB revenue	0.99	0.38	0.20
Water				
Total	m^3	21,719.46	23,233.40	26,820.47
Intensity	m^3/million RMB revenue	3.85	1.53	1.05

Social

We are committed to fostering a caring workplace culture that upholds diversity, equal opportunities, health and safety and employee well-being. Our social policy has outlined socially responsible practices and measures.

Employment and Labor Practice

We uphold equal opportunity, diversity and inclusion across recruitment, compensation, promotion, benefits and welfare. We respect labor rights and strictly prohibit the recruitment and use of child labor and forced labor. We invest in our workforce by providing internal and external training to enhance professional knowledge and competencies. We also seek to strengthen employee engagement by organizing recreational activities and maintaining open communication channels to promote job satisfaction and a supportive working environment.

Occupational Health and Safety

Through an occupational health and safety ("**OHS**") management system aligned with ISO 45001, we safeguard employee health and safety with established policies, including emergency response plans, hazard inspections and regular training. A designated team oversees OHS management, compliance and awareness promotion, while eligible employees are provided with work-related injury insurance or accidental injury insurance.

We have also established safety procedures for power battery storage and laboratory safety management, including personal protective equipment for battery transfer and laboratory hazardous waste handling. Infrared thermal imaging monitoring devices are installed at power battery storage sites, while high-risk or defective power batteries are stored separately in open areas with 24-hour surveillance near water tanks. During the Track Record Period and up to the Latest Practicable Date, the Group was not aware of any material OHS-related non-compliance or material workplace incidents.

Supply Chain Management

Supported by a dedicated supplier ESG management team, which oversees supply chain ESG risk management, we have established a supply chain ESG risk management policy and a business partner code of conduct. These set out our sustainability expectations in areas including: (i) environmental protection, such as environmental management systems, energy and carbon management, waste and water resource management, and restricted substance control; (ii) employment practices including labour standards, OHS, anti-discrimination, anti-harassment, working hours, welfare and benefits, and employee communication and engagement; (iii) corporate governance, such as sustainability-related management systems, anti-corruption and intellectual property protection; and (iv) responsible supply chain practices, such as key raw material traceability and sustainability requirements communication. ESG considerations are incorporated into new supplier selection and regular evaluation processes, including assessments of ESG management systems, low-carbon material development capabilities and renewable energy usage, as well as targeted assessments of key raw materials subject to stringent regulatory requirements, such as batteries, conflict minerals and deforestation. Key suppliers are required to obtain internationally recognized standards certifications, such as IATF 16949 and ISO 14001, while ISO 45001 and ISO 50001 certifications are encouraged. High-risk suppliers are subject to corrective actions and remediation measures implemented by the relevant departments to safeguard product quality and supply chain stability. We have also established green procurement policies, including prioritizing energy-efficient products and encouraging suppliers to adopt environmentally friendly products and services.

We conduct supplier ESG due diligence with reference to internationally recognized ESG frameworks and standards, including the United Nations Global Compact ("**UNGC**"), the International Labour Organization ("**ILO**"), the OECD and the Responsible Business Alliance ("**RBA**"). ESG requirements covering environmental protection, labour rights, business ethics, supply chain traceability, key raw material traceability and carbon footprint disclosure are incorporated into our supplier onboarding and management processes. On-site inspections of our suppliers are conducted when necessary to ensure that our sustainability expectations are met.

We also work with Changan Automobile across the supply chain to further reduce our environmental impact. Changan Automobile places emphasis on decarbonization and sustainable production practices, supported by advanced environmental technologies such as distributed photovoltaic systems , high-efficiency energy systems with intelligent controls and waste heat recovery systems. By working closely with our suppliers to integrate green technologies into production, we aim to reduce the carbon footprint associated with our manufacturing activities.

Product Responsibility

We are committed to delivering high-quality and safe products to our customers. To safeguard vehicle safety, we have developed a comprehensive vehicle safety system covering: (i) passive safety, including body structure safety, restraint systems, protective structure design and crash energy management; (ii) active safety, such as AEB, eAES, ESA, DMS, child protection systems, and safety verification and testing capabilities under extreme conditions to enhance the reliability and stability in complex environments; (iii) battery safety, such as thermal safety measures, battery management system and power battery safety warning algorithms; and (iv) digital safety, supported by our Intelligent Monitoring and Early Warning Platform and Intelligent Cloud Diagnostic Platform for real-time monitoring, predictive maintenance and remote diagnostics. Some models are equipped with assisted driving systems that incorporate pedestrian recognition and tracking function to protect the safety of road users, while night vision enhancement functions support collision avoidance under extreme weather and low-visibility conditions. See "Safety Technologies" for further details.

We have established comprehensive quality control and assurance measures overseen by our dedicated cross-functional Critical Concern Management Group ("**CCMG**"), including a quality control framework covering product development, manufacturing and after-sales services, supplier quality requirements, regular inspections, and Pre-Delivery Inspections ("**PDI**") across logistics receipt, port handling (for export vehicles), and dealer or delivery centre stages. We have also established product recall management procedures to identify, assess and address product quality issues through corrective actions, customer communication and post-recall reviews, to mitigate potential safety and quality risks.

To ensure customer satisfaction, we have put in place a comprehensive after-sales quality feedback system and customer complaint handling procedures. See "Quality Control" for further details. Additionally, to safeguard customer privacy, we have established a governance system covering the entire data lifecycle and aligned with leading domestic and international standards, as well as privacy policies and preventive and protective measures such as access controls and encrypted storage. See "Cybersecurity, Data Privacy and Personal Information" for further details. We also review promotional materials and product labelling prior to publication to ensure authenticity and reliability and prevent false or misleading information.

Business Ethics

We uphold high standards of business ethics, and strictly prohibit bribery, extortion, fraud, money laundering and any other unethical practices. We have established preventive measures, including anti-corruption training for directors and employees, and whistleblowing channels for reporting potential misconduct. The Board oversees the effectiveness of these measures and procedures. During the Track Record Period and up to the Latest Practicable Date, the Group was not aware of any material non-compliance or any legal cases concerning bribery, corruption, extortion, fraud and money laundering.

Community Investment

We strive to contribute to the community and shoulder corporate social responsibility. During the Track Record Period, we supported diversified philanthropic initiatives focused on environmental protection and education. We will explore opportunities to establish additional focus areas and partnership opportunities with social impact organizations where appropriate.

Social Targets

To strengthen our commitment to safeguarding employee health and safety, we have established targets to maintain (i) zero major safety incidents and (ii) zero work-related fatalities. Please see "Occupational Health and Safety" above for details of the OHS measures implemented to achieve these targets.

PROPERTIES

Our corporate headquarters is located in Chongqing, China. During the Track Record Period and up to the Latest Practicable Date, we did not own any real properties in the PRC or Germany. As of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Listing Rule and section 6(2) of the Companies Ordinance (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 as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Leased Properties

As of the Latest Practicable Date, our Company and our subsidiaries in the PRC leased 26 properties in the PRC, with an aggregated gross floor area of approximately 57,397.82 sq.m. which are primarily used as offices and other ancillary business purposes. As of the Latest Practicable Date, our subsidiary in Germany maintained a gross floor area of approximately 3,000 square meters in Germany, primarily used as our design center and corporate operation. The leases generally have terms of up to five years, expiring around 2026 to 2029, with renewal options requiring written notice two to three and up to 12 months prior to expiration and rental prices subject to renegotiation.

As of December 31, 2025, the landlord of one of our leased properties in the PRC had not provided us with valid title certificates for one of the leased properties or proof of authorizations from the property owners to sublease the properties to us. These leased properties were used primarily as offices and self-operated stores. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material disputes with respect to these defective leased properties. As advised by our PRC Legal Advisor, without ownership certificates or proof of authorizations from the property owners, the lessor does not have the right to rent the said premises and our Company and subsidiaries in the PRC may be subject to the risk of not be able to continue renting these premises. Our Directors are of the view that the defects of such properties would not materially and adversely affect our business operations, primarily because of the readily replaceable nature of such properties due to its standard usage. As advised by our PRC Legal Advisor, the defects of such leased buildings would not materially and adversely affect our business operations. See "Risk Factors — Risks Relating to Our Business and Industry — We lease properties in various places as premises primarily for office uses and self-operated stores. Any non-renewal of leases, substantial increase in rent or third-party challenge to our leasehold interest may affect our business and financial performance."

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. As of the Latest Practicable Date, we had not yet completed the registration of 26 property lease contracts we entered into in the PRC. As advised by our PRC Legal Advisor, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may have a maximum penalty of RMB10,000 imposed on us for each non-registered lease if we fail to complete the registration of any of our future lease agreements after we are requested to do so by the competent PRC government authorities. As of the Latest Practicable Date, we had not been ordered to make corrections by the competent local counterpart of Ministry of Housing and Urban Development.

LICENSES AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we obtained all material licenses, approvals and permits required for our business operations in the PRC, and such business licenses had remained in full effect. We hold the Value-added Telecommunications Business Operating License valid from December 10, 2021 to December 10, 2026. Such license requires applicants to meet regulatory qualifications relating to corporate governance, technical capacity and compliance. We currently satisfy the relevant conditions and are not aware of any impediment to their renewal upon expiry.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our

resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our Business and Industry — We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings."

In 2024, a third party initiated two civil proceedings before a PRC court of competent jurisdiction against, among others, a major upstream supplier and a sales entity of ours. The plaintiff alleged that certain products manufactured and/or sold by the defendants infringed its invention patent rights relating to battery-related technologies, and sought orders requiring cessation of the manufacture, sale and offering for sale of the allegedly infringing products, as well as the bearing of litigation costs. No specific monetary damages were claimed against us. Subsequently, the court issued civil rulings approving the withdrawal of the claims by the plaintiff and the withdrawal of related counterclaims by one of the co-defendants. As a result, the relevant proceedings were terminated. As of the latest practicable date, no further claims or follow-up proceedings have been brought against us in connection with these matters. The above disputes did not result in any judicial findings of infringement against us, did not give rise to any injunctions, penalties or liabilities imposed on us, and did not have any material adverse impact on our business operations, financial condition or prospects.

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened 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. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, our products, technologies and related R&D activities had not infringed, any third parties' intellectual property rights beyond China.

Compliance

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had complied with the applicable laws and regulations in relation to our business operations in all material respects, and we were not involved in any non-compliance incidents which our Directors believe would, individually, or in aggregate, have a material adverse effect on our business as a whole. Our PRC Legal Advisor is of the view that we have obtained all required licenses and approvals for our business operations in all material respects during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material product recall.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as financial reporting and internal control. Our Board of Directors is responsible for the establishment and updating of our risk management and internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

Legal and Compliance Risk Management

We have implemented robust internal processes to ensure adherence to applicable laws and regulations, encompassing efficient management of licenses, permits and their timely renewals. We conduct periodic evaluations to verify the efficacy of our risk mitigation approaches. Furthermore, we consistently monitor legal amendments and regulatory guidance, swiftly modifying our internal guidelines to sustain compliance.

Financial Reporting Risk Management

Our organization maintains a comprehensive framework of accounting policies designed to mitigate financial reporting risks. This framework encompasses various procedures for policy implementation, and our finance department regularly reviews management accounts in accordance with these guidelines. Furthermore, we provide continuous training sessions for our financial team to ensure they fully understand and apply our financial management and accounting policies in their everyday tasks. We also conduct audits and performance evaluations to ensure compliance with our policies and to identify areas for improvement in our financial processes.

Human Resources Risk Management

Our organization prioritizes comprehensive and tailored training programs to address the varied needs of employees across different departments. We publish and announce a management-approved employee handbook to all staff members, detailing the code of conduct and institutional procedures. This handbook covers crucial topics such as professional ethics and work discipline. To ensure thorough comprehension, we provide additional resources to assist employees in understanding and implementing these guidelines.

Internal Control

To ensure strict compliance of our business operations with applicable rules and regulations, we have designed and adopted a set of comprehensive internal control policies. The implementation of such policies is overseen by our internal control team, which is also responsible for performing company-level risk assessments, providing advice on risk management practice and establishing authorization and approval protocols.

We have established sanctions compliance framework covering the key elements of sanctions compliance for the avoidance of potential noncompliance activities, such as the screening of counterparties and classification of controlled properties of items, and elaborating the corresponding transaction approval policies for each of the above counterparties and items. Having considered the internal control measures adopted by us, our Directors are of the view, and our internal control advisor concurs, that our enhanced internal control measures are adequate and effective having regard to the obligations of our Company and our Directors under the Listing Rules and other relevant legal and regulatory requirements. Based on the due diligence work performed, nothing has come to the attention of the Joint Sponsors that would cause them to cast doubt on Directors' and the internal control advisor's views as mentioned above in any material respect.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received awards and recognitions in respect of our products, technology and innovation, significant ones of which are set forth below:

Year	Award/Recognition	Awarding Institution/Authority
2026	German iF DESIGN AWARD — Product Design Award (AVATR 06) (德國iF設計大獎-產品設計獎(阿維塔06))	iF Design
	German iF DESIGN AWARD — Product Concept Award (AVATR VISION XPECTRA Concept Car) (德國iF設計大獎-概念設計獎(阿維塔VISION XPECTRA 概念車))	

Year	Award/Recognition	Awarding Institution/Authority
	German iF DESIGN AWARD — Branding and Communication Design Award (AVATR VISION XPECTRA Concept Car — Global Launch Campaign) (德國iF設計大獎-品牌與傳播設計獎(阿維塔 VISION XPECTRA 概念車全球發佈活動))	
2025	Global Auto Annual Car Award (AVATR 07) (寰球汽車年度車大獎)	Global Auto Group (寰球汽車集團)
	25th China Patent Award — Gold Award for Industrial Design (AVATR 11) (第二十五屆中國專利獎《中國外觀設計金獎》)	China National Intellectual Property Administration (國家知識產權局)
	JD Power China TXI Study — No. 1 in Luxury NEV Segment (AVATR brand) (JD Power中國智能化研究TXI豪華新能源細分市場第一)	JD Power
	German iF DESIGN AWARD (AVATR07) (德國iF設計大獎)	iF Design
2024	Red Dot Design Award (AVATR 11 and 12)	Red Dot Design Award
	Red Dot Best Design Concept Award (AVATR suitcase and eco-friendly tea table)	Red Dot Design Award
	Effie Auto Award — Gold in Special Category (AVATR brand) (2024艾菲汽車獎專項類金獎)	Effie Greater China (大中華區艾菲)
	Best Intelligent Driving Car (AVATR 12) (中國汽車風雲盛典最佳智駕車)	CCTV Finance Channel (中央電視台財經頻道)
2023	New York Design Gold Award and INT Interior Design Award for Commercial Design	BETTER FUTURE
	First place in navigation intelligent driving test rankings and "G" (Excellent) rating in all five intelligent test categories (AVATR 11)	China Automotive Engineering Research Institute Co., Ltd. (中國汽車工程研究院股份有限公司)
	Highest rating in China Automobile Health Index (中國汽車健康指數) (AVATR 11)	China Automotive Engineering Research Institute Co., Ltd. (中國汽車工程研究院股份有限公司)