OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Changan Automobile, directly and indirectly through Chang'an Innovation, held approximately 41.57% of our total issued share capital. China Changan Automobile Group is the holding company of Changan Automobile and holds its equity interest directly and indirectly through its wholly-owned subsidiaries, ChenZhi Automobile and United Prosperity.

Immediately following the completion of the [**REDACTED**], Changan Automobile will hold approximately [**REDACTED**]% of our total issued share capital. Therefore, China Changan Automobile Group, ChenZhi Automobile, United Prosperity, Changan Automobile and Chang'an Innovation will constitute a group of Controlling Shareholders of our Company upon [**REDACTED**] under the Listing Rules.

Clear delineation of business

Changan Automobile mainly operates in the research, development, manufacturing and sales of automobiles, including ICE vehicles and NEVs. Changan Automobile's NEVs segment only contributed less than 40% of the total automobiles sales volume recorded by Changan Automobile for the year ended December 31, 2025. There is no material competition between ICE vehicles and NEVs as they operate on fundamentally distinct technical architectures, supply chain structures and regulatory paradigms. While both fulfill transportation functions, NEVs development are driven by electrification, intelligent connectivity and sustainability goals, often supported by policy incentives. Limited by their conventional mechanical architecture and lack of key electric systems (including high-capacity batteries), ICE vehicles generally offer a more restricted intelligent and connected user experience and are subject to progressively stringent environmental regulations. Their concurrent presence in the automotive market signifies an industry-wide transitional phase rather than direct horizontal competition. The market share of the NEPV market as a percentage of the total passenger vehicle market in China rose from 5.8% in 2020 to 54% in 2025, and is expected to further increase to 76.9% in 2030. In addition, NEVs could be divided into NEPV and new energy commercial vehicles ("**NECV**"). There is no substantive competition between NEPV and NECV as they cater to distinct market segments. NEPV, such as sedans and SUVs, primarily target individual consumers, emphasizing comfort, smart technologies and personal mobility. In contrast, NECV, including trucks and buses, primarily serve B2B logistics and public transit needs, prioritizing payload capacity, durability and cost efficiency.

Our Directors are of the view that there is no material competition between our Group and other brands operated by Changan Automobile and/or its close associates (the "**Changan Automobile Group**") on the basis that (1) ICE vehicles and NEVs operate on fundamentally different technology architectures; (2) the target customers of NEPV and NECV are entirely distinct; and (3) our Group's NEPV constitute the only premium NEPV brand within the brand portfolio under Changan Automobile Group.

Our Company has been focusing on research and development, design and sales of NEPV since the commencement of its business. As of the Latest Practicable Date, our Company was an associate, instead of a subsidiary, of Changan Automobile.

According to Frost & Sullivan, it is an industry norm for major automotive groups to adopt a pyramid-style brand architecture[(1)] for NEPV, segmenting clearly from entry-level tiers to luxury tiers in terms of pricing, specifications and market positioning.

Note:

(1) According to Frost & Sullivan, the NEPV brand tier is determined by the automotive group's internal strategic positioning and price segmentation, where i) Entry-level brands: Over 70% of NEPVs have an MSRP below RMB100,000; ii) Mainstream brands: Over 70% of NEPVs have an MSRP between RMB100,000 and RMB200,000; iii) Premium brands: Over 70% of NEPVs have an MSRP between RMB200,000 and RMB500,000, and do not meet the definition of a luxury brand; iv) Luxury brands: Any of the following conditions is satisfied: (a) It is the highest strategic-positioned NEPV sub-brand within its automotive group, with products capable of commanding prices above RMB500,000; or (b) Over 70% of its available NEPVs have an MSRP higher than RMB400,000.

Mainstream Brands	Premium Brand	Luxury Brand
DEEPAL (深藍), CHANGAN NEVO (長安啟源), CHANGAN MAZDA (長安馬自達), CHANGAN FORD (長安福特)	AVATR (阿維塔)	

Our Company possesses the following distinctive attributes, which set the Group apart from Changan Automobile:

(1) *Distinctive branding*: As a pureplay NEPV company, our Company has established "AVATR" as a coveted and highly recognized premium and luxury brand, amassing a loyal following of target customers who are less price-sensitive with discerning lifestyles. The brand appeals to a culturally diverse segment of creative individuals who prioritize aesthetic innovation and independent lifestyles, and whose loyalty is predicated on alignment with the brand's stated values. Featuring its leading assisted driving system and superior driving performance supported by advanced technologies, premium in-vehicle configurations and original sophisticated exterior design, "AVATR" spearheaded the premium intelligent NEPV market, which distinguished it from the other NEPV brands operated by Changan Automobile in consumers' minds. The brand as shown on AVATR does not include CHANGAN in order to make AVATR a standalone premium brand that is distinct from other CHANGAN NEV brands. According to Frost & Sullivan, "AVATR" is the most recognized brand by customers among all premium and luxury NEPV brands in China in terms of innovation in 2024.

(2) *Exceptional high-end user experience*: Our Company's most distinctive competitive advantage lies in its exceptional high-end user experience, which includes (1) a sophisticated vehicle design led by our Company's design center; (2) strong intelligent in-vehicle configurations underpinned by advanced technologies; and (3) an advanced assisted driving system.

(i) *Sophisticated vehicle design*: With a global design center in Munich, Germany, each model launched by our Company (being AVATR 06, AVATR 07, AVATR 11 and AVATR 12) is the physical embodiment of AVATR's design philosophy of aesthetics, which may be best illustrated by the 2024 Red Dot Design Award received by both AVATR 11 for its overall design and AVATR 12 for its distinctive Gran Coupe design. In addition, AVATR 07 claimed the prestigious iF Design Award in February 2025. AVATR 11, three years after its official launch, was also recognized with the gold award on exterior design (中國外觀設計金獎) in June 2025 granted by China National Intellectual Property Administration.

(ii) *Strong intelligent in-vehicle configurations*: As a user-centric premium and luxury brand, our Company offers users a suite of in-vehicle configurations featuring comfort and pleasure, empowering the users to have meaningful interactions with the NEPV. For example, all models launched by our Company adopt spacious architecture and equipped with "zero-gravity" adjustable seats, which offer comfortable driving experience to our users. AVATR is equipped with Huawei's premium intelligent cockpit system Harmony Space 5, 5G connected car signals, which can realize a full set of functions of Huawei's eco-application, with highly responsive Huawei maps, AI agent, general large model capabilities.

(iii) *Advanced assisted driving*: AVATR stands alone as the only NEPV brand within Changan Automobile and its close associates that offers multiple assisted driving solutions (including four-LiDAR, three-LiDAR, single-LiDAR, in-cabin LiDAR system, and vision-primary systems), delivering tailored options for diverse user needs, enabling end-to-end assistance driving experience, adapting for various scenarios and settings including intelligent navigation on urban roads and underground garage parking assist, etc. In the meantime, AVATR's assisted driving technology delivers class-leading safety performance, including 360° collision avoidance coverage, as well as world-class 130 km/h AEB performance.

(vi) *Luxury user experience:* AVATR is equipped with a suite of premium features, including an internal/external streaming rearview mirror, power-adjustable front and rear seats with driver's leg support, an electric steering wheel with memory function, soft-close power doors, an in-car fragrance system, and a Meridian surround sound system with up to 25 speakers.

Changan Automobile and its close associates ("**Changan Automobile Group**") are entitled to exercise 10% or more of the voting power at the general meeting of certain companies which operate NEPV business under the following major brands (excluding AVATR):

(1) *DEEPAL (深藍)* — Mainstream NEPV market targeting younger consumers

DEEPAL is an NEPV brand incubated by Changan Automobile and operated by Deepal Automobile Technology Co., Ltd. (深藍汽車科技有限公司), a non-wholly owned subsidiary of Changan Automobile.

DEEPAL targets the mainstream NEPV market for younger generations with an emphasis on reaching out to providing smart mobility experience to larger customer base. Leveraging its leading technology and initiatives for creativity, DEEPAL is positioned as a technology-driven sporty brand for the new generation. This strategy is designed to capture the evolving lifestyle demands of young consumers and democratize the exhilarating experience of technologically advanced performance vehicles. The MSRP of DEEPAL varies from RMB120,000 to RMB320,000.

The NEPVs under DEEPAL with MSRP over RMB200,000 primarily consist of the G318 (an off-road vehicle) and the S09 (a six-seater large vehicle), neither of which falls within our product segments. Even if we introduce off-road or six-seater large vehicles in the future, their pricing will remain significantly higher than comparable DEEPAL models, ensuring continued differentiation and premium positioning.

(2) *CHANGAN NEVO (長安啟源)* — Mainstream NEPV market targeting families

CHANGAN NEVO is an NEPV brand launched and operated by Changan Automobile.

CHANGAN NEVO targets the mainstream NEPV segment, offering a diversified product portfolio consisting of sedans and SUVs, catering for different needs of family-oriented mainstream NEPV customers, as well as extended demands for commercial commuting. The MSRP of CHANGAN NEVO varies from RMB80,000[(1)] to RMB200,000.

Note:

(1) *CHANGAN NEVO* may explore the development of standalone models, with a potential focus on the entry-level segment priced below RMB80,000.

(3) *CHANGAN MAZDA (長安馬自達)* and *CHANGAN FORD (長安福特)* — Mainstream NEPV market targeting joint-venture brand loyalists in electrification transition

Both CHANGAN MAZDA and CHANGAN FORD are brands operated by joint ventures, instead of subsidiaries, of Changan Automobile, with their respective foreign partners holding significant influence over technology and brand strategy. CHANGAN MAZDA is operated by Changan MAZDA Automobile Co., Ltd (長安馬自達汽車有限公司), which is owned as to 47.5% by Changan Automobile. CHANGAN FORD is operated by CHANGAN FORD Automobile Co., Ltd. (長安福特汽車有限公司), which is 50% owned by Changan Automobile. Changan Automobile does not have unilateral control over the business operations of such joint ventures.

The NEPV of both CHANGAN MAZDA and CHANGAN FORD target mainstream NEPV market, catering joint-venture brand loyalists who are seeking transition to NEPV. The NEPV price of CHANGAN MAZDA is under RMB200,000. CHANGAN FORD currently does not offer any new energy passenger vehicles on the market. There is no material competition between AVATR and CHANGAN MAZDA and CHANGAN Ford as there are fundamental differences between CHANGAN MAZDA and CHANGAN FORD and our business given: 1) we operate as a pure-play EV brand built on dedicated electric platforms, while CHANGAN MAZDA and CHANGAN FORD primarily remain ICE-dominant and are currently transitioning into the NEVs sector, and 2) we represent a premium and luxury, technology-driven NEPV brand with cutting-edge native EV architecture, while CHANGAN MAZDA and CHANGAN FORD offer mainstream electrified solutions, primarily targeting consumers loyal to established joint-venture brand.

The table below sets forth the key financial data about Changan Automobile and the aforesaid major brands which operate NEPV business during the Track Record Period based on the A-share disclosure of Changan Automobile:

	Total Assets[(1)]	**Net Assets**[(1)]	**Revenue**[(1)]	**Net Profit**[(1)]
	For the year ended December 31, 2025 *(RMB in million)*			
Changan Automobile among which:	202,961	81,985	164,000	3,167
DEEPAL	44,863	1,736	50,245	(899)
CHANGAN FORD	23,029	2,621	36,292	952
CHANGAN MAZDA	N/A[(2)]			
CHANGAN NEVO	N/A[(3)]			
	For the year ended December 31, 2024 *(RMB in million)*			
Changan Automobile among which:	208,168	79,081	159,733	6,104
DEEPAL	34,295	(3,503)	37,225	(1,572)
CHANGAN FORD	28,141	1,662	48,306	2,090
CHANGAN MAZDA	N/A[(2)]			
CHANGAN NEVO	N/A[(3)]			

	Total Assets[(1)]	Net Assets[(1)]	Revenue[(1)]	Net Profit[(1)]
	For the year ended December 31, 2023			
	(RMB in million)			
Changan Automobile among which:	190,171	74,683	151,298	9,502
DEEPAL	22,868	(1,969)	25,883	(2,999)
CHANGAN FORD		N/A[(2)]		
CHANGAN MAZDA		N/A[(2)]		
CHANGAN NEVO		N/A[(3)]		

Notes:

(1) The relevant financial information was prepared in accordance with the PRC GAAP and our Group's consolidated financial statements were prepared based on the IFRSs.

(2) Pursuant to the disclosure requirements applicable to A-share listed companies, where the net profit contribution of an investee entity to Changan Automobile does not reach 10% of Changan Automobile's consolidated net profit for the relevant financial year, the annual report of Changan Automobile does not separately disclose detailed financial information of such entity. As the net profit contribution of Changan Mazda (and CHANGAN FORD for the year ended 31 December 2023) did not reach such threshold, the relevant financial information has not been separately disclosed and is therefore not available.

(3) CHANGAN NEVO is a brand operated by Changan Automobile and does not have a separate operating entity. Accordingly, it is not disclosed on a standalone basis.

Having considered the distinctive attributes of the business of our Company and those of the relevant businesses carried out by Changan Automobile and/or its close associates, our Company believes that the NEPV business is clearly delineated from ICE vehicles and NECV businesses of Changan Automobile. Our Company also believes that there is no substantive competition between AVATR and either CHANGAN MAZDA, and CHANGAN FORD as illustrated above. In addition, the analysis below will focus on the delineation between the Group's business and the Changan Automobile NEPV Business carried out through the brands of "DEEPAL" and "CHANGAN NEVO" in terms of branding, market positioning in terms of product mix, target customers, and technical features.

(1) *Branding*: As noted above, our Company has cultivated a distinctive brand image of "AVATR" in consumers' minds through its leading assisted driving system and superior driving performance supported by advanced technologies, premium in-vehicle configurations and sophisticated exterior design. Our Company, as compared to the NEPV brands operated by Changan Automobile or its subsidiaries, also places more emphasis on establishing a new premium and luxury smart NEPV branding by fusing groundbreaking design with intelligent technology, with a view to crafting future-defining mobility experiences.

Notably, headquartered in Munich, Germany, AVATR's design centre brings together a world-class team of 144 employees from more than 20 countries, fostering a culture of boundary-pushing creativity and uncompromising originality. The truly global perspective enables our Company to redefine automotive aesthetics. In the meantime, our Company actively shatters conventional automotive design boundaries through collaborations with global leading fashion designers, pioneering uncharted aesthetic possibilities. Our Company recently launched a limited-edition of AVATR 012 in March 2025, capped at 700 units globally at a retail price of RMB700,000, which is co-developed with Kim Jones (a well-known fashion designer who previously served as the artistic director of menswear for Louis Vuitton, womenswear for Fendi, and Dior Homme). Another similarly successful collaboration was the launch of AVATR 011 co-developed with Matthew M. Williams (an American designer who is the co-founder of the fashion brand 1017 ALYX 9SM, and who previously served as creative director of Givenchy), which was capped at 500 units globally at a retail price of RMB600,000.

(2) *Market Positioning*: As noted above, our Company operates exclusively in the premium and luxury intelligent NEPV market, with a strategic mandate to establish a distinct premium and luxury brand identity by insisting on original design and advanced technology. Over the years following the launch of our first model, our Company has established its solid presence in the NEPV market as a premium and luxury brand by rolling out four products covering SUV and sedan vehicle models with battery EV (BEV) and range-extended EV (REEV) powertrain options.

DEEPAL is focused on the mainstream NEPV market, with a core target of the younger generation, which is dedicated to creating NEPVs that integrate sleek design with intelligent features for this demographic. CHANGAN NEVO is positioned as a smart mobility solution provider, dedicated to offering high quality NEPV models with accessible prices to mainstream family-oriented NEPV users.

According to Frost & Sullivan, from the perspective of industry development principles, the market positioning of a brand directly determines the strategic layout of its product portfolio and the precise targeting of its target customers. Such market positioning lead to (i) different product mixes offered by AVATR, DEEPAL and CHANGAN NEVO; and (ii) different target customers as further detailed below.

(i) *Product mix*: As summarized in the table below, as of the Latest Practicable Date, our Company was the only one among the three brands that focuses on premium and luxury intelligent NEPV models in selective product categories.

At the product portfolio level, AVATR focuses on premium and luxury intelligent NEPV models, and the competitive core of the premium and luxury market has shifted from simple hardware stacking to the construction of an "intelligent ecological closed loop". Therefore, our products are often equipped with industry-leading ADAS algorithms, cross-scenario interaction systems, etc. This product strategy conforms to the competitive logic of "technology benchmark and scenario definition" in the premium and luxury NEPV market, and forms differentiated barriers through exclusive technology cooperation.

In contrast, targeting the mainstream NEPV market, both DEEPAL and CHANGAN NEVO offer a relatively wider spectrum of products catering for various needs of customers in their daily life. Mainstream NEPV users prioritize "cost-effectiveness and practicality" as their core demands. While brands like DEEPAL and CHANGAN NEVO may introduce higher-priced models to enhance their overall brand image, as a common industry practice, their primary model price ranges remain relatively low. Therefore, such strategy is insufficient to alter their positioning as mainstream brands. Brand tier classification is determined not by a handful of high-end models, but by the price range of their core products, target consumer groups, and general market perception. These premium offerings serve more as brand image supplements rather than pivotal factors that reshape the brands' fundamental mainstream attributes.

	AVATR	DEEPAL	CHANGAN NEVO
Market Positioning	Originally designed and developed premium and luxury intelligent NEPV market	Mainstream NEPV market	Mainstream NEPV market

	AVATR	DEEPAL	CHANGAN NEVO
Product categories	AVATR offers premium and luxury sedan and SUV designed for urban lifestyle faced to customers with discerning lifestyles.	DEEPAL's product portfolio includes the sport sedan, sedan, mid-size SUV, off-road vehicle and six-seat family-oriented SUV and offers models for various circumstances.	CHANGAN NEVO offers a diversified product portfolio consisting of the sedan and SUV, catering for diverse needs of family mobility.

(ii) *Target Customers*: As summarized in the table below, as of the Latest Practicable Date, AVATR targets elite customers with high purchasing power who possess an authentic passion for cutting-edge technologies and a distinctive aesthetic sensibility, and is supported by high-end user experience (for example, the premium user experience supported by originally developed, leading intelligent technology, sophisticated exterior design and interior configurations with a luxury touch). Meanwhile, DEEPAL and CHANGAN NEVO focus on the young generation users and family-oriented users, respectively, in the mainstream NEPV market.

	AVATR	DEEPAL	CHANGAN NEVO
Target Customers	Customers with discerning urban lifestyles who look for premium and luxury NEPV and luxurious user experience, and have relatively high purchasing power	Users with an exploratory lifestyle and a desire for sporty driving pleasure in the mainstream NEPV market	Family-oriented users in the mainstream NEPV market who prioritize value-for-money and a comfortable experience
MSRP *(approximate)*	From RMB200,000 to RMB700,000, with a majority of its models within the scale of RMB250,000 to RMB350,000	From RMB120,000 to RMB320,000[1]	From RMB80,000 to RMB200,000
Show Room	In luxury malls	In regular retail outlets	In regular retail outlets

Note:

1. The NEPVs under DEEPAL with MSRP over RMB200,000 primarily consist of the G318 (an offroad vehicle) and the S09 (a six-seater large SUV), neither of which falls within AVATR's product segments. Even if AVATR introduces off-road vehicles or six-seater large SUVs in the future, their pricing will remain significantly higher than comparable DEEPAL models, ensuring continued differentiation and premium positioning.

(3) *Technical Features*: As summarized in the table below, as of the Latest Practicable Date, our Company is the only one among the three brands that boasts both BEV and REEV powertrain options for the full range of its models. For driver assistance, AVATR features the most advanced driver assistance system (Huawei Qiankun ADS 4) for full range of its models, while most models launched by DEEPAL or CHANGAN NEVO are equipped with basic driver assistance systems. The AVATR smart cockpit is deeply integrated with Huawei's ecosystem based on Harmony Space 5, while most DEEPAL and CHANGAN NEVO models are equipped with a self-developed operating system.

	AVATR	DEEPAL	CHANGAN NEVO
Powertrain Selection	BEV and REEV powertrain options are available across the range for all models launched in China.	BEV and REEV powertrain options are only available on selected models.	BEV and REEV/PHEV (Plug-in Hybrid Electric Vehicle) powertrain options are only available on selected models.
Battery/Voltage /Power Platform	All models use CATL batteries, including Kirin, Shenxing, Freevoy hybrid and other high-end series. Main models support 4C and 5C charging (higher C value, faster charge and discharge rate). The BEV models use a full 800V silicon carbide high-voltage platform, which offers advantages over a 400V medium-voltage platform in terms of increased charging rates, reduced loss and overall vehicle weight, and space optimization. The REEV models are equipped with 1.5T turbochargers, which offer an advantage in terms of power performance over the 1.5L naturally aspirated engine.	Use Changan Jinzhongzhao batteries, mainly 4C or below. Most BEV models use a medium voltage platform of 400V or less. Only two REEV models use a 1.5T turbocharger, while the others use a 1.5L naturally aspirated engine.	Use Changan Jinzhongzhao batteries, mainly 2.2C and 4C. Most BEV vehicles use platforms of 400V or less. Most REEV/PHEV models use a 1.5L naturally aspirated engine and only two models use a 1.5T turbocharger.

	AVATR	DEEPAL	CHANGAN NEVO
Electric Motors	Two-drive and four-drive options are available across the range (i.e. single, dual and, for certain models equipped with more powerful distributed electric drive systems, up to three motors). All models (BEV and REEV) have an electric drive power exceeding 200kW and acceleration of 0-100km/h in seven seconds. The three-motor version has a maximum power of 712kw, maximum torque of 996N·m and 0-100km/h acceleration in 2.71s.	Most models are single-motor rear, most are less than 200kW and have an 0-100km/h acceleration of more than seven seconds.	Most models are single-motor pre/post with less than 200kW and have a 0-100km/h acceleration of more than seven seconds.
Pure Electric Range (CLTC)	All BEV models have a CLTC-rated pure electric range of over 600km and with a maximum of 815km.	Only some BEV models exceed the 600km CLTC range.	Only some BEV models exceed the 600km CLTC range.
Chassis	All models feature a double-wishbone front suspension and a multi-link independent rear suspension, which delivers: (1) excellent handling, (2) superior ride comfort, and (3) better high-speed stability. This suspension combination is used in premium sedans, sports cars and luxury SUVs. Air suspension and Magic Blanket Intelligent Suspension are available on most models, automatically adjusting suspension height and stiffness to suit road conditions and driving needs, and brake-by-wire technologies is available on some models for improved dynamic response and body conditioning. The combination is an advanced configuration for premium models and is used in selected luxury saloons, premium SUVs and premium business multi-purpose vehicles.	Most models use front MacPherson independent suspension and rear multi-link independent suspension. Compared to the front double wishbone, MacPherson is simpler and lower cost, but inferior in handling, high-speed stability and spirited driving. This combination is mostly used in family compact cars, mid-size cars and entry-level SUVs.	Most models use front MacPherson independent suspension and rear multi-link independent suspension and a few use rear torsion beam non-independent suspension. Front MacPherson and rear torsion beam is lowest cost, but has significant differences in rear comfort, handling and high-speed stability compared to multi-link. This combination is mostly used in small cars, low-end versions of compact cars, and entry-level small SUVs.

	AVATR	DEEPAL	CHANGAN NEVO
Assisted Driving Systems	All models use up to 4 LiDARs, multi-camera and millimeter-wave radar fusion sensing and offer advanced Huawei ADS, supporting L2+ and L2++ level assisted driving; all China models are equipped with Huawei ADS 4, offering urban/highway NCA, parking-to-parking (P2P), full-dimensional active safety and other advanced functions.	Basic driving assistance system, supports L2 level. Most models use camera and millimeter-wave radar, no LiDAR. Most models use cost-effective self-developed Deepal AD PRO or low-end Huawei ADS, offering basic assisted driving functions.	Basic driving assistance system. Most models use self-developed TianShu visual AD, supports basic L2 level; some models have no assisted driving function.
Intelligent cabin system	Equipped with Huawei's premium intelligent cabin system Harmony Space 5, 5G connected car signals, it can realize a full set of functions of Huawei's eco-application, with highly responsive Huawei maps, AI agent, general large model capabilities.	Main models use Changan self-developed DEEPALOS, 4G vehicle network, and basic cockpit functions.	Main models use Changan self-developed Tianshu Intelligent Cockpit System, 4G vehicle network, and basic cockpit functions.
Cabin comfort	Equipped with internal/external streaming rearview mirror, electric adjustment for front and rear row seats (including driver's seat leg rest), in-car fragrance, electric steering wheel adjustment and memory function, electric soft-close doors, seat massage, ventilation, heating, and boss button. Seats are Nappa leather.	Main models have front electric seat adjustment, front seat heating/ventilation. A few have front seat massage; most seats are faux leather.	Main models have front electric seat adjustment, some have front seat ventilation/heating, a few have front seat massage; most seats are faux leather.
Audio system	Meridian surround sound with up to 25 speakers.	Changan standard audio system, up to 20 speakers.	Changan standard audio system, up to 18 speakers.

On the basis of the differences as set forth above, our Directors believe that there is a clear business delineation between us and the Controlling Shareholders and their close associates. We consider that apart from their interest in our Company, our Controlling Shareholders do not currently control a business similar to the principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business. Based on the independent due diligence work performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would reasonably cause them to cast doubt on the aforementioned view of our Directors in any material aspect.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Management independence

Our business is managed and conducted by our Board and senior management. Our Board comprises of three executive Directors, three non-executive Directors and three independent non-executive Directors.

Our Directors are of the view that our Board and our senior management are capable of operating our business and managing all actual or potential conflicts of interest independently of our Controlling Shareholders and their respective close associates for the following reasons:

- Except for (i) Mr. Wang Hui, the chairman and a non-executive Director of our Company, (ii) Mr. Chen Zhuo, an executive Director and president of our Company, and (iii) Mr. Yang Xinmin, a proposed independent non-executive Director of our Company, there is no overlap between the directors or senior management of our Company and those of our Controlling Shareholders and their respective close associates. Mr. Wang Hui is an executive vice president of Changan Automobile. Mr. Wang Hui is a non-executive Director and will not be involved in the day-to-day management and operations of our business. He will provide strategic advice to our Company. Mr. Chen Zhuo has been appointed as a vice president of Changan Automobile and he is expected to devote sufficient time in the day-to-day operation of our Group upon [**REDACTED**]. Mr. Yang Xinmin is an independent director of Changan Automobile and will be an independent non-executive Director, who will not be involved in the day-to-day management and operations of Changan Automobile and our Group.

- All of our independent non-executive Directors are independent of our Controlling Shareholders and have extensive experience in their respective areas of expertise. See the section headed "Directors and Senior Management" in this document for more details. Our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions.

- Each Director is aware of their fiduciary duties as a director which require, among other things, that they act for the benefit and in the interest of our Company and do not allow any conflict between their duties as a Director and their personal interests. For the avoidance of doubt, our Directors' interest in our Controlling Shareholders (if any) will not compromise their independence of judgment in discharging their fiduciary duty as directors of our Company. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall not vote and shall not be counted in the quorum in respect of such transactions. See "— Corporate governance measures" for other corporate governance measures we have adopted to manage conflicts of interest, if any, between our Group and our Controlling Shareholders.

Based on the above, our Directors believe that our business is managed independently of our Controlling Shareholders.

Operational independence

Our Group holds all material licenses (or rights to use licenses) and owns all material intellectual properties (or rights to use intellectual properties) and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders.

We have conducted during the Track Record Period, and will continue to conduct upon [**REDACTED**], certain continuing connected transactions with Changan Automobile Group, pursuant to which Changan Automobile Group may provide products or services to our Group or vice versa. For reasons for and further details on such continuing connected transactions, please refer to the section headed "Connected Transactions" in this document. Notwithstanding such continuing connected transactions, our Directors are of the view, and the Joint Sponsors concur, that we have been operating and will continue to operate without undue reliance on Changan Automobile Group on the following basis:

(i) although we will continue to purchase certain products and services including, among others, the procurement of auto parts, production materials, production-related equipment and whole vehicle manufacturing services, logistics services and general services for our operating activities from our Controlling Shareholders and their associates, such products and services may be purchased from Independent Third Parties at reasonable comparable prices. The Group's total amount paid to our Controlling Shareholders for the general services (primarily R&D services) accounted for approximately 16.3% of the Group's total R&D expenditure during the Track Record Period. The Group's total amount paid to our Controlling Shareholders for sales store setup subsidies accounted for approximately 2.7% of the Group's total sales store set-up subsidies during the Track Record Period. In particular, our Group's total procurement from the Controlling Shareholders during the Track Record Period, accounted for approximately 25.4% of our total procurement;

(ii) the Group's total revenue generated from our Controlling Shareholders during the Track Record Period accounted for approximately 5.1% of the Group's total revenue during the Track Record Period, which is immaterial as compared to our total revenue. Therefore, we do not rely on our Controlling Shareholders and their associates for our revenue; and

(iii) such continuing connected transactions are entered into during our ordinary and usual course of business based on arm's length negotiations and on normal commercial terms, which are fair and reasonable, and taking into account that our Group retains independent discretion in making the relevant procurement/sales decisions and is able to better negotiate commercial terms and leverage economies of scale through such arrangements, are in the interests of our Company and its Shareholders as a whole.

Our Group's total procurement from Changan Automobile and its subsidiaries amounted to approximately RMB2,797.3 million, RMB3,023.2 million and RMB3,042.4 million, which accounted for approximately 36.0%, 21.4% and 13.3% of our total procurement for the three years ended December 31, 2025, respectively. During the three years ended December 31, 2025, the percentage of our total procurement attributable to Changan Automobile and its subsidiaries has been decreasing.

Our Group's total revenue generated from Changan Automobile and its subsidiaries amounted to approximately RMB13.5 million, RMB230.6 million and RMB737.7 million, which accounted for approximately 0.2%, 1.5% and 2.9% of our total revenue for the three years ended December 31, 2025, respectively. Our Group's total sales volume to Changan Automobile and its subsidiaries amounted to approximately 44 units, 587 units and 2,253 units, which accounted for approximately

0.2%, 1.0% and 1.8% of our total sales volume for the three years ended December 31, 2025, respectively. Our total sales to Changan Automobile and its subsidiaries accounted for less than 10% of our total revenue in each of the three years ended December 31, 2025.

Considering (i) the established mutually beneficially long-term relationship and our continued status as a close associate of Changan Automobile after [**REDACTED**]; (ii) transactions being conducted on a non-exclusive, arm's length basis under fair and reasonable terms; (iii) general availability of equivalent products and services Independent Third Parties; and (iv) Changan Automobile's ability to efficiently meet our needs with stable, high-quality supply, aligning with the best interest of our Company and our Shareholders as a whole. In addition, our Directors are of the view that although Changan Automobile has been our only whole vehicle manufacturer during the Track Record Period, readily available alternatives exist in the market. Our Company can switch to these suppliers, which offer comparable terms. Our Directors believe that despite the continuation of the connected transactions, we will be able to operate independently from Changan Automobile. Therefore, there is no material reliance by our Group on Changan Automobile. Based on the independent due diligence work performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would reasonably cause them to cast doubt on the aforementioned views of our Directors in any material aspect.

In addition, we have secured permanent right of use of "AVATR" trademarks by Changan Automobile by entering into a trademark licensing framework agreement with Changan Automobile, pursuant to which, Changan Automobile has permanently granted us an exclusive right to use, with the right to further sublicense as necessary, AVATR trademarks owned by Changan Automobile. The consideration of such license is expected to be no more than RMB50,000/year. We believe the trademark licensing framework agreement is fair and reasonable and in the interest of our Shareholders as a whole. Our Directors are of the view that there is no risk for us to use the trademarks during our operations for the following reasons: (l) although the trademarks are not currently registered by our Group, Changan Automobile has undertaken to grant our Group the right to permanently use the trademarks; and (2) the AVATR trademarks are licensed to the Group on an exclusive basis at no more than RMB50,000/year. Furthermore, "AVATR" trademarks are expected to be transferred to our Company when we develop its in-house production for whole vehicle manufacturing services.

Based on the above, our Directors believe that our business is operationally independent of Changan Automobile Group.

Financial independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the [**REDACTED**] from the [**REDACTED**].

In addition, we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. All loans from the Controlling Shareholders and their respective close associates will be repaid prior to the [**REDACTED**].

Based on the above, our Directors believe that our business is financially independent of our Controlling Shareholders.

NON-COMPETITION UNDERTAKING

Changan Automobile [has irrevocably and unconditionally undertaken] to us in a non-competition undertaking (the "**Non-Competition Undertaking**") that it will not, and will procure its subsidiaries not to be involved in any business that competes, or may compete, with our business, which includes the R&D, design, and sales of premium and luxury NEPV, with over 70% of the models priced between RMB250,000 and RMB700,000, and where overseas pricing may be adjusted upwards for tariffs, transportation, and other additional expenses (collectively referred to as the "**Restricted Businesses**"). However, the following shall be excluded:

(1) Changan Automobile holds equity in any of our subsidiary;

(2) Changan Automobile holds equity in companies outside the Group, provided that:

   (a) any Restricted Business (and related assets) conducted or engaged in by such companies collectively account for less than 10% of the Group's consolidated revenue or consolidated assets as shown in the Group's most recent audited accounts;

   (b) Changan Automobile and its subsidiaries do not have the right to appoint the majority of the directors of such companies. Moreover, at all times, there must be at least one shareholder of such companies whose percentage of equity holdings exceeds the total percentage held by Changan Automobile and its subsidiaries, or such companies must be controlled by a third party; and

   (c) Changan Automobile and its subsidiaries do not control the board of directors of such companies.

New Business Opportunity

Furthermore, Changan Automobile has undertaken that if Changan Automobile and its subsidiaries become aware of, notice, are recommended, or are offered any new business opportunities that compete with the Restricted Business, including but not limited to business opportunities identical or similar to the Restricted Business (referred to as "**New Business Opportunities**"), Changan Automobile itself must, and shall procure its subsidiaries to, provided it does not violate applicable laws and regulations and complies with agreements with third parties, recommend or introduce such New Business Opportunities to the Group:

(1) Changan Automobile shall provide the Group with a written notice containing all reasonable and necessary information known to Changan Automobile and/or its subsidiaries regarding the New Business Opportunity (including the nature of the New Business Opportunity and necessary details regarding the investment or acquisition costs, if any) to facilitate the Group's consideration of: (a) whether the New Business Opportunity constitutes or may constitute competition with the Restricted Business; and (b) whether the Group's engagement in the New Business Opportunity is in the Group's best interests (referred to as the "**Offer Notice**"); and

(2) The Group shall respond to Changan Automobile and/or its subsidiaries within 30 days of receiving the Offer Notice. If the Group does not respond within the aforementioned period, it shall be deemed to have waived the New Business Opportunity. If the Group decides to accept the New Business Opportunity, Changan Automobile or its subsidiary is obligated to give the New Business Opportunity to the Group.

Right of First Refusal

Changan Automobile has granted the Group a right of first refusal as part of the Deed of Non-competition, pursuant to which, if Changan Automobile and/or any of its subsidiaries, other than members of the Group, proposes to transfer, sell, lease, license or otherwise dispose of to any third party any business or interest which competes, or may compete, with the Restricted Businesses, or any other business or interest which may give rise to competition with the Restricted Businesses (the "**Opportunity for Sale**"), Changan Automobile shall, and shall procure its relevant subsidiaries to, subject to applicable laws and regulations and agreements with third parties, first offer such Opportunity for Sale to the Group at fair market value and on terms no less favourable than those offered to any third party. The Group may exercise such right by written notice within the prescribed period under the Deed of Non-competition, and Changan Automobile and/or its relevant subsidiaries shall not proceed with such disposal to any third party unless the Group declines, fails to respond within such period or is unable to offer terms equal to or better than those offered by such third party (the "**Right of First Refusal**").

Call Option

Changan Automobile has granted the Group a call option as part of the Deed of Non-competition, pursuant to which, during the Restricted Period and subject to applicable laws and regulations and agreements with third parties, the Group shall have the right to acquire from Changan Automobile and/or its subsidiaries, other than members of the Group, any business or interest which competes, or may compete, with the Restricted Businesses, or any business or interest acquired by Changan Automobile and/or its subsidiaries pursuant to any New Business Opportunity (the "**Call Option**"). The Group may exercise the Call Option at any time, and the terms of the proposed acquisition shall be normal commercial terms determined by a committee of the Board comprising solely independent non-executive Directors after consultation with independent professional advisers, and shall be fair and reasonable, in the interests of the Group and consistent with the Group's usual business practices, as agreed after negotiation with Changan Automobile and/or its relevant subsidiaries. Where any third party has a right of first refusal, pre-emption right or similar preferential right in respect of the relevant business or interest under applicable laws and regulations and/or any legally binding document previously entered into, including any articles of association or shareholders' agreement, the Call Option shall be subject to such third-party right, and Changan Automobile shall, and shall procure its relevant subsidiaries to, use their best endeavours to procure the waiver of such right by the relevant third party.

The Non-Competition Undertaking will lapse automatically if Changan Automobile and its subsidiaries, individually or collectively, hold less than 30% voting rights of our Company or cease to be our controlling shareholder or our Shares cease to be [**REDACTED**] on the Stock Exchange.

Changan Automobile has further undertaken to us that it will provide and procure its subsidiaries to provide, on a best-endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Non-Competition Undertaking. It will make an annual declaration in our annual report on the compliance with the Non-Competition Undertaking in accordance with the principle of voluntary disclosure in the corporate governance report. Based on the information provided and confirmed by our Company, our Directors are of the view that the Non-Competition Undertaking will be effective in managing any potential competition in the future between Changan Automobile and its subsidiaries on the one hand, and our Group on the other hand.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We will adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

(a) under the Articles, where any member is, under the Listing Rules, required to abstain from voting only for or only against any particular resolution proposed at a Shareholders' meeting, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted in the quorum in respect of such transactions;

(b) our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after the [**REDACTED**];

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the "**Annual Review**") (including review of the composition of the Board and consider whether the Board, in light of the management overlap and the matters requiring the overlapping Directors to abstain from voting, can maintain effective functioning) and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;

(e) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(f) we have appointed Lego Corporate Finance Limited as our compliance advisor for the period prescribed by the Listing Rules to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].