NIO Inc.

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(Stock Code: 9866)

OVERSEAS REGULATORY ANNOUNCEMENT – INTRODUCTORY DOCUMENT

We are making this announcement pursuant to Rule 13.10B of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached for the introductory document in connection with the proposed secondary listing of the Class A ordinary shares of NIO Inc. on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") which has been published on the website of the SGX-ST on May 13, 2022 (U.S. Eastern Time).

By Order of the Board
NIO Inc.
Bin Li
Founder, Chairman and Chief Executive Officer

Hong Kong, May 13, 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Bin Li as the chairman, Mr. Lihong Qin, Mr. James Gordon Mitchell as the directors, and Mr. Hai Wu, Mr. Denny Ting Bun Lee and Ms. Yu Long as the independent directors.

NIO INC.

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Stock Code: NIO

A company controlled through a multiple voting share structure and incorporated in the Cayman Islands with limited liability on 28 November 2014
Company Number: 294239

INTRODUCTORY DOCUMENT

DATED 13 MAY 2022

This Introductory Document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional advisers. You are responsible for your own investment choice.

This introductory document ("**Introductory Document**") is issued by NIO Inc. (the "**Company**") in connection with the secondary listing by way of introduction of the Class A ordinary shares of the Company that have been issued, the Class A ordinary shares to be issued pursuant to the Stock Incentive Plans (as defined herein), and the Class A ordinary shares to be issued on the conversion of the outstanding Convertible Notes (as defined herein) and Class C ordinary shares (collectively, the "**Introduction Class A ordinary shares**") on the Main Board of the SGX-ST (as defined herein) (the "**Introduction**") under the stock code "NIO".

Our American Depositary Shares ("**ADSs**") are listed for trading on the New York Stock Exchange ("**NYSE**") under the stock ticker "NIO", each of which represents one Class A ordinary share in NIO Inc., with a par value of US$0.00025 per share ("**Class A ordinary share**"). Our Class A ordinary shares are also listed for trading on The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") under the stock ticker "9866". Our Class A ordinary shares have been approved for listing on the NYSE on 6 September 2018 and on the Hong Kong Stock Exchange on 10 March 2022. Dealing of Class A ordinary shares on the SGX-ST should be conducted with member companies of the SGX-ST by NIO CDP Depositors (as defined herein) who hold direct securities accounts with CDP (as defined herein) or a sub-account with a Depository Agent (as defined herein). The Company has a multiple voting share structure. As the Company will be secondary listed on the SGX-ST, Rule 210(10) of the Listing Manual (as defined herein) would not apply to the Company. The ADSs will continue to be listed and traded on the NYSE, and the Class A ordinary shares will continue to be listed and traded on the Hong Kong Stock Exchange immediately following the completion of the Introduction.

An application has been made to the SGX-ST for permission to list the Introduction Class A ordinary shares on the Main Board of the SGX-ST, which will be granted when we have been admitted to the Official List of the SGX-ST. There are certain risks in connection with an investment in our Class A ordinary shares. Please see the section entitled "Risk Factors" for further details. When our Class A ordinary shares become tradable on the SGX-ST, they will be quoted and traded in U.S. dollars. Our Class A ordinary shares will be traded in board lot sizes of 10 Class A ordinary shares.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of the Introduction Class A ordinary shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Introductory Document. Our eligibility to list and our admission to the Official List of the SGX-ST is not an indication of the merits of the Introduction, our Group (as defined herein) or our Company, the ADSs or our Class A ordinary shares.

This Introductory Document is issued for information purposes only. Nothing in this Introductory Document constitutes or shall be construed as an offer, or an invitation or a solicitation of an offer by us or on our behalf, to the public to subscribe for or purchase, any of our Class A ordinary shares or the ADSs. No Class A ordinary shares or any other securities shall be allotted or allocated on the basis of this Introductory Document. This Introductory Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the Monetary Authority of Singapore (the "**MAS**"). The MAS assumes no responsibility for the contents of this Introductory Document. The MAS has not, in any way, considered the merits of our Class A ordinary shares being listed or the ADSs. Credit Suisse (Singapore) Limited and Goldman Sachs (Singapore) Pte. are the joint issue managers (the "**Joint Issue Managers**") for the Introduction.

JOINT ISSUE MANAGERS

CREDIT SUISSE (SINGAPORE) LIMITED
(INCORPORATED IN SINGAPORE)

GOLDMAN SACHS (SINGAPORE) PTE.
(INCORPORATED IN SINGAPORE)

FINANCIAL ADVISER

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(INCORPORATED IN SINGAPORE)

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NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Introductory Document, and any information or representation not so contained must not be relied upon as having been authorised by our Company or the Joint Issue Managers. The delivery of this Introductory Document shall not under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of our Group or our Class A ordinary shares since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, our Company will make an announcement of the same to the SGX-ST. Recipients of this Introductory Document and all prospective investors in our Class A ordinary shares should take note of such announcements and documents and upon release of such announcements or documents shall be deemed to have notice of such changes. No representation, warranty or covenant, expressed or implied, is made by our Company, the Joint Issue Managers or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Introductory Document is, or shall be relied upon, as a promise, representation or covenant by our Company, the Joint Issue Managers or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Recipients of this Introductory Document and all prospective investors in our Class A ordinary shares should not construe the contents of this Introductory Document or its appendices as legal, business, financial or tax advice. Recipients of this Introductory Document and all prospective investors in our Class A ordinary shares should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning our Class A ordinary shares.

This Introductory Document has been prepared solely for the purpose of the Introduction and may not be relied upon by any persons for purposes other than the Introduction prior to the Listing Date (as defined herein) or for any purpose whatsoever on or after the Listing Date. This Introductory Document does not constitute, and nothing in this Introductory Document constitutes or shall be construed to constitute an offer, invitation or solicitation in any jurisdiction to subscribe for or purchase our Class A ordinary shares or the ADSs. This Introductory Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the MAS.

The use or distribution of this Introductory Document may be prohibited or restricted by law in certain jurisdictions. Our Company and the Joint Issue Managers require persons into whose possession this Introductory Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to our Company and the Joint Issue Managers. Persons to whom a copy of this Introductory Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Introductory Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

A copy of this Introductory Document is available on SGXNET at http://www.sgx.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this Introductory Document constitute "forward-looking statements". All statements other than statements of historical fact included in this Introductory Document, including those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans and dividends), are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this Introductory Document reflect our current views with respect to future events and are not a guarantee of future performance. You can identify these forward-looking statements by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "believe", "likely to", or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed "Risk Factors".

You should read this Introductory Document and the documents that we refer to in this Introductory Document with the understanding that our actual future results may be materially different from or worse than what we expect. Other sections of this Introductory Document include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This Introductory Document contains certain data and information that we obtained from industry publications and reports generated by third-party providers of market intelligence. We have not independently verified the accuracy or completeness of the data and information contained in these publications and reports. Statistical data in these publications also include projections based on a number of assumptions. The premium smart electric vehicle industry may not grow at the rate projected by market data, or at all. Failure of these markets to grow at the projected rate may have a material and adverse effect on our business and the market price of our Class A ordinary shares. If any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Dividend Policy", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business" and "Industry Overview". These forward-looking statements speak only as at the date of this Introductory Document. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We expressly disclaim any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the expectations of our Company with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

MARKET AND INDUSTRY INFORMATION

We derive certain facts and statistics in this Introductory Document relating to the battery electric vehicle industry globally from various publicly available industry, government and research publications. Sources of these data, statistics and information include Frost & Sullivan. We commissioned Frost & Sullivan to prepare the market assessment of our industry and our market position as set out under the section "Industry Overview". Frost & Sullivan has advised us that the statistical and graphical information contained herein under "Industry Overview" has been drawn from its databases and other sources.

Frost & Sullivan advises that its forecasts should be regarded as indicative assessments of possibilities rather than absolute certainties, and that the process of making forecasts involves assumptions in respect of a considerable number of variables which are acutely sensitive to changing conditions, variations in any one of which may significantly affect the outcome. Frost & Sullivan advises that while it has made certain assumptions with careful consideration of factors known as at the date of the report, prospective investors should consider the risk that any of the assumptions may be incorrect or incomplete. Frost & Sullivan further advises that this section contains significant volumes of information which are derived from third-party sources, and that while Frost & Sullivan believes that such third-party sources are reliable, Frost & Sullivan does not warrant or represent that such information is accurate or correct. Frost & Sullivan accepts liability only to the extent of any error or omission from, or a false or misleading statement in, its section and information derived from its section, and does not accept liability for any omission or statement in any other parts of this Introductory Document.

Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries.

Frost & Sullivan is aware of, and has consented to, the inclusion of its name and report in this Introductory Document. Such information, data and statistics have been accurately reproduced and, as far as we are aware and are able to ascertain from information published or provided by Frost & Sullivan, no facts have been omitted that would render the reproduced information, data and statistics inaccurate or misleading. Reports and industry publication generally state that the information that they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. While we and the Joint Issue Managers have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, and although we believe the information that Frost & Sullivan supplied is reliable, we, the Joint Issue Managers and our and their affiliates and advisors, have not independently verified and make no representation regarding the accuracy and completeness of this information. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable and which we and the Joint Issue Managers have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, have not been independently verified, and none of the Joint Issue Managers or us makes any representation as to the accuracy or completeness of this information.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favourable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include but are not limited to:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide less protection to investors as compared to the United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States or Singapore, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and executive officers are nationals or residents of jurisdictions other than the United States or Singapore and most of their assets are located outside the United States and/or Singapore. As a result, it may be difficult for a shareholder to effect service of process within the United States and/or Singapore upon these individuals, or to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in the United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States or Singapore.

It is unlikely that the courts of the Cayman Islands will (i) recognise or enforce against us judgments of courts of the United States or Singapore predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States or Singapore (as the case may be); and (ii) in original actions brought in the Cayman Islands, impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States or Singapore, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States or Singapore, the courts of the Cayman Islands will recognise and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For such a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy of the Cayman Islands). A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

China

In addition, there is uncertainty as to whether the courts of China would:

- recognise or enforce judgments of United States or Singapore courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States or Singapore; or

- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

In addition, we understand that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognise and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in Singapore, the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit.

It will be, however, difficult for Singapore or U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for Singapore or U.S. shareholders, by virtue only of holding our ADSs or Class A ordinary shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

Hong Kong

A foreign judgment may or may not be directly enforced in Hong Kong. A foreign judgment may be enforced in Hong Kong by one of two avenues, either through the statutory registration scheme based on reciprocity under the Foreign Judgments (Reciprocal Enforcement) Ordinance (Cap. 319) ("**FJRO**"), or under common law.

The FJRO enables the enforcement of foreign judgments through a process of registration of judgments from the superior courts in designated countries which have reciprocal arrangements with Hong Kong, provided that requirements under FJRO are met. Attempts to enforce a judgment to which the FJRO applies through the common law regime are liable to be struck out.

Foreign judgments deriving from countries other than those designated under the FJRO such as the United States only have recourse under common law, meaning that proceedings for enforcement may be commenced on a United States judgment in the Hong Kong courts by writ. In a common law action for enforcement of a foreign judgment in Hong Kong, the enforcement is subject to various conditions, including but not limited to, that the judgment is not in breach of the provisions of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Cap. 46), the judgment is between the same parties (or their privies) as those before the Hong Kong court, the judgment is consistent with common law principles recognized by Hong Kong courts including but not limited to the requirement that the foreign judgment is a final judgment conclusive upon the merits of the claim, the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties, or similar charges, the judgment was not obtained by fraud or otherwise obtained in proceedings which were contrary to principles of natural justice under Hong Kong law, and the enforcement of the judgment is not contrary to public policy of Hong Kong. Such a judgment must be for a fixed sum and must also come from "competent" court as determined by the private international law rules applied by the Hong Kong courts. The defenses that are available to a defendant in a common law action brought on the basis of a foreign judgment include lack of jurisdiction, breach of natural justice, fraud, and contrary to public policy (as currently applied by the courts of Hong Kong) including but not limited to the doctrine of absolute immunity. However, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor. Enforcement may also be limited by general principles of equity or otherwise be subject to the discretionary jurisdiction of the Hong Kong courts. Judgments from a jurisdiction in the United States have been enforced in Hong Kong through the common law route.

In addition, recognition and enforcement of PRC judgments (excluding Macau, Hong Kong and Taiwan) in Hong Kong are possible pursuant to the Mainland Judgments (Reciprocal Enforcement) Ordinance (Cap 597) provided that certain requirements are met, including but not limited to, that the judgment must be a final and conclusive judgment enforceable in Mainland China, the judgment orders the payment of a sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty), the judgment was made by certain designated courts in the PRC, and the judgment is in connection with disputes arising from civil or commercial contracts. In addition, the judgment must be rendered pursuant to a written exclusive jurisdiction agreement entered into on or after 1 August 2008. On 18 January 2019, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region was entered into, which expanded the scope of judgments that could be enforced between Hong Kong and the PRC. That arrangement will take effect on a future date to be announced.

Singapore

There is uncertainty as to whether judgments of courts in the United States based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States will be recognised or enforced by the Singapore courts, and there is doubt as to whether the Singapore courts will enter judgments in original actions brought in the Singapore courts based solely on the civil liability provisions of these securities laws. An *in personam* final and conclusive judgment (that is, in general, a judgment that makes a final determination of rights between the parties and cannot be re-opened or altered by the court that delivered it, or be overridden by another body not being an appellate or supervisory body, although it may be subject to an appeal) in a competent federal or state court of the United States, having jurisdiction over the parties subject to such judgment, under which a fixed or ascertainable sum of money is payable (other than a sum payable in respect of taxes, fines, penalties or similar charges, save where any such component of the judgment can be duly severed from the rest of the judgment sought to be enforced), may be enforced as a debt in the Singapore courts under the common law, subject to the Singapore courts having jurisdiction over the judgment debtor.

However, the Singapore courts are unlikely to enforce a foreign judgment if (a) the foreign judgment is inconsistent with a prior local judgment that is binding on the same parties; (b) a separate earlier final and conclusive judgment on the merits for the same issue between the same parties has been made in any other court; (c) the enforcement of the foreign judgment would contravene the fundamental public policy of Singapore; (d) the proceedings in which the foreign judgment was obtained were contrary to principles of natural justice; (e) the foreign judgment was obtained by fraud; or (f) the enforcement of the foreign judgment amounts to the direct or indirect enforcement of foreign penal, revenue or other public laws.

In particular, the Singapore courts may not recognise or enforce any foreign judgment for a sum payable in respect of taxes, fines, penalties or other similar charges, including the judgments of courts in the United States based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States. Singapore courts may not recognise or enforce judgments against us, our directors and executive officers to the extent that the judgment is punitive or penal. It is uncertain as to whether a judgment obtained from the U.S. courts under civil liability provisions of the federal and state securities law of the United States would be determined by the Singapore courts to be or not be punitive or penal in nature. Such a determination has yet to be made by any Singapore court.

PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

This Introductory Document contains our Audited Consolidated Financial Statements (as defined herein), for the financial years ended 31 December 2019, 2020 and 2021. Our Audited Consolidated Financial Statements have been audited by PricewaterhouseCoopers Zhong Tian LLP ("**PwC**") in accordance with the International Standards on Auditing and are prepared and presented in accordance with U.S. GAAP.

The preparation of our Audited Consolidated Financial Statements in conformity with U.S. GAAP at times requires our management to make subjective estimates and judgments regarding matters that are inherently uncertain. Such estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and judgments affect reported amounts and disclosures. Our results of operations may differ if prepared under different estimates and judgments.

We will, in accordance with the relevant laws and regulations in Singapore and Cayman Islands, prepare all future periodic financial reports which we will release on the SGXNET, and all audited financial statements which we will provide to shareholders, in accordance with U.S. GAAP.

Our Audited Consolidated Financial Statements have been attached herein at "Appendix A – Independent Auditor's Report on the Audited Consolidated Financial Statements of NIO Inc. and its Subsidiaries for the Years Ended 31 December 2019, 2020 and 2021". Investors should exercise care and caution when viewing these financial statements. In the event of doubt, investors should consult their own professional advisers.

Our reporting currency is Renminbi because our business is mainly conducted in China and most of our revenue is denominated in Renminbi. Unless otherwise indicated, Renminbi amounts in this Introductory Document have been translated into U.S. dollars based on the exchange rate of Renminbi 6.3726 = US$1.00, set forth in the H.10 statistical release of the Federal Reserve Board[1], and Renminbi 4.7823 = S$1.00 quoted by Bloomberg L.P.[2] on the Latest Practicable Date. This Introductory Document contains translations of Renminbi into U.S. dollars and U.S. dollars to Singapore dollars solely for the convenience of the reader. See the section entitled "Exchange Rates and Exchange Controls" for certain historical information on the exchange rate between Renminbi, U.S. dollars and Singapore dollars.

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1 Federal Reserve Board has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

2 Bloomberg L.P. has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

CORPORATE INFORMATION

Board of Directors	**Bin Li (李斌)** **Lihong Qin (秦力洪)** **James Gordon Mitchell** **Hai Wu (吴海)** **Denny Ting Bun Lee (李廷斌)** **Yu Long (龙宇)**
Registered Office	**Maples Corporate Services Limited** P.O. Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
Principal Place of Business	Building 20, No. 56 AnTuo Road Anting Town, Jiading District Shanghai 201804 People's Republic of China
Company's Website	**http://ir.nio.com/** (The information on the website does not form part of this Introductory Document)
Cayman Islands Principal Share Registrar	Maples Fund Services (Cayman) Limited P.O. Box 1093, Boundary Hall, Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Joint Issue Managers	**Credit Suisse (Singapore) Limited** One Raffles Link #03-01 Singapore 039393 **Goldman Sachs (Singapore) Pte.** One Raffles Link #07-01 South Lobby Singapore 039393
Financial Adviser	**PrimePartners Corporate Finance Pte. Ltd.** 16 Collyer Quay #10-00 Income at Raffles Singapore 049318
Legal Adviser to the Company as to Singapore Law	**WongPartnership LLP** 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to the Company as to U.S. Law	**Skadden, Arps, Slate, Meagher & Flom and affiliates** 42nd Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong

Legal Adviser to the Company as to PRC Law	**Han Kun Law Offices** 9/F, Office Tower C1, Oriental Plaza, 1 East Chang An Ave, Dongcheng District, Beijing, 100738 People's Republic of China
Legal Adviser to the Company as to Cayman Islands Law	**Maples and Calder (Hong Kong) LLP** 26th Floor, Central Plaza 18 Harbour Road, Wanchai Hong Kong
Legal Adviser to the Joint Issue Managers as to Singapore Law	**Allen & Gledhill LLP** One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Joint Issue Managers as to U.S. Law	**Simpson Thacher & Bartlett** 35th Floor, ICBC Tower 3 Garden Road, Central Hong Kong
Legal Adviser to the Joint Issue Managers as to PRC Law	**Commerce & Finance Law Offices** 12-14th Floor, China World Office 2 No. 1 Jianguomenwai Avenue, Beijing People's Republic of China
Independent Auditor	**PricewaterhouseCoopers Zhong Tian LLP** 6/F DBS Bank Tower 1318 Lu Jia Zui Ring Road Pudong New Area Shanghai People's Republic of China Partner in charge: Jiajun Song a practising member of the Chinese Institute of Certified Public Accountants
Industry Consultant	**Frost & Sullivan International Limited** #17-06, One Exchange Square 8 Connaught Place Hong Kong
Depositary Bank	**Deutsche Bank Trust Company Americas** 1 Columbus Circle New York, NY 10019 United States of America
Singapore Share Transfer Agent	**Boardroom Corporate & Advisory Services Pte. Ltd.** 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632

Principal Bankers	**China Merchants Bank** 19/F, China Merchants Bank Tower No. 7088 Shennan Boulevard Shenzhen, Guangdong People's Republic of China **J.P. Morgan Chase Bank, N.A. Hong Kong Branch** 27/F, Chater House 8 Connaught Road Central, Central Hong Kong
Registration Number	294239

The following definitions of certain terms and abbreviations when used in this Introductory Document shall bear the same meanings as set forth below unless otherwise defined herein or the context otherwise requires:

*"**2020 Encouraging Catalogue**"*	:	the Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (《鼓励外商投资产业目录(2020年版)》), as amended, supplemented or otherwise modified from time to time
*"**2021 Negative List**"*	:	the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version) (《外商投资准入特别管理措施(负面清单)(2021年版)》), most recently jointly promulgated by the MOFCOM and the NDRC on 27 December 2021 and became effective on 1 January 2022, as amended, supplemented or otherwise modified from time to time
*"**2024 Notes**"*	:	our Company's 4.50% convertible senior notes due 2024
*"**2024 Notes Exchange(s)**"*	:	exchange of approximately US$581.7 million principal amount of the outstanding 2024 Notes for ADSs with respect to the separate and individually privately negotiated agreements with certain holders of the 2024 Notes
*"**2026 Notes**"*	:	our Company's 0.00% convertible senior notes due 2026
*"**2027 Notes**"*	:	our Company's 0.50% convertible senior notes due 2027
*"**Access Administration Opinion**"*	:	the Opinion on Strengthening the Access Administration of Intelligent Connected Vehicles Manufacturing Enterprises and Their Products (《关于加强智能网联汽车生产企业及产品准入管理的意见》), as amended, supplemented or otherwise modified from time to time
*"**Administrative Provisions on Mobile Internet Applications Information Services**"*	:	the Administrative Provisions on Mobile Internet Applications Information Services (《移动互联网应用程序信息服务管理规定》), as amended, supplemented or otherwise modified from time to time
*"**ADS(s)**"*	:	American Depositary Shares (each representing one Class A ordinary share)
*"**ADR**"*	:	American depositary receipts that evidence our ADSs
*"**Affiliate Notes**"*	:	our Company's convertible senior notes due 2022
*"**Announcement 39**"*	:	the Announcement on Relevant Policies on Deepening of the Reform of Value-added Tax (《关于深化增值税改革有关政策的公告》), as amended, supplemented or otherwise modified from time to time

"***Announcement on Exemption of Vehicle Purchase Tax***"	:	the Announcement on Exemption of Vehicle Purchase Tax for New Energy Vehicle (《关于免征新能源汽车车辆购置税的公告》), as amended, supplemented or otherwise modified from time to time
"***Anti-Monopoly Law***"	:	Anti-Monopoly Law of the People's Republic of China (《中华人民共和国反垄断法》), as amended, supplemented or otherwise modified from time to time
"***Articles***" or "***Articles of Association***"	:	our articles of association (as amended from time to time), the current form of which as of the date of this Introductory Document is the twelfth amended and restated articles of association, that was adopted by a special resolution passed on 3 June 2021 and effective on 3 June 2021, a summary of which is set out in Appendix C
"***ASC Topic 326***"	:	ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"
"***Audited Consolidated Financial Statements***"	:	the audited consolidated financial statements of NIO Inc. and its subsidiaries for the years ended 31 December 2019, 2020 and 2021 in Appendix A to this Introductory Document
"***automotive regulatory credits***"	:	excess positive NEV credits
"***BA***"	:	the Bribery Act 2010 of the United Kingdom
"***Battery Asset Company***"	:	Wuhan Weineng Battery Asset Co., Ltd.
"***Battery Asset Company Investors***"	:	the Initial BaaS Investors and the other investors of the Battery Asset Company who subsequently invested in the Battery Asset Company
"***Beijing NIO***"	:	Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司), a company incorporated under the laws of PRC on 5 July 2017, wholly-owned by Mr. Bin Li and Mr. Lihong Qin, and one of our Consolidated Affiliated Entities
"***board***" or "***board of directors***"	:	our board of directors
"***bonus issue***"	:	issuance of new shares, credited as fully paid, pro rata to Shareholders
"***business day***"	:	any day (other than a Saturday, Sunday or public holiday) on which banks in Singapore or other relevant jurisdictions are generally open for business
"***BVI***"	:	the British Virgin Islands

"***CAC***"	:	Cyberspace Administration of China (中华人民共和国国家互联网信息办公室)
"***Capitalisation and Indebtedness Provision***"	:	paragraph 6 of Part 4 of the Fifth Schedule
"***Cayman Islands Companies Act***"	:	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
"***Cayman Share Registrar***"	:	our Company's Cayman Islands principal share registrar from time to time
"***CATL***"	:	Contemporary Amperex Technology Co., Limited
"***CDP***"	:	The Central Depository (Pte) Limited
"***China***" or "***the PRC***"	:	the People's Republic of China, excluding, for the purposes of this Introductory Document only, Taiwan and the special administrative regions of Hong Kong and Macau, except where the context otherwise requires
"***Circular 7***"	:	the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (《关于非居民企业间接转让财产企业所得税若干问题的公告》), as amended, supplemented or otherwise modified from time to time
"***Circular on Adjusting the Subsidy Policy***"	:	the Circular on Adjusting the Subsidy Policy for the Promotion and Application of New Energy Vehicles (《关于调整新能源汽车推广应用财政补贴政策的通知》), as amended, supplemented or otherwise modified from time to time
"***Circular No. 97***"	:	Administration of Road Testing and Demonstration Application of Intelligent Connected Vehicles (Trial Implementation) (《智能网联汽车道路测试与示范应用管理规范(试行)》), as amended, supplemented or otherwise modified from time to time
"***Class A ordinary shares***"	:	Class A ordinary shares of the share capital of the Company with a par value of US$0.00025 each, conferring a holder of a Class A ordinary share one vote per share on any resolution tabled at the Company's general meeting
"***Class B ordinary shares***"	:	Class B ordinary shares of the share capital of the Company with a par value of US$0.00025 each, conferring a holder of a Class B ordinary share to four votes per share on any resolution tabled at the Company's general meeting, all of which have been converted to Class A ordinary shares upon the Hong Kong Listing pursuant to the conversion notices delivered by the relevant shareholders

*"**Class C ordinary shares**"*	:	Class C ordinary shares of the share capital of the Company with a par value of US$0.00025 each, giving a holder of a Class C ordinary share eight votes per share on any resolution tabled at the Company's general meeting, subject to the Reserved Matters to be voted on a one vote per share basis
*"**Copyright Law**"*	:	the Copyright Law of the PRC (《中华人民共和国著作权法》), as amended, supplemented or otherwise modified from time to time
*"**Company,**" "**our Company,**" "**NIO,**" "**we,**" "**our**"* or *"**us**"*	:	NIO Inc., a company incorporated in the Cayman Islands on 28 November 2014 as an exempted company and, where the context requires, its subsidiaries and Consolidated Affiliated Entities from time to time, and depending on the context, may also refer to Shanghai Anbin Technology Co., Ltd., which was no longer our consolidated affiliated entity starting from 31 March 2021, and its subsidiaries
*"**Comptroller**"*	:	the Comptroller of Income Tax of Singapore
*"**Consolidated Affiliated Entity**"* or *"**Consolidated Affiliated Entities**"*	:	the entity we control through the Contractual Arrangements, namely, Beijing NIO, details of which are set out in the section headed "Contractual Arrangements" and depending on the context, may also refer to Shanghai Anbin Technology Co., Ltd., which was no longer our consolidated affiliated entity starting from 31 March 2021, and its subsidiaries
*"**Controlling Shareholder(s)**"*	:	refers to Mr. Bin Li, who beneficially holds interests in our Company through Originalwish Limited, mobike Global Ltd. and NIO Users Limited
*"**Convertible Notes**"*	:	the Affiliate Notes, the 2024 Notes, the 2026 Notes and the 2027 Notes
*"**CSRC**"*	:	the China Securities Regulatory Commission (中国证券监督管理委员会)
*"**Current Foreign Debt Mechanism**"*	:	the currently valid foreign debt management mechanism
*"**Cyber Security Law**"*	:	the Cyber Security Law of the PRC (《中华人民共和国网络安全法》), as amended, supplemented or otherwise modified from time to time
*"**Cybersecurity Review Measures**"*	:	the Cybersecurity Review Measures (《网络安全审查办法》), as amended, supplemented or otherwise modified from time to time
*"**Data Security Law**"*	:	the Data Security Law (《数据安全法》) promulgated by the Standing Committee of the National People's Congress of China, as amended, supplemented or otherwise modified from time to time

*"**Deposit Agreement**"*	:	the deposit agreement, dated as of 11 September 2018, as amended or supplemented from time to time, among us, Deutsche Bank Trust Company Americas and our ADS holders and beneficial owners from time to time
*"**director(s)**"*	:	member(s) of our board
*"**Domain Name Measures**"*	:	the Measures on Administration of Internet Domain Names (《互联网域名管理办法》), as amended, supplemented or otherwise modified from time to time
*"**Double Taxation Avoidance Arrangement**"*	:	the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital (《内地和香港特别行政区关于对所得避免双重征税和防止偷漏税的安排》), as amended, supplemented or otherwise modified from time to time
*"**Draft Administration Provisions**"*	:	the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《国务院关于境内企业境外发行证券和上市的管理规定(草案征求意见稿)》), as amended, supplemented or otherwise modified from time to time
*"**Draft Administration Regulations on Cyber Data Security**"*	:	the Administration Regulations on Cyber Data Security (Draft for Comments) (《网络数据安全管理条例(征求意见稿)》), as amended, supplemented or otherwise modified from time to time
*"**Draft Data Security Measures**"*	:	the Draft Administration Measures on Data Security in the Field of Industry and Information Technology (《工业和信息化领域数据安全管理办法(试行)(征求意见稿)》) as amended, supplemented or otherwise modified from time to time
*"**Draft Filing Measures**"*	:	the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境内企业境外发行证券和上市备案管理办法(征求意见稿)》), as amended, supplemented or otherwise modified from time to time
*"**DPA**"*	:	the Data Protection Act 2018 of the United Kingdom
*"**DP Legislation**"*	:	the DPA, GDPR and the UK GDPR collectively
*"**DTC**"*	:	the Depository Trust Company, the central book-entry clearing and settlement system for equity securities in the United States and the clearance system for our ADSs
*"**E-Commerce Law**"*	:	the E-Commerce Law of the People's Republic of China (《中华人民共和国电子商务法》), as amended, supplemented or otherwise modified from time to time

*"**EGM**"*	:	extraordinary general meeting
*"**EIT**"*	:	enterprise income tax
*"**EIT Law**"*	:	the PRC Enterprise Income Tax Law (《中华人民共和国企业所得税法》), promulgated on 16 March 2007 and came into effect on 1 January 2008 and was most recently amended on 29 December 2018 which became effective on the same date
*"**Equity Pledge Agreements**"*	:	the equity pledge agreements dated 19 April 2018 and 12 April 2021, respectively, entered into between Shanghai NIO, the Registered Shareholders and Beijing NIO
*"**ERA**"*	:	the Employment Rights Act 1996 of the United Kingdom
*"**ESG**"*	:	environmental, social and governance
*"**Exclusive Business Cooperation Agreements**"*	:	the exclusive business cooperation agreements dated 19 April 2018 and 12 April 2021, respectively, between the Shanghai NIO and Beijing NIO
*"**Exclusive Option Agreements**"*	:	the exclusive option agreements dated 19 April 2018 and 12 April 2021, among Shanghai NIO, Beijing NIO and the Registered Shareholders, respectively
*"**FASB**"*	:	Financial Accounting Standards Board
*"**FICMIS**"*	:	the foreign investment comprehensive administrative system
*"**Fifth Schedule**"*	:	the Fifth Schedule to the SFR
*"**Financial Support Circular**"*	:	the Circular on the Financial Support Policies on the Promotion and Application of New Energy Vehicles in 2016-2020 (《关于2016-2020年新能源汽车推广应用财政支持政策的通知》), as amended, supplemented or otherwise modified from time to time
*"**First AGM**"*	:	our Company's upcoming annual general meeting to be convened on or before 31 August 2022
*"**FJRO**"*	:	Foreign Judgments (Reciprocal Enforcement) Ordinance (Cap. 319) of Hong Kong
*"**Foreign Investment Catalogue**"*	:	the Catalogue for the Guidance of Foreign Investment Industries (《外商投资产业指导目录》), as amended, supplemented or otherwise modified from time to time
*"**Foreign Investment Information Measures**"*	:	the Measures for Reporting of Foreign Investment Information (《外商投资信息报告办法》), as amended, supplemented or otherwise modified from time to time

"***Foreign Investment Law***"	:	the PRC Foreign Investment Law (《中华人民共和国外商投资法》), promulgated by the National People's Congress in March 2019, which became effective on 1 January 2020, as amended, supplemented or otherwise modified from time to time
"***foreign private issuer***"	:	as such term is defined in Rule 3b-4 under the U.S. Exchange Act
"***Frost & Sullivan***"	:	Frost & Sullivan International Limited
"***Frost & Sullivan Report***"	:	the industry report prepared by Frost & Sullivan International Limited as at May 2022
"***FRS 109***"	:	Financial Reporting Standard 109 *Financial Instruments*
"***FTC***"	:	foreign tax credit
"***FY***"	:	financial year ended 31 December
"***GDPR***"	:	the European Union General Data Protection Regulation
"***Group,*" "*our Group,*" "*the Group,*" "*we,*" "*us,*" or "*our*"**	:	our Company, subsidiaries and Consolidated Affiliated Entities from time to time
"***Hong Kong***"	:	the Hong Kong Special Administrative Region of the PRC
"***Hong Kong Corporate Governance Code***"	:	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
"***Hong Kong dollar***" or "***HKD***"	:	the lawful currency of Hong Kong
"***Hong Kong Listing***"	:	the listing of our Class A ordinary shares on the Main Board of the Hong Kong Stock Exchange by way of introduction pursuant to the Hong Kong Listing Rules
"***Hong Kong Listing Date***"	:	10 March 2022, the date on which our Class A ordinary shares were listed on the Main Board of the Hong Kong Stock Exchange and from which dealings in our Class A ordinary shares were permitted to commence on the Main Board of the Hong Kong Stock Exchange
"***Hong Kong Listing Rules***"	:	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange, as amended or supplemented from time to time
"***Hong Kong Stock Exchange***"	:	The Stock Exchange of Hong Kong Limited

"***Initial BaaS Investors***"	:	CATL, Hubei Science Technology Investment Group Co., Ltd. and a subsidiary of Guotai Junan International Holdings Limited
"***Introduction***" or "***Listing***"	:	the secondary listing by way of introduction of our Introduction Class A ordinary shares on the Main Board of the SGX-ST
"***Introduction Class A ordinary shares***"	:	Class A ordinary shares that have been issued, the Class A ordinary shares to be issued pursuant to the Stock Incentive Plans, and the Class A ordinary shares to be issued on the conversion of the outstanding Convertible Notes and Class C ordinary shares
"***Introductory Document***"	:	this Introductory Document dated 13 May 2022 issued by our Company in respect of the Introduction
"***investee company***"	:	a divesting company that has legally and beneficially held at least 20.0% of the ordinary shares of the company whose shares are being disposed
"***Investment Provisions***"	:	the Provisions on Administration of Investment in Automobile Industry (《汽车产业投资管理规定》), as amended, supplemented, or otherwise modified from time to time
"***IPT Provisions***"	:	paragraphs 1, 2, 3 and 4 of Part 8 of the Fifth Schedule
"***JAC***"	:	Jianghuai Automobile Group Ltd.
"***Joint Issue Managers***"	:	Credit Suisse (Singapore) Limited and Goldman Sachs (Singapore) Pte., as the joint issue managers to this Introduction
"***Labour Contract Law***"	:	the Labour Contract Law of the PRC (《中华人民共和国劳动合同法》), as amended, supplemented or otherwise modified from time to time
"***Latest Practicable Date***"	:	30 April 2022, being the latest practicable date prior to the date of this Introductory Document for the purpose of ascertaining certain information contained in this Introductory Document
"***Latest Practicable Date Information***"	:	paragraph 1(d) of Part 5 and paragraphs 8 and 9 of Part 6 of the Fifth Schedule
"***Listing Date***"	:	the date of admission of the Company to the Official List of the SGX-ST
"***Listing Manual***"	:	the listing manual of SGX-ST, as amended, modified or supplemented from time to time

"***Loan Agreements***"	:	the loan agreements between Shanghai NIO and the Registered Shareholders dated 19 April 2018 and 12 April 2021, respectively,
"***Manufacturers and Products Announcement***"	:	the Announcement of Vehicle Manufacturers and Products (《道路机动车辆生产企业及产品公告》), as amended, supplemented or otherwise modified from time to time
"***Market Day***"	:	a day on which the SGX-ST is open for trading in securities
"***MAS***"	:	Monetary Authority of Singapore
"***Material Sources of Liquidity***"	:	paragraph 5(a) of Part 6 of the Fifth Schedule
"***M&A Rules***"	:	the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《关于外国投资者并购境内企业的规定》), promulgated by the MOFCOM and other governmental authorities on 8 August 2006, effective on 9 September 2006 and subsequently amended on 22 June 2009
"***Major Subsidiaries***"	:	our subsidiaries and Consolidated Affiliated Entities as identified in "History and Corporate Structure – Major Subsidiaries", which include all significant operating subsidiaries under the financial threshold of Regulation S-X in the U.S. (i.e. contributing more than 10% of the Group's total assets and income) and subsidiaries that are material to the Group's business operations (including those that hold major intellectual properties) and are representative of the Company's business (including those that hold major assets and intellectual property rights)
"***Memorandum***" or "***Memorandum of Association***"	:	our memorandum of association (as amended from time to time) the current form of which as of the date of this Introductory Document was adopted by a special resolution passed on 3 June 2021 and effective on 3 June 2021, a summary of which is set out in Appendix C to this Introductory Document
"***MIIT***"	:	the Ministry of Industry and Information Technology of the PRC (中华人民共和国工业和信息化部), and its predecessor known as the Ministry of Information Industry of the PRC (中华人民共和国信息产业部)
"***MOF***"	:	the Ministry of Finance of the PRC (中华人民共和国财政部)
"***MOFCOM***"	:	the Ministry of Commerce of the PRC (中华人民共和国商务部), or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中华人民共和国对外经济贸易合作部)
"***MOHURD***"	:	the Ministry of Housing and Urban-Rural Development of the PRC (中华人民共和国住房和城乡建设部)

"MPS"	:	the Ministry of Public Security of the PRC (中华人民共和国公安部)
"MPS Proposed Amendments"	:	the Draft Proposed Amendments of the Road Traffic Safety Law (《道路交通安全法(修订建议稿)》), as amended, supplemented or otherwise modified from time to time
"NDRC"	:	the National Development and Reform Commission of the PRC (中华人民共和国国家发展和改革委员会)
"Net Asset Limits"	:	the upper limit of risk-weighted outstanding cross-border financing for enterprises, being equivalent to 200% of its net assets multiplied by macro-prudential regulation parameter
"New Electric Passenger Vehicle Enterprise Regulations"	:	the Regulations on the Administration of Newly Established Pure Electric Passenger Vehicle Enterprises (《新建纯电动乘用车企业管理规定》), as amended, supplemented or otherwise modified from time to time
"NEV Catalogue"	:	the Catalogue of New Energy Vehicle Models Exempt from Vehicle Purchase Tax (《免征车辆购置税的新能源汽车车型目录》), as amended, supplemented or otherwise modified from time to time
"NIO CDP Depositors"	:	Shareholders who maintain, either directly or through depository agents, securities accounts with the CDP
"NIO China"	:	NIO Holding Co., Ltd.
"NIO Germany"	:	NIO GmbH
"NIO New Energy"	:	Shanghai NIO New Energy Automobile Co., Ltd.
"NIO UK"	:	NIO Performance Engineering Limited
"Notice No. 9 Foreign Debt Mechanism"	:	the mechanism as provided in PBOC Notice No. 9
"NPC"	:	the National People's Congress of the PRC (全国人民代表大会)
"NYSE"	:	New York Stock Exchange
"Opinions"	:	the Opinions on Severely Cracking Down on Illegal Securities Activities According to Law (《关于依法从严打击证券违法活动的意见》), as amended, supplemented or otherwise modified from time to time

"***Order 691***"	:	the Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax (《关于废止<中华人民共和国营业税暂行条例>和修改<中华人民共和国增值税暂行条例>的决定》) promulgated by the State Council on 19 November 2017, as amended, supplemented or otherwise modified from time to time
"***Order Book Provision***"	:	paragraph 12 of Part 6 of the Fifth Schedule
"***Parallel Credits Measure***"	:	the Measure for the Parallel Administration of the Corporate Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprises (《乘用车企业平均燃料消耗量与新能源汽车积分并行管理办法》), as amended, supplemented or otherwise modified from time to time
"***PBOC***"	:	the People's Bank of China (中国人民银行)
"***PBOC Notice No. 9***"	:	the Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing (《中国人民银行关于全口径跨境融资宏观审慎管理有关事宜的通知》)
"***PCAOB***"	:	the Public Company Accounting Oversight Board
"***Personal Information Protection Law***"	:	the Personal Information Protection Law of the PRC (《中华人民共和国个人信息保护法》), as amended, supplemented or otherwise modified from time to time
"***PE WHJV***"	:	the entity set up by the Group and Wuhan Donghu pursuant to a joint investment agreement entered into on 18 May 2017
"***Powers of Attorney***"	:	powers of attorney executed by the Registered Shareholders dated 19 April 2018 and 12 April 2021, respectively
"***PRC Citizens***"	:	PRC companies or individuals
"***PRC Civil Procedures Law***"	:	the PRC Civil Procedures Law (《中华人民共和国民事诉讼法》), as amended, supplemented or otherwise modified from time to time
"***PRC Company Law***"	:	the Company Law of the PRC (《中华人民共和国公司法》), enacted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018, as amended, supplemented or otherwise modified from time to time
"***PRC Legal Adviser***"	:	Han Kun Law Offices, our legal adviser as to the laws of the PRC

*"**PRC National Security Law**"*	:	the PRC National Security Law (《中华人民共和国国家安全法》), as amended, supplemented or otherwise modified from time to time
*"**Principal Directorships Provision**"*	:	paragraph 1(b) of Part 7 of the Fifth Schedule
*"**Principal VIE**"*	:	Beijing NIO
*"**Provisions on Automobile Data Security**"*	:	the Provisions on the Administration of Automobile Data Security (for Trial Implementation) (《汽车数据安全管理若干规定(试行)》), as amended, supplemented or otherwise modified from time to time
*"**PwC**"*	:	PricewaterhouseCoopers Zhong Tian LLP
*"**QSIQ**"*	:	the General Administration of Quality Supervision, Inspection and Quarantine
*"**Recommended NEV Catalogue**"*	:	the Catalogue of Recommended New Energy Vehicle Models for Promotion and Application (《新能源汽车推广应用工程推荐车型目录》) by the MIIT, as amended, supplemented, or otherwise modified from time to time
*"**Registered Shareholders**"*	:	shareholders of Beijing NIO, namely Mr. Bin Li and Mr. Lihong Qin
*"**Regulations on Infrastructure**"*	:	the Regulations on the Protection of the Security of Critical Information Infrastructure (《关键信息基础设施安全保护条例》), as amended, supplemented or otherwise modified from time to time
*"**Regulation S**"*	:	Regulation S under the U.S. Securities Act
*"**Relevant Business**"*	:	value-added telecommunications services
*"**Relevant Period**"*	:	the period commencing from the date on which any of the Shares first became secondary listed on the Hong Kong Stock Exchange to and including the date immediately before the day on which the secondary listing is withdrawn from the Hong Kong Stock Exchange (and so that if at any time listing of any such Shares is suspended from trading for any reason whatsoever and for any length of time, they shall nevertheless be treated, for the purpose of this definition, as listed)

*"**Reserved Matters**"*	:	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to Hong Kong Listing Rules, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive director, (iii) the appointment or removal of the Company's auditors, and (iv) the voluntary liquidation or winding-up of the Company
*"**RMB**"* or *"**Renminbi**"*	:	Renminbi, the lawful currency of the PRC
*"**Remuneration Provisions**"*	:	paragraphs 9, 12, 14 and 18 of Part 7 of the Fifth Schedule
*"**Renewal Announcement**"*	:	the Renewal of Preferential Policies on Vehicle Purchase Tax (《继续执行的车辆购置税优惠政策》), as amended, supplemented or otherwise modified from time to time
*"**Risk-Weighted Approach**"*	:	risk-weighted approach
*"**SAFE**"*	:	State Administration of Foreign Exchange of the PRC (中华人民共和国国家外汇管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
*"**SAFE Circular 37**"*	:	the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知》) promulgated by SAFE with effect from 4 July 2014, as amended, supplemented or otherwise modified from time to time
*"**SAFE Circular No. 16**"*	:	the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《关于改革和规范资本项目结汇管理政策的通知》), as amended, supplemented or otherwise modified from time to time
*"**SAFE Circular No. 13**"*	:	the Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《关于进一步简化和改进直接投资外汇管理政策的通知》), as amended, supplemented or otherwise modified from time to time
*"**SAFE Circular No. 19**"*	:	the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《关于改革外商投资企业外汇资本金结汇管理方式的通知》), as amended, supplemented or otherwise modified from time to time

"***SAFE Circular No. 59***"	:	the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《关于进一步改进和调整直接投资外汇管理政策的通知》), as amended, supplemented or otherwise modified from time to time
"***SAMR***"	:	State Administration for Industry and Commerce of the PRC (中华人民共和国国家工商行政管理总局), currently known as the PRC State Administration for Market Regulation (中华人民共和国国家市场监督管理总局)
"***SCNPC***"	:	the Standing Committee of the National People's Congress of the PRC (全国人民代表大会常务委员会)
"***SEC***"	:	the United States Securities and Exchange Commission
"***Settlement Date***"	:	the date which dealings in, and transactions of, Class A ordinary shares on the SGX-ST will be due for settlement on the second Market Day following the date of transaction
"***SFA***"	:	the Securities and Futures Act 2001 of Singapore, as amended from time to time
"***SFC***"	:	the Securities and Futures Commission of Hong Kong
"***SFR***"	:	Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore
"***SFRS(I) 9***"	:	Singapore Financial Reporting Standard (International) 9 *Financial Instruments*
"***SGX-ST***"	:	Singapore Exchange Securities Trading Limited
"***Shanghai Anbin***"	:	Shanghai Anbin Technology Co., Ltd.
"***Shanghai NIO***"	:	NIO Co., Ltd. (上海蔚来汽车有限公司), a company incorporated under the laws of PRC on 7 May 2015, a subsidiary of our Company
"***Shares***"	:	the Class A ordinary shares in the share capital of the Company
"***Shareholder(s)***"	:	holder(s) of Class A ordinary shares and Class C ordinary shares and, where the context requires, ADSs
"***Share Capital Disclosures***"	:	paragraph 8 of Part 11 of the Fifth Schedule
"***Shareholding Provision***"	:	paragraph 3 of Part 7 of the Fifth Schedule
"***Singapore Companies Act***"	:	Companies Act 1967 of Singapore, as amended from time to time

"***S$***" or "***Singapore dollars***"	:	Singapore dollars, the lawful currency of the Republic of Singapore
"***Singapore Share Transfer Agent***"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"***SITA***"	:	the Income Tax Act 1947 of Singapore, as amended from time to time
"***STA***"	:	State Taxation Administration of the PRC (中华人民共和国国家税务总局)
"***STA Circular 37***"	:	the Circular on Issues of Tax Withholding regarding Non-PRC Resident Enterprise Income Tax (《关于非居民企业所得税源泉扣缴有关问题的公告》) issued by STA on 17 October 2017, as amended, supplemented or otherwise modified from time to time
"***Stock Incentive Plans***"	:	the Stock Incentive Plans, details of which are set out in the section headed "Directors and Senior Management – Compensation"
"***specified foreign income***"	:	foreign-sourced service income
"***Spouse Undertakings***"	:	the undertaking signed by the spouse of each of the Registered Shareholders
"***SPV***"	:	special purpose vehicle
"***Telecommunications Regulations***"	:	the Telecommunications Regulations of the PRC (《中华人民共和国电信条例》), as amended, supplemented or otherwise modified from time to time
"***Tencent***"	:	Tencent Holdings Limited
"***Tencent Entities***"	:	Mount Putuo Investment Limited, Image Frame Investment (HK) Limited, Huang River Investment Limited and Tencent
"***Total Investment and Registered Capital Balance***"	:	the difference between the total investment and the registered capital of the foreign-invested enterprise
"***Track Record Period***"	:	the years ended 31 December 2019, 2020 and 2021
"***UK GDPR***"	:	the retained UK version of the GDPR
"***US$***" or "***U.S. dollars***"	:	United States dollars, the lawful currency of the United States
"***United States***", "***U.S.***" or "***US***"	:	the United States of America

*"**U.S. Exchange Act**"*	:	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
*"**U.S. GAAP**"*	:	accounting principles generally accepted in the United States of America
*"**U.S. Securities Act**"*	:	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
*"**variable interest entities,**" "**VIE**"* or *"**VIEs**"*	:	the variable interest entities, the financial results of which are consolidated into our consolidated financial statements as if they were our subsidiaries
*"**VAT**"*	:	value-added tax; all amounts are exclusive of VAT in this Introductory Document except where indicated otherwise
*"**VAT Law**"*	:	the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) (《中华人民共和国增值税暂行条例实施细则(2011修订)》), which was promulgated by the MOF on 25 December 1993 and subsequently amended on 15 December 2008 and 28 October 2011
*"**VIE structure**"* or *"**Contractual Arrangements**"*	:	variable interest entity structure and, where the context requires, the agreements underlying the structure
*"**Voting Instruction Form**"*	:	voting instruction form
*"**Wuhan Donghu**"*	:	Wuhan Donghu New Technology Development Zone Management Committee
*"**WVR beneficiary(ies)**"* or *"**WVR Beneficiary(ies)**"*	:	Weighted Voting Right beneficiary(ies), has the meaning ascribed to it under the Hong Kong Listing Rules and unless the context otherwise requires, refers to Mr. Bin Li, holding the Class C ordinary shares, which entitle each to weighted voting rights
*"**WVR share(s)**"*	:	Weighted Voting Right share(s), has the meaning ascribed to it under the Hong Kong Listing Rules and unless the context otherwise requires, refers to the Class C ordinary shares which entitle each to weighted voting rights
*"**WVR structure**"*	:	Weighted Voting Right structure, has the meaning ascribed to it under the Hong Kong Listing Rules
*"**YA**"*	:	year of assessment
*"**%**"*	:	percentage

In this Introductory Document, references to our "**Company**" are to NIO Inc. and unless the context otherwise requires, the terms "**we**", "**us**", "**our**" and "**our Group**" refer to NIO Inc., its subsidiaries and our Consolidated Affiliated Entity taken as a whole. Words importing the singular shall, where

applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations. Unless otherwise specified, the description of our vehicles, services and business models in this Introductory Document refers to our business in China.

In this Introductory Document, the terms "**associate(s)**" and "**subsidiary**" shall have the meanings given to such terms in the Listing Manual and the SFA respectively, unless the context otherwise requires.

Unless otherwise expressly stated or the context otherwise requires, all data in this Introductory Document is as of the date of this Introductory Document.

Unless otherwise expressly stated, the description of our vehicles, services and business models in this Introductory Document refers to our business in PRC.

The English names of PRC entities, PRC laws or regulations, and PRC governmental authorities referred to in this Introductory Document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

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

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any references in this Introductory Document to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the SFA or any statutory modification thereof and used in this Introductory Document shall have the meaning assigned to it under the SFA or such statutory modification, as the case may be.

Any reference to a time and date in this Introductory Document shall be a reference to Singapore time and date unless otherwise stated.

Unless we specify otherwise or the context otherwise requires, all references to the "**Shares**" refer to Class A ordinary shares in the capital of the Company.

In this Introductory Document, references to "**S$**" or "**Singapore dollar**" are to the lawful currency of the Republic of Singapore, references to "**US$**", "**US dollar**" or "**USD**" are to the lawful currency of the US, references to "**Hong Kong dollar**" or "**HKD**" are to the lawful currency of Hong Kong, and references to "**RMB**" or "**Renminbi**" are to the lawful currency of the PRC.

Certain numerical figures set out in this Introductory Document, including financial data presented in billions, millions or thousands, and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Introductory Document may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operation" of this Introductory Document are approximate figures and have been calculated using the numerical data in our Audited Consolidated Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Introductory Document, as applicable, and not using the numerical data in the narrative description thereof.

GLOSSARY OF TECHNICAL TERMS

To facilitate an understanding of our business, the following glossary provides a description of certain technical terms and abbreviations related to our business, as used in this Introductory Document. The terms and their assigned meanings set out below may not correspond to standard industry or common meanings or usage of these terms, and should not be treated as being definitive of their meanings.

*"**ADaaS**"*	:	Autonomous Driving as a Service
*"**ADAS**"*	:	advanced driver assistance system, electronic systems developed to automate, adapt, and enhance vehicle systems for safety and better driving
*"**AI**"*	:	artificial intelligence, an area of computer science that focuses on mimicking human intelligence by machines
*"**AR**"*	:	augmented reality
*"**BaaS**"*	:	Battery as a Service
*"**BEVs**"*	:	battery electric passenger vehicles
*"**BMS**"*	:	battery management system, an electronic system that manages a rechargeable battery (cell or battery pack), such as by protecting the battery from operating outside its safe operating area, monitoring its state, calculating secondary data, reporting that data, controlling its environment, authenticating it and/or balancing it
*"**CAGR**"*	:	compound annual growth rate, the geometric progression ratio that provides a constant rate of return over the time period
*"**Clean+**"*	:	NIO's certification of sustainable materials
*"**Clean Parks**"*	:	an open platform initiated by NIO to support nature reserves, build up energy infrastructure, and establish a clean and low-carbon energy cycle system
*"**CLTC**"*	:	China Light-duty Vehicle Test Cycle
*"**EV**"*	:	electric passenger vehicles
*"**FOTA**"*	:	firmware-over-the-air, which enables the upgrade of the operating firmware across the vehicle's core systems remotely
*"**ICE**"*	:	internal combustion engine
*"**Insulated Gate Bipolar Transistor**"*	:	three-terminal power semiconductor device primarily used as an electronic switch
*"**LFP**"*	:	lithium-ion battery cells that use lithium, iron and phosphate as cathode materials

*"**LiDAR**"*	:	Light Detection and Ranging, a remote sensing method used to examine the surface of the Earth
*"**Long Range Battery**"*	:	100 kWh battery
*"**MSRP**"*	:	manufacturer suggested retail price
*"**Navigate on Pilot**"*, or *"**NOP**"*	:	feature of NIO Pilot, which is able to guide a vehicle on and off ramps, overtake, merge lanes and cruise according to planned routes in highways and urban expressways
*"**NCM**"*	:	lithium-ion battery cells that use nickel, cobalt and manganese as cathode materials
*"**NEDC**"*	:	New European Driving Cycle
*"**NEV**"* or *"**NEVs**"*	:	new energy passenger vehicles, including BEVs
*"**NIO Power**"*	:	mobile internet-based power solution with extensive networks for battery charging and swapping facilities, which offers a power service system with chargeable, swappable and upgradable batteries to provide users with power services catering to all scenarios
*"**NOMI**"*	:	AI companion seamlessly integrated with a variety of infotainment and navigation features in the digital cockpit, which is able to learn users' preferences over time
*"**Nurburgring Nordschleife**"*	:	test track for auto manufacturers, and its demanding layout had been traditionally used as a proving ground
*"**OEM**"*	:	original equipment manufacturer
*"**PanoCinema**"*	:	NIO's panoramic digital cockpit, featuring AR and VR technologies
*"**Silicon Carbide**"*	:	semiconductor containing silicon and carbon
*"**SOTA**"*	:	software-over-the-air, which allows for the upgrade of the vehicles software remotely
*"**Standard Range Battery**"*	:	70 kWh and 75 kWh battery
*"**SUV**"*	:	sport utility vehicles
*"**Ultra-Long Range Battery**"*	:	150 kWh battery
*"**UWB**"*	:	ultra-wideband, a radio technology that can use a very low energy level for short-range, high-bandwidth communications over a large portion of the radio spectrum
*"**V2X**"*	:	Vehicle-to-everything, a communication between a vehicle and any entity that may affect, or may be affected by, the vehicle
*"**VR**"*	:	virtual reality

This summary highlights information contained in other parts of this Introductory Document. As this is only a summary, it does not contain all of the information that you should consider before investing in our Class A ordinary shares, and it is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Introductory Document. This Introductory Document contains information from an industry report titled "Global and China Automotive Market Research", which was commissioned by us and prepared by Frost & Sullivan, an independent research firm, to provide information regarding our industry and our market position in the PRC and globally. We refer to this report as the Frost & Sullivan Report. Unless otherwise specified, industry and market data contained in this Introductory Document are quoted from the Frost & Sullivan Report. Unless the context requires otherwise, references in this Introductory Document to "our Group", "we", "us" and "our" refer to NIO Inc., our subsidiaries and our Consolidated Affiliated Entity taken as a whole. You should read this entire Introductory Document, including, among others, our consolidated financial statements and the related notes and "Risk Factors", before making a decision to invest in our Class A ordinary shares.

OUR COMPANY

Our mission is to shape a joyful lifestyle. We aim to build a community starting with smart electric vehicles to share joy and grow together with users.

Our Chinese name, Weilai (蔚来), which means Blue Sky Coming, reflects our commitment to a more environmentally friendly future.

We are a pioneer and a leading company in the premium smart electric vehicle market. We design, develop, jointly manufacture, and sell premium smart electric vehicles, driving innovations in autonomous driving, digital technologies, electric powertrains and batteries. We differentiate ourselves through our continuous technological breakthroughs and innovations, such as our industry-leading battery swapping technologies, Battery as a Service, or BaaS, as well as our proprietary autonomous driving technologies and Autonomous Driving as a Service, or ADaaS.

We introduced the EP9 supercar in 2016, which was then the fastest electric vehicle, setting the Nurburgring Nordschleife all-electric vehicle lap record. In December 2017, we launched the ES8, which is a six- or seven-seater flagship premium smart electric SUV. Subsequently, we launched the award-winning ES6, a five-seater high-performance premium smart electric SUV, in December 2018, and the EC6, a five-seater premium smart electric coupe SUV, in December 2019, followed by the ET7, a flagship premium smart electric sedan, in January 2021. In December 2021, we launched the ET5, a mid-size premium smart electric sedan.

Our vehicles have been well-received by consumers. In 2021, the NIO ES6, EC6 and ES8 were the top, second and fourth best-selling premium battery electric SUVs as measured by sales volume in China respectively, according to Frost & Sullivan. In 2018, we delivered 11,348 ES8s. In 2019, we delivered 20,565 vehicles, including 9,132 ES8s and 11,433 ES6s. In 2020, we delivered 43,728 vehicles, including 10,861 ES8s, 27,945 ES6s and 4,922 EC6s. In 2021, we delivered 91,429 vehicles, which include 20,050 ES8s, 41,474 ES6s and 29,905 EC6s, up 109.1% year-on-year and more than quadrupled from 2019. As of 30 April 2022, we delivered 30,842 vehicles in 2022, representing an increase of 13.5% year-over-year. As of 30 April 2022, cumulative deliveries of our vehicles reached 197,912 vehicles.

Model	ES8	ES6	EC6	ET7	ET5*
Segment	Mid-large SUV	Mid-size SUV	Mid-size coupe SUV	Mid-large sedan	Mid-size sedan
Wheelbase (mm)	3,010	2,900	2,900	3,060	2,888
Driving range (km) (with 75/100/150kWh battery pack)***	450/580/850	465/610/900****	475/615/910****	550/705/1,000	550/700/1,000
Acceleration time from 0 to 100km/h (s)	4.9	4.7****	4.5****	3.8	4.3
Peak Power (kW)	400	400****	400****	480	360
Maximum Torque (NM)	725	725****	725****	850	700
Autonomous driving package	NIO Pilot	NIO Pilot	NIO Pilot	NIO Autonomous Driving	NIO Autonomous Driving

* ET5 deliveries are expected to commence in September 2022.

** Represent NEDC range for ES8, ES6 and EC6 and CLTC range for ET7 and ET5.

*** 150 kWh battery is expected to be available in the fourth quarter of 2022.

**** Represent configurations of performance versions.

CORPORATE INFORMATION

Our registered office is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and our principal place of business is Building 20, No. 56 AnTuo Road, Anting Town, Jiading District, Shanghai 201804, People's Republic of China. Our telephone number is +86-21-6908-2018, and our corporate e-mail address is ir@nio.com.

Investor inquiries should be directed to us at the address and telephone number of our principal office set forth above. Our website address is http://ir.nio.com/. The information contained in our website or any website directly or indirectly linked to such website or the websites of any of our related corporations or other entities in which we may have an interest does not constitute part of and is not incorporated by reference in this Introductory Document and should not be relied on as such.

OUR KEY TECHNOLOGICAL BREAKTHROUGHS AND INNOVATIONS

Since our inception, we have continued to innovate with the goal of consistently creating the most worry-free and convenient experience for our users. We are an industry leader in battery swapping and autonomous driving technologies, according to Frost & Sullivan. Our technological breakthroughs and innovations differentiate us from our peers, creating better user experiences and enhancing our users' confidence in us.

Battery swapping and BaaS

Since our introduction of the ES8 in 2017, all of our smart electric vehicles have been equipped with proprietary battery swapping technologies, providing our users with a "chargeable, swappable, upgradable" experience. In 2020, we launched the industry's first Battery as a Service, or BaaS, an innovative model which allows users to purchase electric vehicles and subscribe for the usage of batteries separately. BaaS enables our users to benefit from lower vehicle purchase prices, flexible battery upgrade options and greater assurance of battery performance.

- **Battery swapping.** Supported by over 1,200 patented technologies, all of our vehicles support battery swapping. It provides our users with convenient "recharging" experiences by simply swapping the user's battery for another one within minutes. In addition, it enables users to enjoy the benefits of battery technology advancements with upgrade options. Our Power Swap station 2.0, which began deployment in April 2021, significantly increases our service capacity by shortening the battery swapping time to under three minutes and carrying up to 13 batteries. As of 31 December 2021, we had 777 Power Swap stations covering urban areas and expressways across 183 cities in China, through which we had completed over 5.5 million battery swaps cumulatively.

- **BaaS.** Enabled by vehicle-battery separation and battery subscription, BaaS decouples the battery price from the purchase price of a vehicle. Under the BaaS, we sell the battery to the Battery Asset Company, in which we currently hold approximately 19.8% of the equity interests, and the user subscribes for the usage of the battery from the Battery Asset Company. BaaS users enjoy a lower upfront purchase price and flexible subscription options for batteries of various capacities according to their needs on a monthly or yearly basis, as well as flexibility for battery upgrades. For the year ended 31 December 2021, over half of the users to whom we delivered vehicles chose BaaS subscription.

Autonomous driving and ADaaS

We believe that autonomous driving is the core of smart electric vehicles and it has been our focus from day one. We are one of the first companies in China to offer enhanced ADAS capabilities. NIO Pilot, our proprietary enhanced ADAS, is now equipped with Navigate on Pilot, or NOP. NOP is able to guide a vehicle on and off ramps, overtake, merge lanes and cruise according to planned routes in highways and urban expressways, and is one of the most advanced ADAS features on any volume-manufactured vehicle, according to Frost & Sullivan. In January 2021, we announced NIO Autonomous Driving, or NAD, our next generation, proprietary full stack autonomous driving technology. We have built up the NAD capability with in-house developed perception algorithms, localisation, control strategy and platform software. The technology comprises a super computing platform called NIO Adam and a super sensing system called NIO Aquila. NAD is expected to gradually cover use cases from expressways, urban roads, parking, battery swapping to other domains to deliver a safer and more relaxing autonomous driving experience for our users and is first available on the ET7. We plan to roll out NAD through a monthly subscription under Autonomous Driving as a Service, or ADaaS, in the future.

OUR USER COMMUNITY

We strive to build an integrated online and offline user community by providing holistic services and a joyful lifestyle, under which users interact with us and with each other. Our direct sales model allows us to build direct relationships with users and engage with them online through NIO app and offline through NIO Houses and NIO Spaces. We further engage our user community through NIO Day and NIO Events, as well as our lifestyle brand NIO Life.

Our in-house developed NIO app is designed to be a portal not only for selling vehicles where users can place orders for and configure all NIO vehicles, but also for vehicle control, service access and NIO Life product purchases. NIO Houses have showroom functions while serving as clubhouses for our users and their friends. NIO Spaces are mainly showrooms for our brand, vehicles and services. As of 31 December 2021, we operated 37 NIO Houses and 321 NIO Spaces across 143 cities in China.

We have fostered a NIO community with users being involved in planning, organising, and participating in company- and user-organised events, including our annual NIO Day. As a result of strong user engagement, our users are more willing to refer friends and family to our vehicles and services. For the year ended 31 December 2021, we reached a high user referral rate of over 60%.

OUR SUPPLY CHAIN AND MANUFACTURING

Our position as a pioneer in the market has attracted many global leaders and innovative companies in the industry to work with us, creating an extensive industry alliance network that is mutually beneficial to NIO and our partners. We continuously innovate in our supply chain in order to establish a more effective and diverse supply chain system. We actively cultivate partnerships with suppliers that have innovative technological capabilities and cost advantages, thereby increasing the competitiveness and innovativeness of our supply chain. Our key supplier for batteries is Contemporary Amperex Technology Co., Limited, or CATL. Our key suppliers for the semiconductor chips are Mobileye and Nvidia. We have also added Qualcomm as a semiconductor chip supplier for our vehicle models.

We manufacture our vehicles through a strategic alliance with JAC at its Hefei manufacturing facility, which currently has an annual vehicle and component production capacity of 120,000 units and will be expanded to 240,000 units around the middle of 2022. Our alliance with JAC has given us great flexibility and scalability, enabling our vehicles to reach market quickly with high quality assurance.

To further support the production of NIO's future models, together with our partners, in April 2021, we kicked off the construction of the second manufacturing plant in Hefei Xinqiao Industrial Park with a designed annual production capacity of up to 300,000 units and expect to start our vehicle production in the new manufacturing plant in the third quarter of 2022. According to the reports published by J.D. Power[(1)] in July 2021, the ES6 ranked the highest in the luxury battery electric vehicle segment in China New Energy Initial Quality Study (NEV-IQS) while the ES8 ranked the highest in the luxury battery electric vehicle segment in China New Energy Vehicle – Automotive Performance, Execution and Layout (NEV-APEAL) Study.

Note: (1) Source: J.D. Power has not provided its consent to the inclusion of the information extracted from its database, and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that the information from J.D. Power's database has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

OUR COOPERATION WITH HEFEI STRATEGIC INVESTORS

On 29 April 2020, we entered into an investment agreement, or the initial investment agreement, and a shareholders' agreement, or the initial shareholders agreement (collectively, the initial agreements), for investments into NIO Holding Co., Ltd. (previously known as NIO (Anhui) Holding Co., Ltd.), or NIO China, a legal entity wholly owned by us prior to the investment, with Hefei City Construction and Investment Holding (Group) Co., Ltd. ("**Hefei Construction Co.**"), CMG-SDIC Capital Co., Ltd. ("**SDIC**") and Anhui Provincial Emerging Industry Investment Co., Ltd. ("**Anhui High-tech Co.**"). Pursuant to the initial agreements, each investor may designate a fund managed by it or a third party, as applicable, to perform the investment obligations and assume other rights and obligations under the initial agreements. Accordingly, we entered into a series of supplemental agreements with the designated investment entities of these investors later in 2020. The initial investment agreement, as amended and supplemented, is referred to as the Hefei Investment Agreement in this Introductory Document, and the initial shareholders agreement, as amended and

supplemented, is referred to as the Hefei Shareholders Agreement in this Introductory Document. The Hefei Investment Agreement and the Hefei Shareholders Agreement are collectively referred to as Hefei Agreements in this Introductory Document, and the group of investors with whom we entered into the Hefei Agreements are referred to as the Hefei Strategic Investors in this Introductory Document.

Under the Hefei Investment Agreement, the Hefei Strategic Investors agreed to invest an aggregate of RMB7 billion in cash into NIO China. We agreed to inject our core businesses and assets in China, including vehicle research and development, supply chain, sales and services and NIO Power (together, the "**Asset Consideration**"), which was valued at RMB17.77 billion, into NIO China. As of the Latest Practicable Date, the injection of our core businesses and assets into NIO China had been completed. Further, we agreed to invest RMB4.26 billion in cash into NIO China. Pursuant to the Hefei Shareholders Agreement, upon the completion of the investments, we held 75.885% of controlling equity interests in NIO China, and the Hefei Strategic Investors collectively held the remaining 24.115%. In September 2020, February 2021 and September 2021, we, through one of our wholly-owned subsidiaries, purchased from certain Hefei Strategic Investors equity interests in NIO China and subscribed for newly increased registered capital of NIO China to increase our shareholding.

After the completion of the above transactions, as of the Latest Practicable Date, we held 92.114% controlling equity interests in NIO China. See "Business – Certain Other Cooperation Arrangements – Hefei Strategic Investors" and "Risk Factors – Risks Related to Our Business and Industry – We are subject to risks related to the investment in NIO China" for more information about the investment in NIO China. We have fulfilled all obligations due to be fulfilled under the Hefei Agreements as of the Latest Practicable Date.

OUR STRENGTHS

We believe the following strengths contribute to our success:

- Leading brand in the premium smart electric vehicle market
- Well positioned products in the premium smart electric vehicle market
- Proven capabilities in proprietary software and hardware technological innovations
- Innovative Battery as a Service and comprehensive power solutions
- User enterprise advocating a worry-free and holistic user experience
- World-class management and global talent pool

OUR STRATEGIES

We are pursuing the following strategies to achieve our mission:

- Successfully launch future models and accelerate product iteration
- Continue to focus on technological innovations
- Continue to develop our power infrastructure and expand sales and service coverage
- Create more recurring revenues during the lifetime ownership
- Expand internationally to benefit from rising global demand

SELECTED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS DATA

The following table sets forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our Audited Consolidated Financial Statements and related notes included elsewhere in this Introductory Document. The operating results in any period are not necessarily indicative of the results that may be expected for any future periods.

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Revenues:[1]				
Vehicle sales	7,367,113	15,182,522	33,169,740	5,205,056
Other Sales[2]	457,791	1,075,411	2,966,683	465,537
Total revenues	**7,824,904**	**16,257,933**	**36,136,423**	**5,670,593**
Cost of sales:[3]				
Vehicle sales	(8,096,035)	(13,255,770)	(26,516,643)	(4,161,040)
Other sales	(927,691)	(1,128,744)	(2,798,347)	(439,122)
Total cost of sales	**(9,023,726)**	**(14,384,514)**	**(29,314,990)**	**(4,600,162)**
Gross (loss)/profit[4]	(1,198,822)	1,873,419	6,821,433	1,070,431
Operating expenses:[3]				
Research and development[3]	(4,428,580)	(2,487,770)	(4,591,852)	(720,562)
Selling, general and administrative[3]	(5,451,787)	(3,932,271)	(6,878,132)	(1,079,329)
Other operating (loss)/income, net	–	(61,023)	152,248	23,891
Total operating expenses	**(9,880,367)**	**(6,481,064)**	**(11,317,736)**	**(1,776,000)**
Loss from operations	**(11,079,189)**	**(4,607,645)**	**(4,496,303)**	**(705,569)**
Interest and investment income	160,279	166,904	911,833	143,086
Interest expenses	(370,536)	(426,015)	(637,410)	(100,024)
Share of (loss)/income of equity investees	(64,478)	(66,030)	62,510	9,809
Other (losses)/income, net	66,160	(364,928)	184,686	28,981
Loss before income tax expenses	**(11,287,764)**	**(5,297,714)**	**(3,974,684)**	**(623,717)**
Income tax expense	(7,888)	(6,368)	(42,265)	(6,632)
Net loss[5]	**(11,295,652)**	**(5,304,082)**	**(4,016,949)**	**(630,349)**

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Other comprehensive (loss)/income				
Change in unrealised gains related to available-for-sale debt securities, net of tax	–	–	24,224	3,801
Foreign currency translation adjustment, net of nil tax	(168,340)	137,596	(230,345)	(36,146)
Total other comprehensive (loss)/income	**(168,340)**	**137,596**	**(206,121)**	**(32,345)**
Total comprehensive loss	**(11,463,992)**	**(5,166,486)**	**(4,223,070)**	**(662,694)**
Accretion on convertible redeemable preferred shares to redemption value	–	–	–	–
Accretion on redeemable non-controlling interests to redemption value	(126,590)	(311,670)	(6,586,579)	(1,033,578)
Net loss attributable to non-controlling interests	9,141	4,962	31,219	4,899
Other comprehensive income attributable to non-controlling interests	–	–	(4,727)	(742)
Comprehensive loss attributable to ordinary shareholders of NIO Inc.	**(11,581,441)**	**(5,473,194)**	**(10,783,157)**	**(1,692,115)**
Loss per share				
Weighted average number of ordinary shares used in computing net loss per share Basic and diluted	1,029,931,705	1,182,660,948	1,572,702,112	1,572,702,112
Net loss per share attributable to ordinary shareholders Basic and diluted	**(11.08)**	**(4.74)**	**(6.72)**	**(1.05)**

Notes:

(1) We began generating revenues in June 2018, when we began making deliveries and sales of the ES8. We currently generate revenues from vehicle sales and other sales.

(2) Other sales mainly consist of revenues from sales of our service package and energy package, battery upgrade service, automotive regulatory credits, accessories, and a number of embedded products and services offered together with vehicle sales. Embedded products and services include home chargers, vehicle connectivity service, extended warranty and battery swapping service.

(3) Share-based compensation expenses were allocated in cost of sales and operating expenses as follows:

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
			(in thousands)	
Cost of sales	**9,763**	**5,564**	**34,009**	**5,337**
Research and development expenses	82,680	51,024	406,940	63,858
Selling, general and administrative expenses	241,052	130,506	569,191	89,318
Total	**333,495**	**187,094**	**1,010,140**	**158,513**

(4) We had gross profit for the first time in 2020, primarily due to the increased revenue from vehicle sales.

(5) The increase of net loss for the year ended 31 December 2019 compared with the year ended 31 December 2018 was mainly due to the increased gross loss from our sales of vehicles as a result of high cost of sales in the early production stage, and increase of our research and development expenses. Research and development expenses increased in 2019 mainly due to the increase in design and development expenses, primarily due to the incurrence of incremental design and development costs for the ES6, EC6 and all-new ES8, and the increase in employee compensation as a result of increased number of our research and development employees. The decrease of net loss for the year ended 31 December 2020 was mainly due to the increase of gross profit from increased sales of vehicles, and decrease of operating expenses. The decrease of net loss for the year ended 31 December 2021 compared with the corresponding period was mainly due to the increase of gross profit from increased sales of vehicles and increase of interest and investment income, partially offset by the increase of our operating expense. We may continue to record net losses in the near future.

SELECTED CONSOLIDATED BALANCE SHEET DATA

The following table presents our selected consolidated balance sheet data as of the dates indicated.

	As at 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
			(in thousands, except for share data)	
Selected Consolidated Balance Sheet Data:				
Cash and cash equivalents	862,839	38,425,541	15,333,719	2,406,195
Restricted cash	82,507	78,010	2,994,408	469,888
Short-term investments	111,000	3,950,747	37,057,554	5,815,139
Trade and notes receivable	1,352,093	1,123,920	2,823,222	443,025
Amounts due from related parties	50,783	169,288	1,564,025	245,430
Inventory	889,528	1,081,553	2,056,352	322,687
Prepayments and other current assets	1,579,258	1,422,403	1,854,075	290,945
Expected credit loss provision – current	–	(44,645)	(42,040)	(6,598)
Total current assets	**4,928,008**	**46,206,817**	**63,641,315**	**9,986,711**

	As at 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands, except for share data)			
Selected Consolidated Balance Sheet Data:				
Long-term restricted cash	44,523	41,547	46,437	7,287
Property, plant and equipment, net	5,533,064	4,996,228	7,399,516	1,161,146
Intangible assets, net	1,522	613	–	–
Land use rights, net	208,815	203,968	199,121	31,246
Long-term investments	115,325	300,121	3,059,383	480,084
Amounts due from related parties	–	617	–	–
Right-of-use assets – operating lease	1,997,672	1,350,294	2,988,374	468,941
Other non-current assets	1,753,100	1,561,755	5,598,764	878,568
Expected credit loss provision – non-current	–	(20,031)	(49,309)	(7,737)
Total non-current assets	**9,654,021**	**8,435,112**	**19,242,286**	**3,019,535**
Total assets	**14,582,029**	**54,641,929**	**82,883,601**	**13,006,246**

	As at 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands, except for share data)			
Short-term borrowings	885,620	1,550,000	5,230,000	820,701
Trade and notes payable	3,111,699	6,368,253	12,638,991	1,983,334
Amounts due to related parties	309,729	344,603	687,200	107,837
Taxes payable	43,986	181,658	627,794	98,515
Current portion of operating lease liabilities	608,747	547,142	744,561	116,838
Current portion of long-term borrowings	322,436	380,560	2,067,962	324,508
Accruals and other liabilities	4,216,641	4,604,024	7,201,644	1,130,096
Total current liabilities	**9,498,858**	**13,976,240**	**29,198,152**	**4,581,829**
Net current assets/(liabilities)[(1)]	**(4,570,850)**	**32,230,577**	**34,443,163**	**5,404,882**
Long-term borrowings	7,154,798	5,938,279	9,739,176	1,528,289
Non-current operating lease liabilities	1,598,372	1,015,261	2,317,193	363,618
Deferred tax liabilities	–	–	25,199	3,954
Other non-current liabilities	1,151,813	1,849,906	3,540,458	555,575
Total non-current liabilities	**9,904,983**	**8,803,446**	**15,622,026**	**2,451,436**
Total liabilities	**19,403,841**	**22,779,686**	**44,820,178**	**7,033,265**

	As at 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands, except for share data)			
Total mezzanine equity	**1,455,787**	**4,691,287**	**3,277,866**	**514,369**
Ordinary shares	1,827	2,679	2,892	454
Treasury shares	–	–	(1,849,600)	(290,243)
Additional paid in capital	40,227,856	78,880,014	92,467,072	14,510,101
Accumulated other comprehensive loss	(203,048)	(65,452)	(276,300)	(43,357)
Accumulated deficit	(46,326,321)	(51,648,410)	(55,634,140)	(8,730,211)
Non-controlling interests	22,087	2,125	75,633	11,868
Total shareholders' equity/(deficit)[(2)]	**(6,277,599)**	**27,170,956**	**34,785,557**	**5,458,612**
Total shares outstanding	**1,064,472,660**	**1,526,539,388**	**1,643,669,180**	**1,643,669,180**

Notes:

(1) The net current liabilities as at 31 December 2019 was mainly due to the decrease of cash and cash equivalents and short-term investments used in the operations. The increase of net current assets as at 31 December 2020 compared with 31 December 2019 was mainly due to the cash generated from our external financing activities.

(2) Total shareholders' deficit as of 31 December 2019 was mainly due to the increase of accumulated deficit, which was mainly derived from the net loss and accretion on convertible redeemable preferred shares to redemption value during the current and prior years. The increase of shareholders' equity as at 31 December 2020 compared with 31 December 2019 was mainly due to our external financing activities.

SELECTED CONSOLIDATED CASH FLOWS DATA

The following table sets forth a summary of our cash flows for the periods indicated. We had negative cash flows from operating activities of RMB8,721.7 million in 2019, but had generated positive cash flows from operations in 2020 and 2021. See "Risk Factors – Risks Related to Our Business and Industry – We have not been profitable and have only recently generated positive cash flows from operations in certain periods.".

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Summary of Consolidated Cash Flow Data:				
Net cash (outflow used in)/flow generated from operating activities before movements in working capital	(9,158,543)	(2,878,979)	(726,358)	(113,984)
Changes in operating assets and liabilities	436,837	4,829,873	2,692,744	422,550
Net cash provided by operating activities[(1)]	(8,721,706)	1,950,894	1,966,386	308,566
Net cash provided by/(used in) investing activities	3,382,069	(5,071,060)	(39,764,704)	(6,239,949)
Net cash provided by financing activities	3,094,953	41,357,435	18,128,743	2,844,795
Effects of exchange rate changes on cash, cash equivalents and restricted cash	10,166	(682,040)	(500,959)	(78,609)

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Summary of Consolidated Cash Flow Data:				
Net (decrease)/increase in cash, cash equivalents and restricted cash	(2,234,518)	37,555,229	(20,170,534)	(3,165,197)
Cash, cash equivalents and restricted cash at beginning of the year/period	3,224,387	989,869	38,545,098	6,048,567
Cash, cash equivalents and restricted cash at end of the year/period	989,869	38,545,098	18,374,564	2,883,370

Note:

(1) Negative cash flows from operating activities for the year ended 31 December 2019 were mainly due to the loss incurred during the periods.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Holders of our Class C Ordinary Shares

Based on the statement on Schedule 13G/A available up to the Latest Practicable Date and filed on 27 January 2022 jointly by Mr. Bin Li, Originalwish Limited, mobike Global Ltd., NIO Users Limited and NIO Users Trust, as of 31 December 2021, Mr. Bin Li, our founder, chairman and chief executive officer, beneficially owned an aggregate of 28,967,776 Class A ordinary shares and 148,500,000 Class C ordinary shares through (a) Originalwish Limited, 89,013,451 Class C ordinary shares, (b) mobike Global Ltd., 26,454,325 Class C ordinary shares, (c) NIO Users Limited, 16,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares and (d) 12,000,000 Class A ordinary shares issuable to Mr. Bin Li upon exercise of options within 60 days after the Latest Practicable Date. In total, as of the Latest Practicable Date, Mr. Bin Li controlled 44.5% of the aggregate voting power of our Company.

Based on the statement on Schedule 13G/A available up to the Latest Practicable Date and filed on 27 January 2022 jointly by Mr. Bin Li, Originalwish Limited, mobike Global Ltd., NIO Users Limited and NIO Users Trust, as of 31 December 2021, (a) Originalwish Limited was interested in 59.9% of the Class C ordinary shares and voting power of Class C ordinary shares; (b) mobike Global Ltd. was interested in 17.8% of the issued Class C ordinary shares and voting power of Class C ordinary shares; and (c) NIO Users Limited was interested in 1.1% of the issued Class A ordinary shares and voting power of Class A ordinary shares and 22.2% of the Class C ordinary shares and voting power of Class C ordinary shares.

NIO Users Limited is a holding company controlled by NIO Users Trust, a trust of which Mr. Bin Li is the settlor, protector, investment advisor and the only existing de facto beneficiary. Mr. Bin Li has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to, the shares held by NIO Users Limited in our Company. See “Holders of our Class C ordinary shares – NIO Users Trust” and “Risk Factors – Risks Related to Our Business and Industry” for further details about NIO Users Trust. Originalwish Limited and mobike Global Ltd. are BVI companies wholly owned by Mr. Bin Li.

For further details, please see “Share Ownership” and “Holders of our Class C ordinary shares”.

MULTIPLE VOTING SHARE STRUCTURE

Under our multiple voting share structure, our share capital comprises Class A ordinary shares and Class C ordinary shares. Each Class A ordinary share entitles the holder to exercise one vote and each Class C ordinary share entitles the holder to exercise eight votes respectively, on all matters that require a shareholder's vote, subject to the Hong Kong Listing Rules requiring a limited number of Reserved Matters to be voted on a one vote per share basis (save for the specified exception for compliance with the Hong Kong Listing Rules as set out below).

As of the Hong Kong Listing Date, all of the Class B ordinary shares had been converted into Class A ordinary shares pursuant to the conversion notice delivered by the affiliates of Tencent Holdings Limited ("**Tencent**") who were holders of the Class B ordinary shares before the Hong Kong Listing, and there are no longer any Class B ordinary shares issued and outstanding, and our Company will not issue any Class B ordinary shares in order to comply with the Hong Kong Listing Rules.

In connection with the share conversion, our founder, Mr. Bin Li, together with Originalwish Limited, mobike Global Ltd. and NIO Users Limited, undertook to Tencent and/or its affiliates that, if, at any time after the Hong Kong Listing becoming effective, upon the earlier of (A) any change in the Hong Kong Listing Rules or any change in the interpretation of the Hong Kong Listing Rules by the Hong Kong Stock Exchange and the SFC such that Tencent is permitted under the Hong Kong Listing Rules to be a beneficiary of Class B ordinary shares with multiple voting rights, or (B) the shares of the Company cease to be traded on the Hong Kong Stock Exchange, they will, within reasonable time and in their capacity as direct and/or indirect shareholders and/or beneficial owners of the shares of the Company, use all their best efforts to assist, and procure the Company to assist Tencent, with a view to reinstating the Class B ordinary shares enjoyed by Tencent before the Hong Kong Listing (including but not limited to putting forward relevant resolutions to such effect at the shareholders meeting upon Tencent's request, and/or voting in favour of such relevant resolutions whether proposed by them or not), provided that this undertaking shall lapse upon such completion of such reinstatement.

As of the Latest Practicable Date, the WVR beneficiary was Mr. Bin Li, our founder, chairman and chief executive officer. Based on the statement on Schedule 13G/A available up to the Latest Practicable Date and filed on 27 January 2022 jointly by Mr. Bin Li, Originalwish Limited, mobike Global Ltd., NIO Users Limited and NIO Users Trust, as of 31 December 2021, Mr. Bin Li beneficially owned 16,967,776 Class A ordinary shares (excluding 12,000,000 Class A ordinary shares issuable to Mr. Bin Li upon exercise of options within 60 days of the Latest Practicable Date) and 148,500,000 Class C ordinary shares, representing 44.5% of the voting rights in the Company (excluding 21,766,275 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Stock Incentive Plans.

Mr. Bin Li is the founder, chairman and chief executive officer of our Company. He is a seasoned serial entrepreneur with a proven track record in building innovative businesses in the mobility and internet spaces.

Mr. Li is pivotal in defining NIO vision to build a user enterprise. Guided by this vision, Mr. Li initiated the concept of building a user community starting with smart electric vehicles to share joy and grow together with our users, and made that our mission.

Mr. Li leads the strategic development of our Company and is the mastermind in formulating our Company's business model and strategy. Under his guidance, our Company designs, develops, jointly manufactures and sells premium smart electric vehicles, driving innovations in next-generation technologies in autonomous driving, digital technologies, electric powertrains and batteries. Mr. Li spearheaded a series of technological breakthroughs and innovations, including our battery swapping technologies, BaaS, as well as our autonomous driving technologies and ADaaS.

Mr. Li is crucial in building NIO as a premium brand to provide a holistic experience of superior services and a joyful lifestyle to our users. Mr. Li is also the determining force behind the adoption of our online and offline integrated direct sales model.

Prospective investors are advised to be aware of the potential risks of investing in companies with a multiple voting share structure, in particular that the interests of the WVR beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, irrespective of how other Shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the multiple voting share structure adopted by the Company, please refer to "Risk Factors – Risks Related to Our Shares, Our ADS and the Introduction".

ARTICLES OF ASSOCIATION

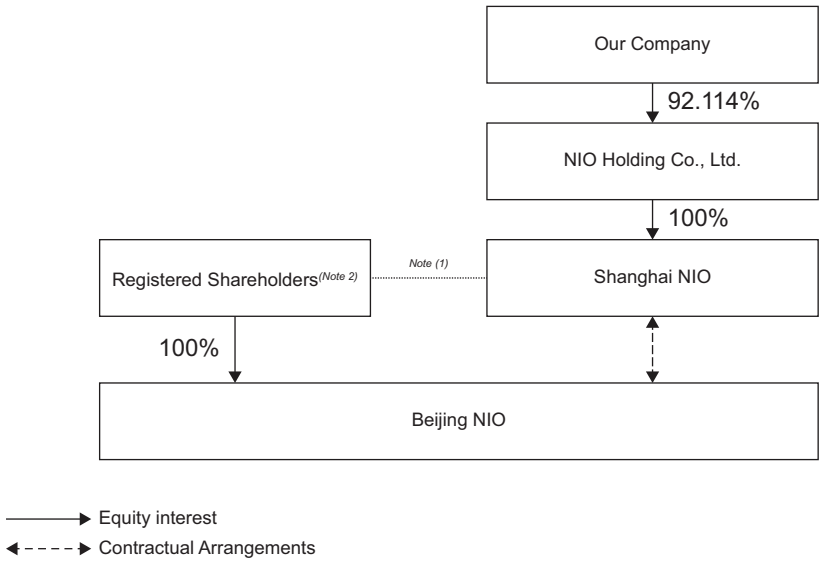
We have undertaken to put forth resolutions to amend our Articles to comply with the Hong Kong Listing Rules at our upcoming annual general meeting to be convened on or before 31 August 2022. Further, we have undertaken to, at the same annual general meeting, seek shareholders' approval to amend our Articles to (i) require a general meeting postponed by the directors to be postponed to a specific date, time and place, and (ii) remove the shareholding structure of Class B ordinary shares and provisions related to Class B ordinary shares (collectively, the "**Unmet Articles Requirements**").

In addition, save for certain specified exceptions, we have undertaken to fully comply with the Unmet Articles Requirements upon the Hong Kong Listing and before our existing Articles are formally amended to incorporate the Unmet Articles Requirements. For further details, please see "Description of Share Capital – Multiple Voting Share Structure" and "Appendix B – Proposed Articles Amendments".

CONTRACTUAL ARRANGEMENTS

Our Company operates or may operate in certain industries that are subject to restrictions on foreign investment under current PRC laws and regulations. In order to comply with such laws, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Beijing NIO through the Contractual Arrangements. Hence, we do not directly own any equity interest in Beijing NIO. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of Beijing NIO and are entitled to all the economic benefits derived from Beijing NIO's operations. As a result, we include the financial results of our Consolidated Affiliated Entities in our consolidated financial statements in accordance with U.S. GAAP as if such entities were our wholly-owned subsidiaries. For further details, please see the section headed "Contractual Arrangements" in this Introductory Document.

The diagram below illustrates the relationships among the entities under the Contractual Agreements:



Notes:

(1) Each of Mr. Bin Li and Mr. Lihong Qin executed, respectively, an exclusive option agreement, equity pledge agreement and power of attorney in favour of Shanghai NIO. See the section headed "Contractual Arrangements – Our Contractual Arrangements" for details.

(2) Mr. Bin Li and Mr. Lihong Qin hold 80% and 20% equity interests in Beijing NIO, respectively. Mr. Bin Li is our Controlling Shareholder, our founder, the chairman of our board of directors and our chief executive officer. Mr. Lihong Qin is also a director and executive officer of our Company.

RISK FACTORS

There are certain risks involved in our business and industries, our corporate structure, our business operations in China, and investing in our Class A ordinary shares and ADSs, many of which are beyond our control. For example, these risks include, among others, the following risks relating to our business:

- Our ability to develop and manufacture vehicles of sufficient quality and appeal to customers on schedule and on a large scale is still evolving.

- We have not been profitable and have only recently generated positive cash flows from operations in certain periods.

- Our business, financial condition and results of operations may be adversely affected by the COVID-19 pandemic.

- We have a limited operating history and face significant challenges as a new entrant into our industry.

- Manufacturing in collaboration with partners is subject to risks.

- The unavailability, reduction or elimination of government and economic incentives or government policies which are favourable for electric vehicles and domestically produced vehicles could have a material adverse effect on our business, financial condition, operating results and prospects.

- Our vehicles may not perform in line with customer expectations.

- We had incurred net current liabilities and net liabilities as of 31 December 2019, and may not be able to achieve or maintain net assets in the future.

DIVIDEND POLICY

The payment of dividends is at the discretion of our board of directors, subject to our Memorandum and Articles of Association. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends out of profits or the share premium account, and provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. See "Dividend Policy".

NO MATERIAL ADVERSE CHANGE

Our directors confirm that, up to the date of and save as disclosed in "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview" of this Introductory Document, there has not been any material adverse change in our financial or trading position or prospects since 31 December 2021, and there is no event since 31 December 2021 which would materially affect the information shown in the Audited Consolidated Financial Statements in Appendix A to this document.

NO CHANGE IN THE NATURE OF OUR BUSINESS

No change in the nature of our business is contemplated immediately following the Introduction.

IMPACT OF COVID-19 ON OUR OPERATIONS

The majority of our revenues are derived from sales of our vehicles in China. Our results of operations and financial condition in 2020 have been affected by the spread of COVID-19. The COVID-19 pandemic has impact on China's auto industry in general and our Company and our supply and manufacturing partners in particular, resulting in a reduction of vehicles manufactured and delivered in the first quarter of 2020. We delivered 3,838 vehicles in the first quarter of 2020, compared with 8,224 vehicles we delivered in the fourth quarter of 2019. Nevertheless, with most NIO Houses and NIO Spaces staying in full or partial operation, we had explored a variety of online traffic channels to promote our products, technologies and services to potential users and had started to see gradual recovery of our production in March 2020.

In early 2020, in response to intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included extending the Chinese New Year holiday, quarantining individuals infected with or suspected of having contracted COVID-19, prohibiting residents from free travel, encouraging employees of enterprises to work remotely from home and cancelling public activities, among others. The COVID-19 pandemic has also resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. We have taken a series of measures in response to the pandemic, including, among others, remote working arrangements for our employees and temporary shutdown of some of our premises and

facilities in early 2020. We have followed and are continuing to follow all legal directions and safety guidelines with respect to our premises and facilities in operation. These measures, if taken again in the future, could reduce the capacity and efficiency of our operations, which in turn could negatively affect our results of operations.

We have been working closely with JAC, the manufacturer of the ES8, ES6, EC6 and ET7, to resume productions and minimise the impact of COVID-19 on our manufacturing capabilities. As a result, our manufacturing and delivery capacities recovered to the level prior to the COVID-19 pandemic by the second quarter of 2020. In addition, we strive to expand our traffic channels, integrate our online and offline sales efforts and offer high-quality services to bring business and operation back to normal. We will pay close attention to the development of the COVID-19 pandemic, perform further assessment of its impact and take relevant measures to minimise the impact. Although our vehicle deliveries in the first quarter of 2020 were negatively impacted as a result of the COVID-19 pandemic, we achieved satisfactory delivery results in the rest of 2020. The total number of vehicles we delivered in the last three quarters of 2020 was 39,890, showing an increase by 140.6% from the last three quarters of 2019.

Recently, there has been a recurrence of COVID-19 outbreaks in certain provinces and municipalities of China. To the extent we have service centres and vehicle delivery centres in these locations, we are susceptible to factors adversely affecting one or more of these locations as a result of COVID-19.

In August 2021, the vehicle production was materially impacted by supply chain constraints resulting from a new wave of outbreak of the COVID-19 pandemic in certain regions in China and Malaysia.

In late March and April 2022, the Group's vehicle production has been impacted by the supply chain volatilities and other constraints caused by a new wave of COVID-19 outbreaks in certain regions in China. The vehicle production has been recovering gradually. The Company will closely monitor the situation and its impact on the Company's business and financial conditions, and continue to work with its supply chain partners to accelerate the recovery of production to its full capacity.

The extent to which COVID-19 impacts our financial position, results of operations and cash flows in the future will depend on the future developments of the pandemic, including the duration and severity of COVID-19, the extent and severity of new waves of outbreak in China and other countries, the development and progress of distribution of COVID-19 vaccine and other medical treatment and the effectiveness of such vaccine and other medical treatment, and the actions taken by government authorities to contain the outbreak, all of which are highly uncertain, unpredictable and beyond our control. In addition, our financial position, results of operations and cash flows could be adversely affected to the extent that the pandemic harms the Chinese economy in general. As of 28 February 2022, we had a total cash and cash equivalents, restricted cash and short-term investments of RMB 52,647.4 million. We believe this level of liquidity is sufficient to successfully navigate an extended period of uncertainty.

RECENT DEVELOPMENTS

Vehicle Deliveries

We delivered a total of 91,429 vehicles in 2021, which include 20,050 ES8s, 41,474 ES6s and 29,905 EC6s, representing a strong increase of 109.1% year-over-year. For the four months ended 30 April 2022, we delivered 30,842 vehicles, representing an increase of 13.5% year-over-year. As of 30 April 2022, cumulative deliveries of our vehicles reached 197,912 vehicles.

The global supply constraint of semiconductor chips has negatively impacted our production activity and volume. We temporarily suspended the vehicle production activity in the JAC-NIO manufacturing plant in Hefei for five working days starting from 29 March 2021 due to semiconductor shortage. In May 2021, our vehicle delivery was adversely impacted for several days due to the volatility of semiconductor supply and certain logistical adjustments. In August 2021, the supply chain constraints resulting from another wave of COVID-19 outbreak in certain areas in China and Malaysia materially impacted our production activities and volume. In late March and April 2022, the Company's vehicle production and delivery have been impacted by the supply chain volatilities and other constraints caused by a new wave of the COVID-19 outbreaks in certain regions in China. The vehicle production has been recovering gradually. The Company will closely monitor the situation and its impact on the Company's business and financial conditions, and continue to work with its supply chain partners to accelerate the recovery of production to its full capacity.

We have been strategically building up our inventories for critical semiconductor chips that might be in short supply, aiming to support our delivery target. We are also actively seeking possible alternative suppliers to diversify our supply sources and reduce our exposure to supply shortage. According to Frost & Sullivan, based on the production capacity expansion plans of the key automotive chip suppliers and favourable governmental policies promoting additional supply in China, the semiconductor chip constraint in the industry is expected to be lifted in the second half of 2022. We are working closely with our suppliers to minimise the impact of the global supply shortage of semiconductor chips on our vehicle production. However, we cannot guarantee that our production activity and results of operations will not be further impacted should the semiconductor chip shortage continue. See "Risk Factors – Risks Related to Our Business and Industry – We are dependent on our suppliers, many of whom are our single source suppliers for the components they supply.".

Appointment of New Independent Director and Audit Committee Member

On 12 July 2021, our board of directors appointed Ms. Yu Long as a new independent director, effective 12 July 2021. Ms. Long also serves as a member and the chairperson of the nominating and corporate governance committee of our board of directors while Mr. William Bin Li, the Company's founder, chairman of the board of directors and chief executive officer, resigned from the nominating and corporate governance committee of the board of directors on 12 July 2021.

Ms. Long was also appointed as a member of our audit committee on 16 March 2022, with effect from 25 March 2022.

Hong Kong Stock Exchange Listing

On 10 March 2022, our Class A ordinary shares commenced trading, by way of introduction, on the Main Board of the Hong Kong Stock Exchange under the stock code "9866" in board lots of 10 Class A ordinary shares, and the stock short name is "NIO-SW". Our ADSs remain primary listed and traded on the New York Stock Exchange. The Class A ordinary shares listed on the Main Board of the Hong Kong Stock Exchange are fully fungible with the ADSs listed on the NYSE. For additional information, see "Summary of the Introduction".

Conversion of Class B ordinary shares into Class A ordinary shares

As of the Latest Practicable Date, based on the latest public filings made by Tencent, Tencent beneficially owned an aggregate of 164,249,629 Class A ordinary shares, of which 128,293,932 were converted from Class B ordinary shares to Class A ordinary shares.

At-The-Market Offering

On 7 September 2021, we entered into an equity distribution agreement with certain distribution agents to sell up to an aggregate of US$2,000,000,000 of our ADSs through an at-the-market equity offering program. Such sales were completed on 19 November 2021 and settled on 23 November 2021, with the sale of 53,292,401 ADSs resulting in gross proceeds of US$2 billion, before deducting commissions paid to the sales agents of approximately US$26 million and certain offering expenses.

Amendment of our Memorandum and Articles of Association

On 3 June 2021, we held an extraordinary general meeting (the "**EGM**") of shareholders at our office in Shanghai, China, for the purposes of approving the proposals to amend and restate our Memorandum and Articles of Association. At the EGM, shareholders of the Company adopted the resolutions to amend and restate the eleventh amended and restated memorandum and articles of association by the deletion in their entirety and by the substitution in their place of the twelfth amended and restated memorandum and articles of association. We intend to further amend our Memorandum and Articles of Association to comply with the Unmet Articles Requirements in the First AGM.

RECENT REGULATORY DEVELOPMENTS

Recently, the PRC governmental authorities have promulgated a series of laws and regulations relating to cybersecurity and data security as well as mergers and acquisitions.

Law and regulations on mergers and acquisitions and overseas listing

On 24 December 2021, the CSRC released the Draft Administration Provisions and the Draft Filing Measures, both of which have a comment period that expired on 23 January 2022. The Draft Administration Provisions and the Draft Filing Measures regulate the system, filing, management and other related rules with respect to direct or indirect overseas issuance of listed and traded securities by "domestic enterprises". Pursuant to the Draft Administration Provisions, these provisions shall apply to domestic enterprises that issue shares, depository receipts, or other equity instruments overseas, or list and trade their securities overseas, and the CSRC shall supervise and administer the overseas securities offering and listing activities of domestic enterprises, and such domestic enterprises shall go through the filing procedures with the CSRC and report relevant information. According to the Draft Administration Provisions and the Draft Filing Measures, domestic enterprises offering and listing overseas will need to comply with continuous filing and reporting requirements after their offering and listing, including (i) a reporting obligation in respect of a material event completed after the completion of an overseas offering and listing, which arose prior to their offering and listing; (ii) filing for follow-on offerings after the initial offering and listing; (iii) filing for share exchanges whereby the issuer issues securities to acquire assets; and (iv) a reporting obligation for material events after the initial offering and listing. The Draft Administration Provisions clarify that the first actor responsible for compliance for and overseas issuance and listing of a domestic enterprise is the domestic enterprise itself. With respect to the domestic enterprises, non-compliance with the Draft Administration Provisions or an overseas listing completed in breach of them may result in a warning or a fine of RMB1-10 million. Under severe circumstances, domestic enterprises may be ordered to suspend their business or suspend their business pending rectification, or their permits or businesses license may be revoked. Furthermore, the controlling shareholder, actual controllers, directors, supervisors and other legally appointed persons of the domestic enterprises may be warned, or fined between RMB500,000 to RMB5 million either individually or collectively. If, during the filing process, the domestic enterprises conceal important factors or the content is materially false, and securities are not issued, they are subject to a fine of RMB1-10 million. If the securities have been issued, the domestic enterprise is subject to a fine of 10-100% of the listing proceeds. With respect to the

controlling shareholder, actual controllers, directors, supervisors, and other legally appointed persons, they are subject to a warning and fines between RMB500,000 and RMB5 million, individually or collectively.

As of the Latest Practicable Date, the Draft Administration Provisions and the Draft Filing Measures have not been formally adopted yet, and it is uncertain when the final regulations will be issued and take effect, how they will be enacted, interpreted and implemented, and whether or to what extent they will affect our Company.

Each of our major PRC subsidiaries, including Beijing NIO, has obtained all material requisite licenses for its main business operations in the PRC. As at the date of this Introductory Document, as advised by our PRC Legal Adviser, we have gone through all necessary procedures as required under applicable PRC laws and regulations for the Listing, and no other approvals, filings or registrations are required for the Listing.

Laws and regulations on cybersecurity and data security

On 10 June 2021, the Standing Committee of the National People's Congress of China (the "**SCNPC**") promulgated the Data Security Law (《数据安全法》) (the "**Data Security Law**"), which took effect in September 2021. The Data Security Law sets forth data security and privacy related compliance obligations on entities and individuals carrying out data related activities. The Data Security Law also introduces a data classification and layered protection system based on the importance of data and the degree of impact on national security, public interests or legitimate rights and interests of individuals or organisations when such data is tampered with, destroyed, leaked or illegally acquired or used. In addition, the Data Security Law provides a national security review procedure for those data activities that may affect national security, and imposes export restrictions on certain data and information. According to the PRC National Security Law (《中华人民共和国国家安全法》) (the "**PRC National Security Law**"), the State shall establish institutions and mechanisms for national security review and regulation, and conduct national security review on certain matters that affect or may affect PRC national security, such as key technologies and IT products and services. As advised by our PRC Legal Adviser, the criteria for determining "affect or may affect national security," as stipulated in the National Security Law, is still subject to uncertainty and further observation and further elaboration by the SCNPC or other authorities.

On 10 July 2021, the Cyberspace Administration of China ("**CAC**") released the Cybersecurity Review Measures (Revised Draft for Solicitation of Comments) (《网络安全审查办法(修订草案征求意见稿)》). On 28 December 2021, the CAC, the NDRC, the MIIT, the Ministry of Public Security ("**MPS**"), the Ministry of National Security, the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration jointly released the Cybersecurity Review Measures (《网络安全审查办法》) (the "**Cybersecurity Review Measures**"), which took effect on 15 February 2022. Pursuant to the Cybersecurity Review Measures, network platform operators with personal information of over one million users shall declare cybersecurity review before listing abroad (国外上市). At present, there are uncertainties as to the definition of "network platform operator" and the criteria of "users' personal information" and it is also unclear as to how it will be interpreted and implemented by the relevant PRC governmental authorities. We will continue to closely monitor further developments in relation to the Cybersecurity Review Measures. The cybersecurity review will focus on whether the data processing activities by network platform operators affects or may affect national security and evaluate, among others, the risk of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk. Given the Cybersecurity Review Measures were recently promulgated, their interpretation, application and enforcement are subject to substantial uncertainties.

On 12 August 2021, the MIIT issued the Opinion on Strengthening the Access Administration of Intelligent Connected Vehicles Manufacturing Enterprises and Their Products (《关于加强智能网联汽车生产企业及产品准入管理的意见》) (the "**Access Administration Opinion**"), which provided responsibilities of intelligent connected vehicles manufacturing enterprises, and required such enterprises to strengthen the management of vehicle data security, cyber security, software updates, function safety and intended function safety. Furthermore, the Access Administration Opinion stated that vehicles manufacturing enterprises shall conduct security assessment prior to transmitting data abroad.

On 17 August 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《关键信息基础设施安全保护条例》) (the "**Regulations on Infrastructure**"), which took effect in September 2021. The Regulations on Infrastructure supplement and specify the provisions on the security of critical information infrastructure as stated in the Cyber Security Law. The Regulations on Infrastructure provide, among others, that protection department of certain industry or sector shall notify the operator of the critical information infrastructure in time after the identification of certain critical information infrastructure. According to the Regulations on Infrastructure, operators of certain industries or sectors that may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage may be identified as critical information infrastructure operators by the CAC or the respective industrial regulatory authorities once they meet the identification standards promulgated by the authorities.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中华人民共和国个人信息保护法》) (the "**Personal Information Protection Law**"), which took effect in November 2021. As the first systematic and comprehensive law specifically for the protection of personal information in the PRC, the Personal Information Protection Law provides, among others, that (i) an individual's separate consent shall be obtained before operation of such individual's sensitive personal information, e.g., biometric characteristics and individual location tracking, (ii) personal information operators operating sensitive personal information shall notify individuals of the necessity of such operations and the influence on the individuals' rights, and (iii) if personal information operators reject individuals' requests to exercise their rights, individuals may file a lawsuit with a People's Court.

On 20 August 2021, the CAC promulgated the Provisions on the Administration of Automobile Data Security (for Trial Implementation) (《汽车数据安全管理若干规定(试行)》) (the "**Provisions on Automobile Data Security**"), which took effect in October 2021. The Provisions on Automobile Data Security clearly define the definition of "automobile data", "automobile data operating", "automobile data operator", "personal information", "sensitive personal information" and "important data", and further elaborate the principles of and requirements for the automobile data operating activities within the PRC. Furthermore, the Provisions on Automobile Data Security also prescribe the implementation of classified protection of cybersecurity, the obligations of automobile data operators to inform, anonymise and obtain individuals' consents, and the specific requirements for operating sensitive personal information, as well as the risk assessment when operating important data and the security assessment when providing data abroad.

On 14 November 2021, the CAC published the Administration Regulations on Cyber Data Security (Draft for Comments) (《网络数据安全管理条例(征求意见稿)》) (the "**Draft Administration Regulations on Cyber Data Security**"), which reiterate the circumstances under which data processors shall apply for cybersecurity review, including, among others, the data processors who process personal information of at least one million users apply for "foreign" listing (国外上市). As of the date of this Introductory Document, the draft measures have not been formally adopted. It is uncertain when the final measures will be issued and take effect, how they will be enacted, interpreted or implemented, and whether they will affect us. The scope of business operations and financing activities that are subject to such draft measures and the implementation thereof is not yet clear.

As of the date of this Introductory Document, (i) we have not been subject to any material fines or administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to the infringement of cybersecurity and data protection laws and regulations; (ii) there is no material leakage of data or personal information or violation of cybersecurity and data protection and privacy laws and regulations by us which will have a material adverse impact on our business operations; (iii) there has been no material cybersecurity and data protection incidents or infringement upon the rights of any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of the Company, threatened against or relating to the Company; and (iv) we have implemented comprehensive cybersecurity and data protection policies, procedures, and measures to ensure secured storage and transmission of data and prevent unauthorised access or use of data. For a detailed analysis of the risks of these new laws and regulations on our business operations, see "Risk Factors – Risks Related to Our Business and Industry – Our business is subject to a variety of laws, regulations, rules, policies and other obligations regarding cybersecurity, privacy, data protection and information security. Any failure to comply with these laws, regulations and other obligations or any losses, unauthorised access or releases of confidential information or personal data could subject us to significant reputational, financial, legal and operational consequences.".

On 27 December 2021, the MOFCOM and the NDRC jointly promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version) (《外商投资准入特别管理措施(负面清单)(2021年版)》) (the "**2021 Negative List**"), which came into effect on 1 January 2022. The 2021 Negative List lifts the limit on foreign ownership of automakers for ICE passenger vehicles. However, the 2021 Negative List provides that foreign investors shall hold no more than 50% of the equity interest in a service provider operating certain value-added telecommunications services (other than for e-commerce, domestic multi-parties communications, storage and forwarding categories, call centres).

Our Company	NIO Inc., an exempted company controlled through a multiple voting share structure and incorporated in the Cayman Islands with limited liability. Our ADSs have been primary listed on the NYSE under the symbol "NIO" since 12 September 2018. Dealings in our ADSs on the NYSE are conducted in U.S. dollars. Each ADS represents one Class A ordinary share. Our Class A ordinary shares have been secondary listed on the Hong Kong Stock Exchange since 10 March 2022. Dealings in our Class A ordinary shares on the Hong Kong Stock Exchange are conducted in Hong Kong dollars.
Listing on the SGX-ST	An application has been made to the SGX-ST for permission to list the Introduction Class A ordinary shares on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST.
Trading on the SGX-ST	Our Class A ordinary shares will, upon their listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of CDP. Dealing in and quotation of our Class A ordinary shares will be in U.S. dollars. Our Class A ordinary shares will be traded in board lot sizes of 10 Shares.
Voting Rights	Shareholders may vote on all matters submitted to a vote of Shareholders, except as may otherwise be required by law. See "Description of Share Capital". However, the ability of NIO CDP Depositors to vote at shareholders' meetings will be limited. See "Description of Share Capital – Key Provisions of Our Memorandum and Articles of Association – Voting Rights" and "Clearance and Settlement – Voting Instructions".
Dividends	The payment of dividends is at the discretion of our board of directors, subject to our Memorandum and Articles of Association. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends out of profits or the share premium account, and provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

	We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.
Share Capital	As at the Latest Practicable Date, we had an authorised share capital of US$1,000,000 divided into 4,000,000,000 shares comprising of (i) 2,500,000,000 Class A ordinary shares of a par value of US$0.00025 each, (ii) 132,030,222 Class B ordinary shares of a par value of US$0.00025 each, (iii) 148,500,000 Class C ordinary shares of a par value of US$0.00025 each and (iv) 1,219,469,778 shares of a par value of US$0.00025 each of such class or classes (however designated) as the board of directors may determine, and our issued and outstanding share capital was 1,522,033,635 Class A ordinary shares (excluding 21,766,275 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our stock incentive plans) and 148,500,000 Class C ordinary shares. We have adopted a multiple voting share structure such that our ordinary shares consist of Class A ordinary shares and Class C ordinary shares. Holders of Class A ordinary shares and Class C ordinary shares have the same rights other than voting and conversion rights. Each holder of our Class A ordinary shares is entitled to one vote per share and each holder of our Class C ordinary shares is entitled to eight votes per share on all matters submitted to them for a vote. All Class B ordinary shares were converted to Class A ordinary shares on the Hong Kong Listing Date pursuant to the conversion notice delivered by the relevant shareholders. Please see “Description of Share Capital – Authorised and Issued Share Capital” and “Description of Share Capital – Multiple Voting Share Structure” for further details.
Market Capitalisation	Our Company has a market capitalisation of approximately US$27,898 million (approximately S$38,586 million) as of the Latest Practicable Date.
Hong Kong Stock Exchange Listing	Our Company has completed its secondary listing by way of introduction on the Main Board of Hong Kong Stock Exchange on 10 March 2022. Our Company will be required to comply with the listing rules (where applicable) and other regulatory regimes of the Hong Kong Stock Exchange, SGX-ST and the NYSE, unless otherwise agreed by the relevant regulators, and our Company has no intention to facilitate the fungibility of the Shares listed on the Hong Kong Stock Exchange and the SGX-ST.
Risk Factors	Prospective investors should carefully consider certain risks connected with an investment in our Class A ordinary shares, as discussed in “Risk Factors”.

OUR LISTING ON THE SGX-ST

Upon admission to the Official List of the SGX-ST, we will have a triple listing on the SGX-ST, Hong Kong Stock Exchange and the NYSE, with the NYSE being the primary exchange on which the ADSs are traded and the SGX-ST and Hong Kong Stock Exchange being the secondary exchanges, on which our Class A ordinary shares may be traded. The Company is subject to the continuing listing requirements of the NYSE as set out in section 802 of the New York Stock Exchange Listed Company Manual and the continuing obligations of the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules, which are principally set out in Chapter 19C (in relation to the obligations of and automatic waivers granted to secondary listed issuers), Chapter 8A (in relation to the weighted voting right structure) and certain applicable provisions in Chapter 13 (in relation to other on-going compliance requirements) of the Hong Kong Listing Rules. The listing rules of the NYSE do not have specific requirements equivalent to the listing rules of the SGX-ST in respect of Chapters 9, 10 and 13 of the Listing Manual. Whilst we are not generally subject to the continuing listing requirements of the SGX-ST, the SGX-ST has imposed certain conditions in respect of these continuing listing requirements on our Company.

The SGX-ST has approved our Company's listing on the SGX-ST subject to, *among others*, the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) our Company maintaining our primary listing of our ADS on the NYSE;

(c) pre-quotation disclosure of information required by the SGX-ST (which was conveyed to our Company prior to the issuance of this Introductory Document);

(d) our Company confirming that our Memorandum and Articles of Association (incorporating all amendments to date) has been filed with the NYSE;

(e) our Company undertaking to comply with the following requirements as set out in Rule 217 of the Listing Manual to:

  (i) release all information and documents in English to the SGX-ST at the same time as they are released to the NYSE;

  (ii) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the NYSE; and

  (iii) comply with such other listing rules as may be applied by the SGX-ST from time to time (whether before or after listing);

(f) our Company undertaking that in the event of a need for a trading halt or suspension in our ADS, our Company would request for a trading halt or suspension on all exchanges at the same time;

(g) written confirmations from the Joint Issue Managers that adequate disclosures have been made on the major differences between the laws of Cayman Islands and Singapore on investor protection;

(h) written confirmations from the Joint Issue Managers and our Company that arrangements satisfactory to the SGX-ST are in place to ensure:

  (i) orderly trading in the market when trading begins in our Class A ordinary shares in Singapore; and

(ii) timely settlement of trades, including but not limited to, procedures for the deposit, withdrawal and registration of our Class A ordinary shares in Singapore;

(i) written confirmation from the Joint Issue Managers that Rules 246(4) and 246(12) of the Listing Manual have been complied with;

(j) submission of the documents stipulated in Rules 248, 249 and 250 of the Listing Manual; and

(k) issue of an SGXNET announcement disclosing the latest price of our Company's ADS on the NYSE prior to listing of our Company on the SGX-ST.

We have obtained from the SGX-ST a waiver from compliance with the following rules under the Listing Manual:

(a) Rule 210(5)(a) of the Listing Manual which requires, among others, that a director who has no prior experience as a director of an issuer listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. The waiver was sought on the basis that (i) the Company has a primary listing on the NYSE and each of its directors has the necessary experience and expertise to act as a director of a company listed on the NYSE and (ii) pursuant to Rule 217 of the Listing Manual, a foreign issuer with a secondary listing on the SGX-ST is not required to comply with the Listing Manual (except for such rules as may be applied by the SGX-ST from time to time), and accordingly the Company would not have an obligation to comply with Rule 720 (read with Rule 210(5)) of the Listing Manual on an ongoing basis; and

(b) Rule 221 of the Listing Manual which requires a foreign issuer seeking admission to the Official List of the SGX-ST to have at least two independent directors resident in Singapore. The wavier was sought on the basis that our Company's board composition is required to comply with the requirements under the applicable US rules and as a foreign private issuer on the NYSE, our Company is allowed to follow our home country practise in lieu of certain of these requirements. Our board of directors currently comprises six (6) directors, three (3) of whom are considered independent under the applicable US rules. In addition, given our Company's profile and industry, our Company also believes that it is necessary to have sufficient time to identify a suitable candidate who is not only resident in Singapore but able to augment the expertise of our board of directors. Our Company has also provided (i) a written undertaking to appoint one independent director (who complies with the requirements under Rule 210(5)(d) of the Listing Manual) resident in Singapore (the "**Singapore Resident ID**") within one (1) year of the proposed Listing; and (ii) a written confirmation that a compliance advisory firm which is experienced in advising on compliance with the Listing Manual has been appointed until the appointment of the Singapore Resident ID. We have appointed WongPartnership LLP as our compliance advisory firm.

*Exemptions from the SFA and the Fifth Schedule to the SFR (the "**Fifth Schedule**")*

The SGX-ST has no comments on our Company's compliance with Rule 607 of the Listing Manual, subject to (i) submission of written confirmation from the Joint Issue Managers and our Company that the disclosures in this Introductory Document include at minimum all the information that our Company has disclosed in (1) the U.S. in compliance with U.S. laws and other applicable requirements; and (2) Hong Kong in compliance with Hong Kong laws and other applicable requirements, up till the date of this Introductory Document that are relevant to the Fifth Schedule disclosure requirements set out below; and (ii) disclosure in this Introductory Document of the reason(s) why our Company is unable to comply with the disclosure requirements in the following provisions in the Fifth Schedule: (i) Paragraph 6 of Part 4, subject to disclosures being made as of 28 February 2022; (ii) Paragraph 1(d) of Part 5 and Paragraphs 8 and 9 of Part 6, subject to disclosures being made on the historical capital expenditure as of 28 February 2022 and committed

capital expenditures and trade receivables collected as of 31 March 2022; (iii) Paragraph 5(a) of Part 6, subject to disclosures being made as of 28 February 2022; (iv) Paragraph 12 of Part 6, subject to disclosure of the latest monthly delivery announcements by our Company; (v) Paragraphs 1(b), 9, 12, 14 and 18 of Part 7; (vi) Paragraph 3 of Part 7, in respect of determining and disclosing interests in shares based on "*beneficial interests*" (as determined under the applicable U.S. rules) and not "*interests*" (as defined or determined under Section 4 of the SFA); (vii) Paragraphs 1, 2, 3 and 4 of Part 8; and (viii) Paragraph 8 of Part 11, in respect of our Company's non-Major Subsidiaries.

OBLIGATIONS UNDER THE SGX-ST LISTING MANUAL

Rule 217 of the Listing Manual provides that a foreign issuer with a secondary listing on the SGX-ST need not comply with the SGX-ST's listing rules, provided that it undertakes to:

(a) release all information and documents in English to the SGX-ST at the same time as they are released to the home exchange;

(b) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; and

(c) comply with such other listing rules as may be applied by the SGX-ST from time to time (whether before or after listing).

INTRODUCTORY DOCUMENT DISCLOSURE

The SGX-ST has no comments on our Company's compliance with Rule 607 of the Listing Manual, subject to (i) submission of written confirmation from the Joint Issue Managers and our Company that the disclosures in this Introductory Document include at minimum all the information that our Company has disclosed in (1) the U.S. in compliance with U.S. laws and other applicable requirements; and (2) Hong Kong in compliance with Hong Kong laws and other applicable requirements, up till the date of this Introductory Document that are relevant to the Fifth Schedule disclosure requirements set out below; and (ii) disclosure in this Introductory Document of the reason(s) why our Company is unable to comply with the disclosure requirements in the following provisions in the Fifth Schedule: (i) Paragraph 6 of Part 4, subject to disclosures being made as of 28 February 2022; (ii) Paragraph 1(d) of Part 5 and Paragraphs 8 and 9 of Part 6, subject to disclosures being made on the historical capital expenditure as of 28 February 2022 and committed capital expenditures and trade receivables collected as of 31 March 2022; (iii) Paragraph 5(a) of Part 6, subject to disclosures being made as of 28 February 2022; (iv) Paragraph 12 of Part 6, subject to disclosure of the latest monthly delivery announcements by our Company; (v) Paragraphs 1(b), 9, 12, 14 and 18 of Part 7; (vi) Paragraph 3 of Part 7, in respect of determining and disclosing interests in shares based on "*beneficial interests*" (as determined under the applicable U.S. rules) and not "*interests*" (as defined or determined under Section 4 of the SFA); (vii) Paragraphs 1, 2, 3 and 4 of Part 8; and (viii) Paragraph 8 of Part 11, in respect of our Company's non-Major Subsidiaries.

We are unable to comply with the following provisions in the Fifth Schedule: (i) Paragraph 6 of Part 4 (the "**Capitalisation and Indebtedness Provision**"); (ii) Paragraph 1(d) of Part 5 and Paragraphs 8 and 9 of Part 6 (the "**Latest Practicable Date Information**"); (iii) Paragraph 5(a) of Part 6 (the "**Material Sources of Liquidity**"); (iv) Paragraph 12 of Part 6 (the "**Order Book Provision**"); (v) Paragraph 1(b) of Part 7 (the "**Principal Directorships Provision**"); (vi) Paragraphs 9, 12, 14 and 18 of Part 7 (the "**Remuneration Provisions**"); (vii) Paragraph 3 of Part 7 (in respect of determining and disclosing interests in shares based on "*beneficial interests*" as defined or determined under the applicable U.S. rules as opposed to "*interests*" as defined or determined under Section 4 of the SFA) (the "**Shareholding Provision**"); (viii) paragraphs 1, 2, 3

and 4 of Part 8 relating to interested person transactions (the "**IPT Provisions**"); and (ix) paragraph 8 of Part 11 relating to changes in share capital (the "**Share Capital Disclosures**") for reasons that include the following:

(a) The NYSE is our home exchange and we are subject to a set of disclosure requirements under the SEC and the Rules of the NYSE.

(b) Disclosing information in this Introductory Document relating to the requirements under the Fifth Schedule may result in a non-parity of information between investors, which may present an unfair ground and unlevel playing field between the two sets of investors. Such additional disclosures may also result in queries from the SEC and/or the NYSE or even litigation.

(c) In respect of the Capitalisation and Indebtedness Provision, we are unable to provide information on the capitalisation and indebtedness of our Group as of a date no earlier than 60 days prior to the date of issue of this Introductory Document as this information has not yet been finalised as of the date of this Introductory Document. Further, only selected information such as cash and cash equivalents, short term borrowings, long term borrowings and total shareholders' equity will be disclosed in our next most immediate filings on financial results with the SEC after the date of this Introductory Document, which is our announcement of unaudited financial results for the three months ended 31 March 2022.

(d) In respect of the Latest Practicable Date Information, it would be challenging for us to provide the disclosures required under paragraph 1(d) of Part 5 of the Fifth Schedule and paragraphs 8 and 9 of Part 6 of the Fifth Schedule as of the Latest Practicable Date. In connection with our Company's listing on the NYSE, we only disclose our capital expenditures annually in our annual reports on Form 20-F, and our trade receivables in our periodic earnings report (i.e. quarterly and annually). Such capital expenditure and trade receivables information is derived from our Company's accounting records and providing this information as of a date after 31 March 2022 when our Company has not yet announced our results for the three months ended 31 March 2022 could potentially be confusing to investors.

(e) In respect of Material Sources of Liquidity, we are unable to provide a description of our material sources of liquidity, whether internal or external, and a brief discussion of any material unused sources of liquidity, as of the Latest Practicable Date. As an issuer listed on the NYSE, we are only required to make such disclosures as of the end of each financial year in our annual report on Form 20-F and disclose our semi-annual unaudited financial information no later than six (6) months following the end of our second fiscal quarter. We disclose our current assets and liabilities (including our material sources of liquidity), in our quarterly earnings releases based on our own investor communication needs and financial readiness. In addition, such information is derived from our accounting records and providing this information as of a date after 31 March 2022 when our unaudited financial information for the three months ended 31 March 2022 has not yet been announced could potentially be misleading and confusing to investors.

(f) In respect of the Order Book Provision, as intention orders and reservations for our vehicles are subject to cancellations by customers until delivery of the vehicle, it is uncertain as to the amount and timing of orders which would translate to actual deliveries. Therefore, we do not believe that disclosing the state of the order book in accordance with the Order Book Provision will facilitate the investors' understanding our business and prospects, but could instead be confusing or misleading to investors if the information changes significantly. We have also not disclosed such order book information in its SEC filings and market updates but make monthly announcements on actual deliveries made instead, which we believe provides investors a more accurate and updated status report on the state of the business of the Group.

(g) In respect of the Principal Directorships Provision, under the applicable U.S. rules, our directors and executive officers are required to disclose principal business activities performed outside our Company (including, in the case of directors, other principal directorships). Our directors and executive officers have primarily disclosed their directorships in publicly listed companies in our SEC filings and will continue to make disclosures in the SEC filings on the same basis. Hence, in order to adopt a consistent approach, our directors and executive officers have disclosed primarily their past and present directorships in publicly listed companies in this Introductory Document as well. They have also disclosed any directorships they hold in our Major Subsidiaries.

(h) In respect of the Remuneration Provisions, there are no equivalent disclosure requirements in the US. As our Company is a foreign private issuer as defined under the U.S. Securities Act, pursuant to the applicable U.S. rules, we are entitled to follow Cayman Islands laws for certain corporate governance matters and disclose the compensation of our directors and executive officers each financial year on an aggregate basis as a group. If we are required to comply with the Remuneration Provisions, we would be required to make disclosures which are more onerous than the requirements of our home exchange. In addition, there are commercial sensitivities involving the disclosure of the remuneration of our directors and executive officers on an individual basis which is highly confidential information, given the competitive nature of our industry. If we are required to publicly disclose the information required by the Remuneration Provisions, it would potentially put undue pressure and unfairness on our directors and key management which will likely cause a material adverse impact on our Company's ability to attract, retain and motivate talents and key employees, thereby imposing undue hardship on our Company.

(i) In respect of the Shareholding Provision, the disclosure requirements relating to share ownership of companies under the applicable US rules differ from the requirements under the Shareholding Provision. If we are required to comply with the Shareholding Provision, it could be potentially confusing for our shareholders and potential investors. Differences in the disclosures will also result in non-parity of information between the various groups of investors, thus potentially presenting an uneven playing field between the different groups of investors. As such, it would be unduly onerous, and extensive time and resources would be unnecessarily expended by us, to include such disclosures in this Introductory Document which will not be relevant to our Company post-listing.

(j) In respect of the IPT Provisions, the existing interested person transactions and conflict of interests disclosure requirements under the Fifth Schedule are relatively complex. It would be unduly onerous and extensive time and resources would be unnecessarily expended by our management to familiarise themselves with the SFR requirements for the purposes of ensuring such disclosure in this Introductory Document especially if, after the Listing, we will not be subject to the ongoing listing obligations relating to interested person transactions under Chapter 9 of the Listing Manual.

(k) In respect of the Share Capital Disclosures, under the applicable US rules, we are only required to file an exhibit listing all of its subsidiaries, omitting the ones that in the aggregate would not be a significant subsidiary as determined in accordance with Regulation S-X (i.e. subsidiaries contributing more than 10% of the Group's total assets or income). None of our non-Major Subsidiaries is individually material to our Group in terms of its contribution to our total net revenues, total net income or total assets or holds any major assets and intellectual property rights. As at the date of this Introductory Document, we have more than 100 subsidiaries, and it would be unduly burdensome for us to disclose the information required under the Share Capital Disclosures in respect of our non-Major Subsidiaries.

You should carefully consider all of the information set out in this Introductory Document before making an investment in the Class A ordinary shares, including the risks and uncertainties described below in respect of our business and our industry. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in China and are governed by a legal and regulatory environment that in some respects differs from what prevails in other countries. Our business could be affected materially and adversely by any of these risks.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our ability to develop and manufacture vehicles of sufficient quality and appeal to customers on schedule and on a large scale is still evolving.

Our future business depends in large part on our ability to execute on our plans to develop, manufacture, market and sell our electric vehicles. We plan to manufacture our vehicles in higher volumes than our present production capabilities.

Our continued development and manufacturing of our current and future vehicle models are and will be subject to risks, including with respect to:

- our ability to secure necessary funding;
- the equipment we use being able to accurately manufacture the vehicle within specified design tolerances;
- compliance with environmental, workplace safety and similar regulations;
- securing necessary components on acceptable terms and in a timely manner;
- delays in delivery of final component designs to our suppliers, or delays in the development and delivery of our core technologies and new vehicle models, such as NIO Autonomous Driving, or NAD, and technologies for batteries;
- our ability to attract, recruit, hire and train skilled employees;
- quality controls;
- delays or disruptions in our supply chain;
- our ability to maintain solid partnerships with our manufacturing partners and suppliers; and
- other delays in manufacturing and production capacity expansion, and cost overruns.

We began making deliveries of the seven-seater ES8 in June 2018, the six-seater ES8 in March 2019, the ES6 in June 2019, the all-new ES8 in April 2020, and the EC6 in September 2020.

In January 2021, we launched the ET7, a flagship premium smart electric sedan, and started its delivery in March 2022. In December 2021, we launched the ET5, a mid-size premium smart electric sedan, and estimated to start the delivery of the ET5 in September 2022. Our vehicles may not meet customer expectations and our future models may not be commercially viable.

Historically, automobile customers have expected auto companies to periodically introduce new and improved vehicle models. In order to meet these expectations, we may be required to introduce

new vehicle models and enhanced versions of existing vehicle models. To date, we have limited experience designing, testing, manufacturing, marketing and selling our electric vehicles and therefore cannot assure you that we will be able to meet customer expectations.

Any of the foregoing could have a material adverse effect on our results of operations and growth prospects.

We have not been profitable and have only recently generated positive cash flows from operations in certain periods.

We have not been profitable since our inception, and have only recently generated positive cash flows from operations in certain periods. We incurred net losses of RMB11,295.7 million, RMB5,304.1 million and RMB4,016.9 million (US$630.3 million) for the years ended 31 December 2019, 2020 and 2021, respectively. In addition, although we generated positive cash flows from operation in 2020 and 2021, we had negative cash flows from operating activities of RMB8,721.7 million in 2019, and had negative cash flows from operation in the second and third quarters of 2021.

There can be no assurance that we will not experience liquidity problems in the future. We may not be able to fulfil our obligation in providing vehicles, embedded products or services to our users in respect of advances from customers, the failure of which may negatively affect our cash flow position. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

We have made significant up-front investments in research and development, service network, and sales and marketing to rapidly develop and expand our business. We expect to continue to invest significantly in research and development and sales and service network, and in production capacity expansion, to further develop and expand our business, and these investments may not result in an increase in revenue or positive cash flow on a timely basis, or at all.

We may continue to record net losses in the near future. We may not generate sufficient revenues or we may incur substantial losses for a number of reasons, including lack of demand for our vehicles and services, increasing competition, challenging macro-economic environment due to the COVID-19 pandemic, as well as other risks discussed herein, and we may incur unforeseen expenses, or encounter difficulties, complications and delays in generating revenue or achieving profitability. If we are unable to achieve profitability, we may have to reduce the scale of our operations, which may impact our business growth and adversely affect our financial condition and results of operations. In addition, our continuous operation depends on our capability to improve operating cash flows as well as our capacity to obtain sufficient external equity or debt financing. If we do not succeed in doing so, we may have to limit the scale of our operations, which may limit our business growth and adversely affect our financial condition and results of operations.

Our business, financial condition and results of operations may be adversely affected by the COVID-19 pandemic.

Since the beginning of 2020, the COVID-19 pandemic has resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China and the world. In early 2020, in response to intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included, among others, extending the Chinese New Year holiday, quarantining and otherwise treating individuals who had contracted COVID-19 and asking residents to remain at home and to avoid gathering in public. While such restrictive measures have been gradually lifted, our business has been and could continue to be adversely impacted by the effects of the COVID-19 pandemic. Recently, there has been a recurrence of COVID-19 outbreaks in certain provinces and municipalities of China. To the extent we have

service centres and vehicle delivery centres in these locations, we are susceptible to factors adversely affecting one or more of these locations as a result of COVID-19. Our results of operations have been and could continue to be adversely affected to the extent the COVID-19 pandemic or any other epidemic harms the Chinese economy in general. We have experienced and may continue to experience impacts on certain of our customers and/or suppliers as a result of the COVID-19 pandemic occurring in one or more of these locations, which have materially and adversely affected our business, financial condition, results of operations and cash flows. In particular, in late March and April 2022, our vehicle production has been impacted by the supply chain volatilities and other constraints caused by a new wave of COVID-19 outbreaks in certain regions in China. The vehicle production has been recovering gradually. We will closely monitor the situation and its impact on our business and financial conditions, and continue to work with our supply chain partners to accelerate the recovery of production to its full capacity. In addition, our operations have experienced and may continue to experience disruptions, such as temporary closure of our offices and/or those of our customers or suppliers and suspension of services, resulting in a reduction of vehicles manufactured and in turn fewer vehicles delivered, which have affected and may continue to materially and adversely affect our business, financial condition, results of operations and cash flow. Further, to the extent the COVID-19 pandemic adversely affects our business and financial results, it has and may continue to have the effect of heightening many of the other risks described in this Introductory Document, such as those relating to our level of indebtedness, our need to generate sufficient cash flows to service our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

As a result of COVID-19, normal economic life throughout China was sharply curtailed and there were disruptions to normal operation of businesses in various areas, including the manufacturing and sales of vehicles in China. In addition, the ongoing global pandemic may adversely affect the supply chains, which in turn may materially and adversely affect our business and results of operations. The global pandemic, especially the situation in Europe, may also delay the execution of our overseas market expansion plan. Relaxation of restrictions on economic and social life may lead to new cases, which may lead to the re-imposition of restrictions. As a result, the duration of such business disruption and the resulting financial and operational impact on us cannot be reasonably estimated at this time. The extent to which the COVID-19 pandemic may further impact our business and financial performance will depend on future developments, which are highly uncertain and largely beyond our control. Even if the economic impact of COVID-19 gradually recedes, the pandemic will have a lingering, long-term effect on business activities and consumption behaviour. There is no assurance that we will be able to adjust our business operations to adapt to these changes and the increasingly complex environment in which we operate.

We have a limited operating history and face significant challenges as a new entrant into our industry.

We were formed in 2014 and began making deliveries to the public of our first volume manufactured vehicle, the seven-seater ES8, in June 2018. We began making deliveries of our second volume manufactured electric vehicle, the ES6, in June 2019. We began making deliveries of the all-new ES8 in April 2020, and our third volume manufactured vehicle, the EC6, in September 2020. In January 2021, we launched the ET7, a flagship premium smart electric sedan, and started its delivery in March 2022. In December 2021, we launched the ET5, a mid-size premium smart electric sedan, and estimated to commence the delivery of the ET5 in September 2022.

You should consider our business and prospects in light of the risks and challenges we face as a new entrant into our industry, including, among other things, with respect to our ability to:

- design and produce safe, reliable and quality vehicles on an ongoing basis;

- build a well-recognised and respected brand;

- establish and expand our customer base;
- successfully market not just our vehicles but also our other services, including our service package, energy package and other services we provide;
- properly price our services, including our power solutions and service package and successfully anticipate the take-rate and usage of such services by users;
- improve and maintain our operational efficiency;
- maintain a reliable, secure, high-performance and scalable technology infrastructure;
- attract, retain and motivate talented employees;
- anticipate and adapt to changing market conditions, including technological developments and changes in competitive landscape; and
- navigate an evolving and complex regulatory environment.

If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected.

We have limited experience to date in high volume manufacturing of our electric vehicles. We cannot assure you that we will be able to develop efficient, automated, cost-efficient manufacturing capability and processes, and reliable sources of component supply that will enable us to meet the quality, price, engineering, design and production standards, as well as the production volumes required to successfully mass market our current and future vehicle models.

Furthermore, our vehicles are highly technical products that will require maintenance and support. If we were to cease or cut back operations, even years from now, buyers of our vehicles from years earlier might encounter difficulties in maintaining their vehicles and obtaining satisfactory support. We also believe that our service offerings, including user confidence in our ability to provide our power solutions and honour our obligations under our service package, will be key factors in marketing our vehicles. As a result, consumers will be less likely to purchase our vehicles now if they are not convinced that our business will succeed or that our operations will continue for many years. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed.

Manufacturing in collaboration with partners is subject to risks.

Since 2016, Jianghuai Automobile Group Ltd., or JAC, a major state-owned automobile manufacturer in China, has been our partner for the joint manufacturing of our vehicles. In May 2021, we entered into renewed manufacturing agreements regarding the joint manufacturing of our vehicles and related fee arrangements with JAC and Jianglai Advanced Manufacturing Technology (Anhui) Co., Ltd., or Jianglai, the joint venture for operation management established by JAC and us where we hold 50% equity interests as of the Latest Practicable Date. JAC built the JAC-NIO manufacturing plant in Hefei for the production of the ES8 and subsequently for the production of the ES6 and EC6 with a modified production line as well as the ET7 and other future vehicles with us. During the Track Record Period, we paid JAC for each vehicle produced on a per-vehicle basis monthly. During the Track Record Period and up to the date of this Introductory Document, all of our vehicles were manufactured in the JAC-NIO manufacturing plant. However, this is a non-exclusive arrangement and the Group is able to undertake the manufacturing of its vehicles on its own or through other third parties.

Pursuant to the renewed joint manufacturing arrangement we entered into with JAC and Jianglai in May 2021, from May 2021 to May 2024, JAC will continue to manufacture the ES8, ES6, EC6, ET7 and potentially other NIO models in the pipeline. In addition, JAC will expand its annual vehicle and component production capacity to 240,000 units (calculated based on 4,000 working hours per year) in order to meet the growing demand for our vehicles. We will be in charge of vehicle development and engineering, supply chain management, manufacturing techniques, and quality management and assurance. Jianglai will be responsible for parts assembly and operation management.

Collaboration with third parties for the manufacturing of vehicles is subject to risks with respect to operations that are outside our control. We could experience delays to the extent our partners do not meet agreed-upon timelines or experience capacity constraints. The volume of vehicles manufactured could fall short of expectation if there are any adverse changes in our partners' liquidity position that causes their inability to discharge their obligations to manufacture vehicles. There is risk of potential disputes with partners, and we could be affected by adverse publicity related to our partners whether or not such publicity is related to their collaboration with us. Our ability to successfully build a premium brand could also be adversely affected by perceptions about the quality of our partners' vehicles. In addition, although we are involved in each step of the supply chain and manufacturing process, given that we also rely on our partners to meet our quality standards, there can be no assurance that we will successfully maintain quality standards.

Our joint manufacturing arrangement with JAC will terminate in May 2024, upon which we will need to renew the contract with JAC or locate other manufacturing partners. We may be unable to enter into new agreements or extend existing agreements with JAC and other third-party manufacturing partners on terms and conditions acceptable to us and therefore may need to contract with other third parties or significantly add to our own production capacity. There can be no assurance that in such event we would be able to partner with other third parties or establish or expand our own production capacity to meet our needs on acceptable terms or at all. The expense and time required to complete any transition, and to assure that vehicles manufactured at facilities of new third-party partners comply with our quality standards and regulatory requirements, may be greater than anticipated. Any of the foregoing could adversely affect our business, results of operations, financial condition and prospects.

The unavailability, reduction or elimination of government and economic incentives or government policies which are favourable for electric vehicles and domestically produced vehicles could have a material adverse effect on our business, financial condition, operating results and prospects.

Our growth depends significantly on the availability and amounts of government subsidies, economic incentives and government policies that support the growth of new energy vehicles. Favourable government incentives and subsidies in China include one-time government subsidies, exemption from vehicle purchase tax, exemption from license plate restrictions in certain cities, preferential utility rates for charging facilities and more. Changes in government subsidies, economic incentives and government policies to support NEVs could adversely affect the results of our operations.

China's central government provides subsidies for purchasers of certain NEVs until 2022 and reviews and further adjusts the subsidy standard on an annual basis. The 2019 subsidy standard, effective from 26 March 2019, reduced the amount of national subsidies and cancelled local subsidies, resulting in a significant reduction in the total subsidy amount applicable to the ES8 and ES6 as compared to 2018. The 2020 subsidy standard, effective from 23 April 2020, reduces the base subsidy amount in general by 10% for each NEV, sets subsidies for two million vehicles as the upper limit of annual subsidy scale, and provides that national subsidy shall only apply to NEVs that are either (i) with the sale price under RMB300,000 or (ii) equipped with battery swapping mechanism. Given that all of our vehicles are equipped with battery swapping mechanism, purchasers of all of our vehicles, regardless of sales price, are eligible to enjoy the PRC

government's subsidies to purchasers of new energy vehicles. We believe that our sales performance of ES8, ES6 and EC6 in 2019, 2020 and 2021 was negatively affected by the reduction in the subsidy standard to some extent. In addition, the current 2022 subsidy standard, effective from 1 January 2022, reduced by 30% compared to the standard of 2021, which could further affect our sales performance in 2022.

Our vehicle sales may also be impacted by government policies such as tariffs on imported vehicles and foreign investment restrictions in the industry. The tariff in China on imported passenger vehicles (other than those originating in the United States of America) was reduced to 15% starting from 1 July 2018. As a result, pricing advantage of domestically manufactured vehicles could be diminished. There used to be a certain limitation on foreign ownership of automakers in China, but for automakers of NEVs, such limit was lifted in 2018. Further, pursuant to the 2021 Negative List, which came into effect on 1 January 2022, the limit on foreign ownership of automakers for ICE passenger vehicles was also lifted. As a result, foreign NEV competitors could build wholly-owned facilities in China without the need for a domestic joint venture partner. These changes could affect the competitive landscape of the NEV industry and reduce our pricing advantage, which may adversely affect our business, results of operations and financial condition.

Apart from vehicle purchase subsidies, China's central government has adopted a NEV credit scheme that incentivises OEMs to increase the production and sale of NEVs. Excess positive NEV credits ("**automotive regulatory credits**") are tradable and may be sold to other enterprises through a credit trading scheme established by the MIIT. For further information relating to automotive regulatory credits, please refer to "Regulatory Overview – Regulations Relating to Parallel Credits Policy on Vehicle Manufacturers and Importers.". We have earned positive NEV credits through manufacturing new energy vehicles and sold some of our excess positive NEV credits to other vehicle manufacturers or importers. We generated revenue from the sale of automotive regulatory credits totaled RMB516.5 million (US$81.1 million) in 2021. The credits earned are calculated based on the formula published by the MIIT, which is dependent on various metrics such as vehicle mileage and battery energy efficiency. There is no guarantee that we will continue to earn a similar level or amount of credits going forward. Moreover, as the prices for automotive regulatory credits are subject to market demand, which affects the amount of regulatory credits generated by other vehicle manufacturers during a given period, we cannot assure you that we will continue to sell our automotive regulatory credits at the current price or a higher price. Any changes in government policies to restrict or eliminate such automotive regulatory credits trading could adversely affect our business, financial condition and results of operations.

Such negative influence and our undermined sales performance resulted therefrom could continue. Furthermore, China's central government provides certain local governments with funds and subsidies to support the roll-out of charging infrastructure. See "Regulatory Overview – Favourable Government Policies Relating to New Energy Vehicles in the PRC". These policies are subject to change and beyond our control. We cannot assure you that any changes would be favourable to our business. Furthermore, any reduction, elimination, delayed payment or discriminatory application of government subsidies and economic incentives because of policy changes, the reduced need for such subsidies and incentives due to the perceived success of electric vehicles, fiscal tightening or other factors may result in the diminished competitiveness of the alternative fuel vehicle industry generally or our electric vehicles in particular. In addition, as we seek to increase our revenues from vehicle sales, we may also experience an increase in accounts receivable relating to government subsidies. However, the collection of the government subsidies is subject to the appropriation arrangement and cadence of the relevant governmental authority. Any uncertainty or delay in collection of the government subsidies may also have an adverse impact on our financial condition. For more details, please refer to "11. Other Non-current Assets" set forth in Appendix A to this Introductory Document. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and prospects.

Our vehicles may not perform in line with customer expectations.

Our vehicles may not perform in line with customers' expectations. For example, our vehicles may not have the durability or longevity of other vehicles in the market, and may not be as easy and convenient to repair as other vehicles in the market. Any product defects or any other failure of our vehicles to perform as expected could harm our reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand and reputation, and significant warranty and other expenses, and could have a material adverse impact on our business, financial condition, operating results and prospects.

In addition, the range of our vehicles on a single charge declines principally as a function of usage, time and charging patterns as well as other factors. For example, a customer's use of his or her electric vehicle as well as the frequency with which he or she charges the battery can result in additional deterioration of the battery's ability to hold a charge.

Furthermore, our vehicles may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. We have delivered our vehicles with certain features of our NIO Pilot ADAS system initially disabled, and subsequently turned on some of these features. We have delivered the ET7 with certain features of the NAD, our next generation, proprietary full stack autonomous driving technology, and plan to gradually turn on more features of the NAD. We activated most of the announced functions of the NIO Pilot in 2019 and 2020, and plan to continue to explore more features of the NIO Pilot system in the future.

We cannot assure you that our NIO Pilot system will ultimately perform in line with expectations. Our vehicles use a substantial amount of software code to operate and software products are inherently complex and often contain defects and errors when first introduced. While we have performed extensive internal testing on our vehicles' software and hardware systems, we have a limited frame of reference by which to evaluate the long-term performance of our systems and vehicles. There can be no assurance that we will be able to detect and fix any defects in the vehicles prior to their sale to consumers. If any of our vehicles fails to perform as expected, we may need to delay deliveries, initiate product recalls and provide servicing or updates under warranty at our expense, which could adversely affect our brand in our target markets and could adversely affect our business, prospects and results of operations.

As at the date of this Introductory Document, there has been no delivery delays or product liability claims in respect of the Group's vehicles resulting in a material adverse impact on the Group's operations or financial condition, and there is no guaranteed time of vehicle delivery under our vehicle sales agreement. In 2019, we had voluntarily recalled 4,803 ES8s, resulting in an increase of gross loss and decrease of gross margin from 2018 to 2019 which was mainly due to the negative impact of battery recall costs incurred in 2019. See "Risk Factors – Risks Related to Our Business and Industry – We may be compelled to undertake product recalls or take other actions, which could adversely affect our brand image and financial performance.".

Any delays in the manufacturing and launch of the commercial production vehicles in our pipeline could have a material adverse effect on our business.

We generally target to launch a new model every year in the near future as we ramp up our business. Auto companies often experience delays in the design, manufacture and commercial release of new vehicle models. We are planning to target a broader market with our future vehicles, and to the extent we need to delay the launch of our vehicles, our growth prospects could be adversely affected as we may fail to grow our market share. We also plan to periodically perform facelifts or refresh existing models, which could also be subject to delays. Furthermore, we rely on third-party suppliers for the provision and development of many of the key components and materials used in our vehicles. To the extent our suppliers experience any delays in providing us with or developing necessary components, we could experience delays in delivering on our timelines. Any delay in the manufacture or launch of our current or future vehicle models, including in the build-out of the manufacturing facilities in China for these models or due to any other factors, or in refreshing or performing facelifts to existing models, could subject us to customer complaints and materially and adversely affect our reputation, demand for our vehicles, results of operations and growth prospects.

We may face challenges providing our power solutions.

We provide our users with comprehensive power solutions. We install home chargers for users where practicable, and provide other solutions, including battery swapping, supercharging, charging through publicly accessible charging infrastructure and charging using our fast-charging vans. Our users are able to use NIO One Click for Power valet charging service where their vehicles are picked up, charged and then returned. For each of our vehicle models, we currently offer two battery options: (i) the 70kWh and 75kWh battery, or the Standard Range Battery; and (ii) the 100kWh battery or the Long Range Battery. In January 2021, we announced the 150 kWh battery, or the Ultra-Long Range Battery, with the next generation battery technology.

We have very limited experience in the actual provision of our power solutions to users and providing these services is subject to challenges, including the challenges associated with sorting out the logistics of rolling out our network and teams in appropriate areas, inadequate capacity or overcapacity of our services in certain areas, security risks or risk of damage to vehicles during One Click for Power valet services and the potential lack of user acceptance of our services. In addition, although the Chinese government has supported the roll-out of a public charging network, the current number of charging infrastructures is generally considered to be insufficient. We also face uncertainties with regard to governmental support and public infrastructure as we roll out our power solutions, including whether we can obtain and maintain access to sufficient charging infrastructure, whether we can obtain any required permits and land use rights and complete any required filings, and whether the government support in this area may discontinue.

Furthermore, given our limited experience in providing power solutions, there could be unanticipated challenges which may hinder our ability to provide our solutions or make the provision of our solutions costlier than anticipated. To the extent we are unable to meet user expectations or experience difficulties in providing our power solutions, our reputation and business may be materially and adversely affected.

We rely on the Battery Asset Company to work together with us to provide Battery as a Service to our users. If the Battery Asset Company fails to achieve smooth and stable operations, our Battery as a Service and reputation may be materially and adversely affected.

On 20 August 2020, we introduced the Battery as a Service, or BaaS, which allows users to purchase electric vehicles and subscribe for the usage of batteries separately. If users opt to purchase a vehicle and subscribe for the battery under the BaaS, they can enjoy a deduction off the original vehicle purchase price and pay a monthly subscription fee for the battery. As advised by our PRC Legal Adviser, separation of sales of vehicles and batteries complies with all applicable tax laws and regulations. While currently there is no special tax advantage applicable to us or our users by adopting the BaaS model, our users who purchase vehicles under the BaaS model are eligible to enjoy the same level of subsidies provided by the PRC government to users who purchase new energy vehicles without the BaaS model.

Under the BaaS, we sell the battery to the Battery Asset Company, and the user subscribes for the usage of the battery from the Battery Asset Company. This is a non-exclusive arrangement and we would be able to provide the BaaS through other parties and sell the batteries to other companies. The service we provide to our users under the BaaS relies, in part, on the smooth operation of and stability and quality of service delivered by the Battery Asset Company, which we cannot guarantee. We invested in the Battery Asset Company with CATL, Hubei Science Technology Investment Group Co., Ltd. and a subsidiary of Guotai Junan International Holdings Limited (the "**Initial BaaS Investors**"). We and the Initial BaaS Investors each invested RMB200 million and held 25% equity interests in the Battery Asset Company at its establishment. In December 2020 and April 2021, the Battery Asset Company entered into agreements with new and existing investors for additional financing. In August 2021, the Battery Asset Company conducted series B

financing with an aggregate amount of RMB530.5 million. We invested an additional RMB270 million in the Battery Asset Company in connection with its series B financing. As a result of these transactions, we currently beneficially own approximately 19.8% of the equity interests in the Battery Asset Company. We refer to the Initial BaaS Investors together with the other investors of the Battery Asset Company that subsequently invested in the Battery Asset Company as the "**Battery Asset Company Investors**". As a result, we only have limited control over the business operations of the Battery Asset Company. If it fails in delivering smooth and stable operations, we will suffer from negative customer reviews and even returns of products or services and our reputation may be materially and adversely affected.

Additionally, given that we generate a portion of our total revenues from sales of battery purchases and provision of service to the Battery Asset Company, our results of operations and financial performance will be negatively affected if the Battery Asset Company fails to operate smoothly. The Battery Asset Company may finance the purchase of batteries through issuance of equity and debt or bank borrowing. If the Battery Asset Company is unable to obtain future financings from the Battery Asset Company Investors or other third parties to meet its operational needs, it may not be able to continue purchasing batteries from us and providing them to our users through battery subscription, or otherwise maintain its healthy and sustainable operations. On the other hand, if the Battery Asset Company bears a significant rate of customer default on its payment obligations, its results of operations and financial performance may be materially impacted, which will in turn reduce the value of our and the Battery Asset Company Investors' investments in the Battery Asset Company. In addition, in furtherance of the BaaS, we agreed to provide guarantee to the Battery Asset Company for the default in payment of monthly subscription fees from users, while the maximum amount of guarantee that can be claimed shall not be higher than the accumulated service fees we receive from the Battery Asset Company. As the BaaS user base is expanding, if an increased number of default occurs, our results of operations and financial performance will be negatively affected. As of 31 December 2021, the guarantee liability we provided to Battery Asset Company was immaterial.

Our services may not be generally accepted by our users. If we are unable to provide good customer service, our business and reputation may be materially and adversely affected.

We aim to provide users with a good customer service experience, including by providing our users with access to a full suite of services conveniently through our mobile application and vehicle applications. In addition, we seek to engage with our users on an ongoing basis using online and offline channels, in ways which are non-traditional for automakers. We are also expanding our service scope to meet our users' evolving demands. For example, in January 2021, we launched NIO Certified, our official used car business, where our users can sell their NIO vehicles to us and we will resell them for value. We have established a nationwide used vehicle business network, covering services including vehicle inspection, evaluation, acquisition and sales. In addition, we have also started to offer auto financing arrangements to our users directly through our subsidiary, NIO Financial Leasing Co., Ltd., in late 2020. The auto financing arrangements provided by NIO Financial Leasing Co., Ltd. fall within the scope of "financial leasing business". As at the date of this Introductory Document, NIO Financial Leasing Co., Ltd. has obtained all required licenses, approvals and permits for conducting its financial leasing business in all material respects. As of 31 December 2021 and the Latest Practicable Date, the outstanding amounts of auto loans we provided to our users were RMB4,241.4 million (US$665.6 million) and RMB5,938.4 million, respectively, which were our total credit exposure. As of 31 December 2020 and 31 December 2021, we have accrued current expected credit loss of nil and RMB30.5 million (US$4.8 million) against the carrying value of auto financing receivables based on our expected credit loss assessment. New service offerings will subject us to unknown risks. We cannot assure you that our services, including our service package and energy package, our used car service, our auto financing services or our efforts to engage with our users using both our online and offline channels, will be successful, which could impact our revenues as well as our customer satisfaction and marketing.

Our servicing will partially be carried out through third parties certified by us. Although such servicing partners may have experience in servicing other vehicles, we and such partners have very limited experience in servicing our vehicles. Servicing electric vehicles is different from servicing ICE vehicles and requires specialised skills, including high voltage training and servicing techniques. There can be no assurance that our service arrangements will adequately address the service requirements of our users to their satisfaction, or that we and our partners will have sufficient resources to meet these service requirements in a timely manner as the volume of vehicles we deliver increases.

In addition, if we are unable to roll out and establish a widespread service network, user satisfaction could be adversely affected, which in turn could materially and adversely affect our sales, results of operations and prospects.

We have received only a limited number of reservations for our vehicles, all of which are subject to cancellation.

Intention orders and reservations for our vehicles are subject to cancellation by the customer until delivery of the vehicle. We have experienced cancellations in the past. Notwithstanding the non-refundable deposits we charge for the reservations, which are less than 1.5% of the MSRP, our users may still cancel their reservations for many reasons outside of our control. The potentially long wait from the time a reservation is made until the time the vehicle is delivered could also impact user decisions on whether to ultimately make a purchase, due to potential changes in preferences, competitive developments and other factors. If we encounter delays in the delivery of our current or future vehicle models, we believe that a significant number of reservations may be cancelled. As a result, no assurance can be made that reservations will not be cancelled and will ultimately result in the final purchase, delivery, and sale of the vehicle. Such cancellations could harm our financial condition, business, prospects and operating results.

The automotive market is highly competitive, and we may not be successful in competing in this industry.

The automotive market is highly competitive. We have strategically entered into this market in the premium EV segment and we expect that this segment will become more competitive in the future as additional players enter into this segment. Our vehicles also compete with ICE vehicles in the premium segment. Many of our current and potential competitors, particularly international competitors, have significantly greater financial, technical, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. We expect competition in our industry to intensify in the future in light of increased demand and regulatory push for alternative fuel vehicles, continuing globalisation and consolidation in the worldwide automotive industry. Factors affecting competition include, among others, product quality and features, innovation and development time, pricing, reliability, safety, fuel economy, customer service and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in downward price pressure and adversely affect our business, financial condition, operating results and prospects. Our ability to successfully compete in our industry will be fundamental to our future success in existing and new markets and our market share. There can be no assurance that we will be able to compete successfully in our markets. If our competitors introduce new vehicles or services that successfully compete with or surpass the quality or performance of our vehicles or services at more competitive prices, we may be unable to satisfy existing customers or attract new customers at the prices and levels that would allow us to generate attractive rates of return on our investment.

Furthermore, our competitive advantage as the company with the first-to-market and leading premium EV volume-manufactured domestically in China will be severely compromised if our competitors begin making deliveries earlier than expected or offer more favourable prices than we do.

We may also be affected by the growth of the overall China automotive market. There have been fluctuations in the retail sales of the passenger vehicles in China in recent years, and if the demand for automobiles in China continues to decrease, our business, results of operations and financial condition could be materially adversely affected.

We may face challenges in expanding our business and operations internationally and our ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

We face challenges and risks associated with expanding our business and operations globally into new geographic markets. New geographic markets may have competitive conditions, user preferences, and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets. In certain markets, we have relatively little operating experience and may not benefit from any first-to-market advantages or otherwise succeed. We may also face protectionist policies that could, among other things, hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies. Local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, the local users, as well as their more established local brand names, requiring us to build brand awareness in that market through greater investments in advertising and promotional activity. International expansion may also require significant capital investment, which could strain our resources and adversely impact current performance, while adding complexity to our current operations. We are subject to PRC law in addition to the laws of the foreign countries in which we operate. If any of our overseas operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business and operating results.

In addition, we may face operational issues that could have a material adverse effect on our reputation, business and results of operations, if we fail to address certain factors including, but not limited to, the following:

- lack of acceptance of our products and services, and challenges of localising our offerings to appeal to local tastes;
- conforming our products to regulatory and safety requirements and charging and other electric infrastructures;
- failure to attract and retain capable talents with international perspectives who can effectively manage and operate local businesses;
- challenges in identifying appropriate local business partners and establishing and maintaining good working relationships with them;
- availability, reliability and security of international payment systems and logistics infrastructure;
- challenges of maintaining efficient and consolidated internal systems, including technology infrastructure, and of achieving customisation and integration of these systems with the other parts of our technology platform;

- challenges in replicating or adapting our Company policies and procedures to operating environments different from that of China;

- national security policies that restrict our ability to utilise technologies that are deemed by local governmental regulators to pose a threat to their national security;

- the need for increased resources to manage regulatory compliance across our international businesses;

- compliance with privacy laws and data security laws and compliance costs across different legal systems;

- heightened restrictions and barriers on the transfer of data between different jurisdictions;

- differing, complex and potentially adverse customs, import/export laws, tax rules and regulations or other trade barriers or restrictions related to compliance obligations and consequences of non-compliance, and any new developments in these areas;

- business licensing or certification requirements of the local markets;

- challenges in the implementation of BaaS and other innovative business models in countries and regions outside of China;

- exchange rate fluctuations; and

- political instability and general economic or political conditions in particular countries or regions, including territorial or trade disputes, war and terrorism.

Failure to manage these risks and challenges could negatively affect our ability to expand our business and operations overseas as well as materially and adversely affect our business, financial condition and results of operations.

Our industry and its technology are rapidly evolving and may be subject to unforeseen changes. Developments in alternative technologies or improvements in the internal combustion engine may materially and adversely affect the demand for our electric vehicles.

We operate in China's electric vehicle market, which is rapidly evolving and may not develop as we anticipate. The regulatory framework governing the industry is currently uncertain and may remain uncertain for the foreseeable future. As our industry and our business develop, we may need to modify our business model or change our services and solutions. These changes may not achieve the expected results, which could have a material adverse effect on our results of operations and prospects.

Furthermore, we may be unable to keep up with changes in electric vehicle technology and, as a result, our competitiveness may suffer. Our research and development efforts may not be sufficient to adapt to changes in electric vehicle technology. As technologies change, we plan to upgrade or adapt our vehicles and introduce new models in order to provide vehicles with the latest technology, in particular digital technologies, which could involve substantial costs and lower our return on investment for existing vehicles. There can be no assurance that we will be able to compete effectively with alternative vehicles or source and integrate the latest technology into our vehicles, against the backdrop of our rapidly evolving industry. Even if we are able to keep pace with changes in technology and develop new models, our prior models could become obsolete more quickly than expected, potentially reducing our return on investment.

Developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. For example, fuel which is abundant and relatively inexpensive in China, such as compressed natural gas, may emerge as consumers' preferred alternative to petroleum-based propulsion. Any failure by us to successfully react to changes in existing technologies could materially harm our competitive position and growth prospects.

We may be unable to adequately control the costs associated with our operations.

We have required significant capital to develop and grow our business, including developing our vehicle models, as well as building our brand. We expect to incur significant costs which will impact our profitability, including research and development expenses as we roll out new models and improve existing models, raw material procurement costs and selling and distribution expenses as we build our brand and market our vehicles. In addition, we may incur significant costs in connection with our services, including providing power solutions and honouring our commitments under our service package. Our ability to become profitable in the future will not only depend on our ability to successfully market our vehicles and other products and services but also to control our costs. If we are unable to cost-efficiently design, manufacture, market, sell and distribute and service our vehicles and services, our margins, profitability and prospects will be materially and adversely affected.

We could experience cost increases or disruptions in supply of raw materials or other components used in our vehicles.

We incur significant costs related to procuring raw materials required to manufacture and assemble our vehicles. We use various raw materials in our vehicles, including aluminium, steel, carbon fiber, non-ferrous metals such as copper, lithium, nickel as well as cobalt. The prices for these raw materials fluctuate depending on factors beyond our control, including market conditions and global demand for these materials, and could adversely affect our business and operating results. Our business also depends on the continued supply of batteries for our vehicles. Battery manufacturers may refuse to supply to electric vehicle manufacturers if they determine that the vehicles are not sufficiently safe. In addition, battery costs may fluctuate significantly during certain periods. We are exposed to multiple risks relating to the availability and pricing of quality lithium-ion battery cells. These risks include:

- the inability or unwillingness of current battery manufacturers to build or operate battery manufacturing plants to supply the numbers of lithium-ion cells required to support the growth of the electric or plug-in hybrid vehicle industry as demand for such cells increases;

- disruption in the supply of cells due to quality issues or recalls by the battery manufacturers; and

- an increase in the cost of raw materials, such as lithium, nickel and cobalt, used in lithium-ion cells.

Furthermore, currency fluctuations, tariffs or shortages in petroleum and other economic or political conditions may result in significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials or components would increase our operating costs, and could reduce our margins. In addition, a growth in popularity of electric vehicles without a significant expansion in battery production capacity could result in shortages which would result in increased costs in raw materials to us or have an impact on our business prospects.

We are dependent on our suppliers, many of whom are our single source suppliers for the components they supply.

Each of our vehicle models uses a great amount of purchased parts from suppliers, many of whom are currently our single source suppliers for these components, and we expect that this will be similar for any future vehicle we may produce. The supply chain exposes us to multiple potential sources of delivery failure or component shortages. While we obtain components from multiple sources whenever possible, similar to other players in our industry, many of the components used in our vehicles are purchased by us from a single source. To date, we have not qualified alternative sources for most of the single sourced components used in our vehicles and we generally do not maintain long-term agreements with our single source suppliers.

Furthermore, qualifying alternative suppliers or developing our own replacements for certain highly customised components of our vehicles, such as the air suspension system and the steering system, may be time-consuming and costly. Any disruption in the supply of components, whether or not from a single source supplier, could temporarily disrupt the production of our vehicles until an alternative supplier is fully qualified by us or is otherwise able to supply us with the required material. There can be no assurance that we would be able to successfully retain alternative suppliers or supplies on a timely basis, on acceptable terms or at all. Changes in business conditions, force majeure, governmental changes and other factors beyond our control or which we do not presently anticipate could also affect our suppliers' ability to deliver components to us on a timely basis. For example, the current global supply constraint of semiconductor chips has negatively impacted our production activity and volume, as a result of which, we temporarily suspended the vehicle production activity in the JAC-NIO manufacturing plant in Hefei for five working days starting from 29 March 2021. In May 2021, our vehicle delivery was adversely impacted for several days due to the volatility of semiconductor supply and certain logistical adjustments. In April 2022, we suspended our vehicle production as a result of the component shortages. See "Risk Factors – Risks Related to Our Business and Industry – Our business, financial condition and results of operations may be adversely affected by the COVID-19 pandemic.". Our production activity and results of operations may be further impacted should the semiconductor chip shortage continue. Any of the foregoing could materially and adversely affect our results of operations, financial condition and prospects.

Our business is subject to a variety of laws, regulations, rules, policies and other obligations regarding cybersecurity, privacy, data protection and information security. Any failure to comply with these laws, regulations and other obligations or any losses, unauthorised access or releases of confidential information or personal data could subject us to significant reputational, financial, legal and operational consequences.

We use our vehicles' electronic systems to log information about each vehicle's use, such as charge time, battery usage, mileage and driving behaviour, in order to aid us in vehicle diagnostics, repair and maintenance, as well as to help us customise and optimise the driving and riding experience. Our users may object to the use of this data, which may hinder our capabilities in conducting our business. Collection, possession and use of our users' data in conducting our business may subject us to legislative and regulatory burdens in China and other jurisdictions that could require notification of any data breach, restrict our use of such information and hinder our ability to acquire new customers or market to existing customers. If users allege that we have improperly collected, used, transmitted, released or disclosed their personal information, we could face legal claims and reputational damage. We may incur significant expenses to comply with privacy, consumer protection and security standards and protocols imposed by laws, regulations, industry standards or contractual obligations. If third parties improperly obtain and use the personal information of our users, we may be required to expend significant resources to resolve these problems.

In general, we expect that data security and data protection compliance will receive greater attention and focus from regulators, both domestically and globally, as well as attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to penalties, including fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

The PRC regulatory and enforcement regime with regard to data security and data protection is evolving and may be subject to different interpretations or significant changes. Moreover, different PRC regulatory bodies, including the SCNPC, the MIIT, the CAC, the MPS and the SAMR, have enforced data privacy and protections laws and regulations with varying standards and applications. See "Regulatory Overview – Regulations in China – Regulations on Internet Information Security and Privacy Protection". The following are examples of certain recent PRC regulatory activities in this area:

Data Security

In June 2021, the SCNPC promulgated the Data Security Law, which took effect in September 2021. The Data Security Law, among other things, provides for security review procedures for data-related activities that may affect national security. In July 2021, the State Council of the PRC promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure, which became effective on 1 September 2021. Pursuant to this regulation, critical information infrastructure means key network facilities or information systems of critical industries or sectors, such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defence science, the damage, malfunction or data leakage of which may endanger national security, people's livelihoods and the public interest. In December 2021, the CAC, together with other authorities, jointly promulgated the Cybersecurity Review Measures, which became effective on 15 February 2022 and replaced its predecessor regulation. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that procure internet products and services and network platform operators that conduct data process activities must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulate that network platform operators that hold personal information of over one million users shall apply to the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. As of the date of this Introductory Document, no detailed rules or implementation rules have been issued by any authority and we have not been informed that we are a critical information infrastructure operator by any government authorities. Furthermore, the exact definition, scope or criteria of "critical information infrastructure operators", "network platform operators" and "users' personal information" under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws. Therefore, it is uncertain whether we would be deemed to be a critical information infrastructure operator or network platform operator under PRC law. If we are deemed to be a critical information infrastructure operator or network platform operator under the PRC cybersecurity laws and regulations, we may be subject to obligations in addition to what we have fulfilled under the PRC cybersecurity laws and regulations.

In November 2021, the CAC released the Administration Regulations on the Cyber Data Security (Draft for Comments), or the Draft Regulations. The Draft Regulations provide that data processors refer to individuals or organisations that, during their data processing activities such as data collection, storage, utilisation, transmission, publication and deletion, have autonomy over the purpose and the manner of data processing. In accordance with the Draft Regulations, data processors shall apply for a cybersecurity review for certain activities, including, among other things, (i) the listing abroad of data processors that process the personal information of more than one million users; and (ii) any data processing activity that affects or may affect national security.

However, there have been no clarifications from the relevant authorities as of the date of this Introductory Document as to the standards for determining whether an activity is one that "affects or may affect national security". In addition, the Draft Regulations require that data processors that process "important data" or are listed overseas must conduct an annual data security assessment by itself or commission a data security service provider to do so, and submit the assessment report of the preceding year to the municipal cybersecurity department by the end of January each year. As of the date of this Introductory Document, the Draft Regulations were released for public comment only, and their respective provisions and anticipated adoption or effective date may be subject to change with substantial uncertainty.

Personal Information and Privacy

In August 2021, the SCNPC promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on 1 November 2021. We update our policies and binding contracts related to personal data and cybersecurity protection from time to time to meet the latest regulatory requirements of applicable PRC laws and regulations, and adopt technical measures to protect such data and ensure cybersecurity in a systematic manner. Nonetheless, the Personal Information Protection Law elevates the protection requirements for personal information processing, and many specific requirements of this law remain to be clarified by the CAC, other regulatory authorities, and courts in practice. We may be required to make further adjustments to our business practices to comply with the personal information protection laws and regulations.

Many data-related legislations are relatively new and certain concepts thereunder remain subject to interpretation by the regulators. If any data that we possess belongs to data categories that are subject to heightened scrutiny, we may be required to adopt stricter measures for the protection and management of such data. The Cybersecurity Review Measures and the Draft Regulations remain unclear on whether the relevant requirements will be applicable to companies that are already listed in the United States, such as us. We cannot predict the impact of the Cybersecurity Review Measures and the Draft Regulations, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If the Cybersecurity Review Measures and the enacted version of the Draft Regulations mandate clearance of cybersecurity review and other specific actions to be taken by issuers like us, we face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, and materially and adversely affect our business and results of operations. As of the date of this Introductory Document, we have not been involved in any formal investigations on cybersecurity review made by the CAC on such basis.

In general, compliance with the existing PRC laws and regulations, as well as additional laws and regulations that PRC regulatory bodies may enact in the future, related to data security and personal information protection, may be costly and result in additional expenses to us, and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how such laws and regulations will be implemented and interpreted in practice.

In addition, regulatory authorities around the world have adopted or are considering a number of legislative and regulatory proposals concerning data protection. These legislative and regulatory proposals, if adopted, and the uncertain interpretations and application thereof could, in addition to the possibility of fines, result in an order requiring that we change our data practices and policies, which could have an adverse effect on our business and results of operations. The European Union General Data Protection Regulation ("**GDPR**"), which came into effect on 25 May 2018, includes operational requirements for companies that receive or process personal data of residents of the European Economic Area. The GDPR establishes new requirements applicable to the processing

of personal data, affords new data protection rights to individuals and imposes penalties for serious data breaches. Individuals also have a right to compensation under the GDPR for financial or non-financial losses. We have started our business in the European Economic Area in late 2021. By providing our products, services and mobile platform to residents of the European Economic Area, our subsidiaries and affiliates are subject to the provisions of the GDPR.

As of the date of this Introductory Document, (i) we have not been subject to any material fines or administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to the infringement of cybersecurity and data protection laws and regulations; (ii) there is no material leakage of data or personal information or violation of cybersecurity and data protection and privacy laws and regulations by us which will have a material adverse impact on our business operations; (iii) there had been no material cybersecurity and data protection incidents or infringement upon the rights of any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of the Company, threatened against or relating to the Company; and (iv) we have implemented comprehensive cybersecurity and data protection policies, procedures and measures to safeguard personal information rights and ensure secured storage and transmission of data and prevent unauthorised access or use of data.

Furthermore, based on the facts that (i) the Cybersecurity Review Measures were newly adopted and the Draft Administration Regulations on Cyber Data Security have not been formally adopted, and the implementation and interpretation of both are subject to uncertainties, (ii) we have not been involved in any investigations on cyber security review made by the CAC on such basis and nor have we received any inquiry, notice, warning, or sanctions in such respect, and (iii) our PRC Legal Adviser advises that our business and operations are in material compliance with the Cybersecurity Review Measures and our Group's procedures for processing of personal information comply with the Draft Administration Regulations on Cyber Data Security as at the date of this Introductory Document in all material respects, after consulting with our PRC Legal Adviser, our directors are of the view that such regulations do not have a material adverse impact on our business operations and financial performance as of the date of this Introductory Document, and will not affect our compliance with laws and regulations in any material respects as of the date of this Introductory Document. As of the date of this Introductory Document, we have not received any cybersecurity, data security and personal data protection related enquiries from any competent PRC regulatory authorities. Our PRC Legal Adviser and directors are of the view that we are in material compliance with the existing PRC laws and regulations on cybersecurity, data security and personal data protection, including the Access Administration Opinion, Regulations on Infrastructure, Personal Information Protection Law and Provisions on Automobile Data Security, and the existing laws and regulations in cybersecurity, data security and personal data protection will not have a material adverse impact on our business operations. As there might be newly issued explanations or implementation rules on the existing regulations, laws and opinions or the draft measures mentioned above might become effective, we will actively monitor future regulatory and policy changes to ensure strict compliance with all applicable laws and regulations.

We have conducted a gap analysis with the assistance of our PRC Legal Adviser, and will also rectify, adjust, and optimise our data practices in a timely manner to ensure compliance once the Draft Administration Regulations on Cyber Data Security come into effect. Our PRC Legal Adviser does not foresee any material impediment preventing the Group from taking measures to comply with the Draft Administration Regulations on Cyber Data Security. To mitigate the potential impact of any such regulatory changes, we will pay close attention to the legislative and regulatory development in cybersecurity and data protection, maintain ongoing dialogue with relevant government authorities and consult the relevant government authorities as necessary and in due course, we will also rectify, adjust, and optimise our data practices in a timely manner to keep pace with regulatory development.

Given that the newly promulgated laws, regulations and policies regarding cybersecurity, privacy, data protection and information security were recently promulgated or issued, and have not yet taken effect (as applicable), their interpretation, application and enforcement are subject to substantial uncertainties. We have incurred, and will continue to incur, significant expenses in an effort to comply with cybersecurity, privacy, data protection and information security related laws, regulations, standards and protocols, especially as a result of such newly promulgated laws and regulations. Despite our efforts to comply with applicable laws, regulations and policies relating to cybersecurity, privacy, data protection and information security, we cannot assure you that our practices, offerings, services or platform will meet all of the requirements imposed on us by such laws, regulations or policies. Any failure or perceived failure to comply with applicable laws, regulations or policies may result in inquiries or other proceedings being instituted against, or other lawsuits, decisions or sanctions being imposed on us by governmental authorities, users, consumers or other parties, including but not limited to warnings, fines, directions for rectifications, suspension of the related business and termination of our applications, as well as in negative publicity on us and damage to our reputation, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects. The above mentioned newly promulgated laws, regulations and policies may result in the publication of new laws, regulations and policies to which we or our vehicles may be subject, though the timing, scope and applicability of such laws or regulations are currently unclear. Any such laws, regulations or policies could negatively impact our business, results of operations and financial condition. We may be notified for cybersecurity review by the CAC if we were regarded as a critical information infrastructure operator by the CAC, or if our data processing activities and overseas listing were regarded as having impact or potential impact on national security, and be required to make significant changes to our business practices, suspend certain business, or even be prohibited from providing certain service offerings in jurisdictions in which we currently operate or in which we may operate in the future. Such review could also result in negative publicity with respect to us and diversion of our managerial and financial resources. There can be no assurance that we would be able to complete the applicable cybersecurity review procedures in a timely manner, or at all, if we are required to follow such procedures.

In addition, in connection with our expansion into the international markets, such as in Norway, we may need to comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in jurisdictions other than China. For example, the European Union adopted the European Union General Data Protection Regulation, or the GDPR, which became effective on 25 May 2018. The GDPR imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks. As of the date of this Introductory Document, we comply in all material respects with all the applicable laws and regulations relating to cybersecurity, privacy, data protection and information security that would materially affect our business operations.

Despite our efforts to comply with applicable laws, regulations and other obligations relating to cybersecurity, privacy, data protection and information security in multiple jurisdictions where we operate our business, any actual or perceived failure on our part to comply with applicable laws or regulations or any other obligations relating to cybersecurity, privacy, data protection or information security, or any compromise of security that results in unauthorised access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage our reputation or result in investigations, fines, suspension of one or more of our apps, or other forms of sanctions or penalties by governmental authorities and private claims or litigation, any of which could materially adversely affect our business, results of operations, financial condition and prospects.

Our business and prospects depend significantly on our ability to build our NIO brand. We may not succeed in continuing to establish, maintain and strengthen the NIO brand, and our brand and reputation could be harmed by negative publicity regarding our Company or products.

Our business and prospects are heavily dependent on our ability to develop, maintain and strengthen the "NIO" brand. If we do not continue to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. Promoting and positioning our brand will likely depend significantly on our ability to provide high quality vehicles and services and engage with our customers as intended and we have limited experience in these areas. In addition, we expect that our ability to develop, maintain and strengthen the NIO brand will depend heavily on the success of our user development and branding efforts. Such efforts mainly include building a community of online and offline users engaged with us through our mobile application, NIO Houses, NIO Spaces as well as other branding initiatives such as our annual NIO Day, Formula E team sponsorship, and other automotive shows and events. Such efforts may be non-traditional and may not achieve the desired results. To promote our brand, we may be required to change our user development and branding practices, which could result in substantially increased expenses, including the need to use traditional media such as television, radio and print. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted.

In addition, if incidents occur or are perceived to have occurred, whether or not such incidents are our fault, we could be subject to adverse publicity. In particular, given the popularity of social media, including WeChat/Weixin in China, any negative publicity, whether true or not, could quickly proliferate and harm consumer perceptions and confidence in our brand. Furthermore, there is the risk of potential adverse publicity related to our manufacturing and other partners, such as JAC and NIO Capital, whether or not such publicity related to their collaboration with us. Our ability to successfully position our brand could also be adversely affected by perceptions about the quality of JAC's vehicles.

In addition, from time to time, our vehicles are evaluated and reviewed by third parties. Any negative reviews or reviews which compare us unfavourably to competitors could adversely affect consumer perception about our vehicles.

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

Our success depends substantially on the continued efforts of our executive officers and key employees. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. As we build our brand and become more well-known, the risk that competitors or other companies may poach our talent increases. Our industry is characterised by high demand and intense competition for talent and therefore we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees. In addition, because our electric vehicles are based on a different technology platform from traditional ICE vehicles, individuals with sufficient training in electric vehicles may not be available to hire, and we will need to expend significant time and expense training the employees we hire. We also require sufficient talent in areas such as software development. Furthermore, as our Company is relatively young, our ability to train and integrate new employees into our operations may not meet the growing demands of our business, which may materially and adversely affect our ability to grow our business and our results of operations.

If any of our executive officers and key employees terminates his or her services with us, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. We have not obtained any "key person" insurance on our key personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members. To the extent permitted by laws, each of our executive officers and key employees has entered into an employment agreement and a non-compete agreement with us. However, if any dispute arises between our executive officers or key employees and us, the non-competition provisions contained in their non-compete agreements may not be enforceable, especially in China, where these executive officers reside, on the ground that we have not provided adequate compensation to them for their non-competition obligations, which is required under relevant PRC laws.

Our future growth is dependent on the demand for, and upon consumers' willingness to adopt, electric vehicles.

Demand for automobile sales depends to a large extent on general, economic, political and social conditions in a given market and the introduction of new vehicles and technologies. As our business grows, economic conditions and trends will impact our business, prospects and operating results as well.

Demand for our electric vehicles may also be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles, such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in further downward price pressure and adversely affect our business, prospects, financial condition and operating results.

In addition, the demand for our vehicles and services will highly depend upon the adoption by consumers of new energy vehicles in general and electric vehicles in particular. The market for new energy vehicles is still rapidly evolving, characterised by rapidly changing technologies, competitive pricing and competitive factors, evolving government regulation and industry standards and changing consumer demands and behaviours.

Other factors that may influence the adoption of alternative fuel vehicles, and specifically electric vehicles, include:

- perceptions about electric vehicle quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles, whether or not such vehicles are produced by us or other companies;

- perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced technology, including electric vehicle and regenerative braking systems;

- the limited range over which electric vehicles may be driven on a single battery charge and the speed at which batteries can be recharged;

- the decline of an electric vehicle's range resulting from deterioration over time in the battery's ability to hold a charge;

- concerns about electric grid capacity and reliability;

- the availability of new energy vehicles, including plug-in hybrid electric vehicles;

- improvements in the fuel economy of the internal combustion engine;

- the availability of service for electric vehicles;
- the environmental consciousness of consumers;
- access to charging stations, standardization of electric vehicle charging systems and consumers' perceptions about convenience and cost to charge an electric vehicle;
- the availability of tax and other governmental incentives to purchase and operate electric vehicles or future regulation requiring increased use of nonpolluting vehicles;
- perceptions about and the actual cost of alternative fuel; and
- macroeconomic factors.

Any of the factors described above may cause current or potential customers not to purchase our electric vehicles and use our services. If the market for electric vehicles does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and operating results will be affected.

We depend on revenue generated from a limited number of models, and in the foreseeable future, will be significantly dependent on a limited number of models.

Our business currently depends substantially on the sales and success of a limited number of models that we have launched. Historically, automobile customers have come to expect a variety of vehicle models offered in a company's fleet and new and improved vehicle models to be introduced frequently. In order to meet these expectations, we plan in the future to introduce on a regular basis new vehicle models as well as enhance versions of existing vehicle models. To the extent our product variety and cycles do not meet consumer expectations, or cannot be produced on our projected timelines and cost and volume targets, our future sales may be adversely affected. Given that in the foreseeable future our business will depend on a limited number of models, to the extent a particular model is not well-received by the market, our sales volume could be materially and adversely affected. This could have a material adverse effect on our business, prospects, financial condition and operating results.

We are subject to risks related to customer credit.

We provide our users with the option of a battery payment arrangement, where users can make battery payments in instalments. For the ES8 ordered before 15 January 2019, there is an RMB100,000 deduction in the purchase price and users adopting this arrangement pay RMB1,280 per month, payable over 78 months. For the ES8, ES6 and EC6 ordered between 16 January 2019 and 19 August 2020, there is an RMB100,000 deduction in the purchase price and users adopting this arrangement pay RMB1,660 per month, payable over 60 months. We are exposed to the creditworthiness of our users since we expect them to make monthly payments for vehicle batteries under the battery payment arrangement.

We also offer auto financing arrangements to users directly through our subsidiaries. Under the financing arrangements, we typically receive a small portion of the total vehicle purchase price at the commencement of the financing term, followed by a stream of payments over the financing term. To the extent our users fail to make payments on time under any of the foregoing arrangements, our results of operations may be adversely affected. As of 31 December 2021, the amount of auto financing receivables was RMB3,974.0 million (US$623.6 million). As we continue to grow our business, we may increase the amount of our auto financing receivables. We may fail to effectively manage the credit risks related to our auto financing arrangements. To the extent our users default on their obligations to us or fail to make payments on time under any of the foregoing arrangements, our results of operations may be adversely affected.

As of the date of this Introductory Document, there were no significant past instances of defaults or delays in respect of users' payments for the batteries under the battery payment arrangement or under the auto financing arrangements which have materially affected the Group's financials. The Group has provided allowance against receivable based on credit policy. Write-offs and/or provisions were not significant compared with the carrying value.

We had incurred net current liabilities and net liabilities as of 31 December 2019, and may not be able to achieve or maintain net assets in the future.

We had net current liabilities of RMB4.6 billion and net liabilities of RMB4.8 billion as of 31 December 2019. We had net current assets of RMB32.2 billion as of 31 December 2020, as compared to net current liabilities of RMB4.6 billion as of 31 December 2019, which was primarily due to an increase in cash and cash equivalents of RMB37.6 billion and an increase in short-term investments of RMB3.8 billion, which was as a result of the cash proceeds from the consummation of equity and debt financing.

We had total shareholders' equity of RMB27,171.0 million as of 31 December 2020, as compared to shareholders' deficit of RMB6,277.6 million as of 31 December 2019, primarily due to our external financing activities. In the first quarter of 2020, our cash balance was not adequate to provide the required working capital and liquidity for our continuous operation.

We have been applying a variety of methods to manage our working capital. We use a just-in-time, pull-production system to control the inventory level of the components. We adopt a made-to-order model and do not maintain a high level of inventories of vehicles. We aim to fulfil orders and deliver vehicles to our users within 21 to 28 days from the date users place their orders. We manage the payment term policy to suppliers to improve our cash position. For most of our suppliers, the payment term ranges from 30 to 90 days. Meanwhile, payment methods can be a combination of cash and notes payable. We are committed to further improving our working capital management. While we believe that our current working capital management is effective, we cannot guarantee that we will have sufficient working capital to fund our current operations in the future. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to credit risk of trade receivable.

Our trade receivable primarily includes amounts of vehicle sales in relation to government subsidy to be collected from government on behalf of customers, auto financing receivables, current portion of battery instalments and receivables due from vehicle users. We have identified the relevant risk characteristics of our customers and the related receivables, prepayments, deposits and other receivables which include size, type of the services or the products we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact our receivables. Additionally, external data and macroeconomic factors are also considered. In 2021, we recorded RMB54.3 million (US$8.5 million) expected credit loss expense in selling, general and administrative expenses. As of 31 December 2021, the expected credit loss provision for the current and non-current assets was RMB91.3 million (US$14.3 million). We cannot assure you that all of our customers will not default on their obligations to us in the future, despite our efforts to conduct credit assessment on them.

We face inventory risks that, if not properly managed, could harm our financial condition, operating results, and prospects.

We are exposed to significant inventory risks that may adversely affect our operating results as a result of increased competition, seasonality, new models launches, rapid changes in vehicle life cycles and pricing, defective vehicles, changes in consumer demand and consumer spending patterns, and other factors. We endeavour to accurately predict these trends and avoid overstocking or understocking issues. Demand for our vehicles, however, can change significantly between the time inventory or components are ordered and the date of sale. We may misjudge customer demand, resulting in inventory buildup and possible significant inventory write-down. It may also make it more difficult for us to inspect and control quality and ensure proper handling, storage and delivery. We may experience higher return rates on new vehicles, receive more customer complaints about them and face costly product liability claims as a result of selling them, which would harm our brand and reputation as well as our financial performance.

We might not be able to fulfil our obligation in respect of deferred revenue, which might have impact on our cash or liquidity position.

Our recognition of deferred revenue is subject to future performance obligations, mainly including the transaction price allocated to the performance obligations that are unsatisfied, or partially satisfied, which mainly arises from the undelivered home chargers, the vehicle connectivity service, the extended warranty service, the points offered to customers as well as battery swapping service embedded in the vehicle sales contract. We may have multiple performance obligations identified in the vehicle sales contract and the sales of service and energy packages to transfer goods or services to a customer for which we have received consideration, or an amount of consideration is due, from the customer, which is recorded as deferred revenue. Due to potential future changes in customer preferences and the need for us to satisfactorily perform product support and other services, deferred revenue at any particular date may not be representative of actual revenue for any current or future period. Any failure to fulfil the obligations in respect of deferred revenue may have an adverse impact on our results of operations and liquidity.

Fluctuation of fair value change of short-term investments we made may affect our results of operations.

For the years ended 31 December 2019, 2020 and 2021, our short-term investments consisted primarily of investments in fixed deposits with maturities between three months and one year and investments in money market funds and financial products issued by banks. The methodologies that we use to assess the fair value of the short-term investment involve a significant degree of management judgement and are inherently uncertain. In addition, we are exposed to credit risks in relation to our short-term investments, which may adversely affect the net changes in their fair value. We cannot assure you that market conditions will create fair value gains on our short-term investment or we will not incur any fair value losses on our short-term investment in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

We may become subject to product liability claims, which could harm our business, prospects, operating results and financial condition. The automotive industry experiences significant product liability claims and we face inherent risk of exposure to claims in the event our vehicles do not perform as expected or malfunction resulting in property damage, personal injury or death. Our risks in this area are particularly pronounced given we have limited field experience of our vehicles. In addition, we may be subject to product liability claims for defective components and parts that are manufactured by our third-party partners. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate

substantial negative publicity about our vehicles and business and inhibit or prevent commercialisation of our future vehicle candidates which would have a material adverse effect on our brand, business, prospects and operating results. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages may have a material adverse effect on our reputation, business and financial condition.

Our vehicles are subject to motor vehicle standards and the failure to satisfy such mandated safety standards would have a material adverse effect on our business and operating results.

All vehicles sold must comply with various standards of the market where the vehicles were sold. In China, vehicles must meet or exceed all mandated safety standards. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving such standards. Vehicles must pass various tests and undergo a certification process and be affixed with the CCC certification, before receiving delivery from the factory, being sold, or being used in any commercial activity. In addition, the Access Administration Opinion requires vehicles manufacturing enterprises to ensure the compliance of vehicle products with relevant laws, regulations, technical standards and technical specification and file for record with the MIIT prior to over-the-air updates, and shall file with the MIIT in the event of any change to the safety, energy saving, environment protection, anti-theft and other technical parameters and shall ensure conformance by vehicle products and production. Without the approval, no over-the-air update shall be conducted to add or update the autonomous driving function. Any delays or lags of the over-the-air updates due to the MIIT prior filing procedures may materially and adversely affect our business and operating results. Furthermore, given we commenced delivery of our vehicles in Norway, we are also subject to mandated safety standards in Norway. Failure by us to have any of our current or future vehicle models satisfy motor vehicle standards or any new laws and regulations in China, Norway or other markets where our vehicles are sold would have a material adverse effect on our business and operating results.

We may be subject to risks associated with autonomous driving technologies.

Through NIO Pilot and NAD, we provide an enhanced advanced driver assistance system, or ADAS, and plan to offer higher levels of autonomous driving functionalities, and through our research and development, we continually update and improve our autonomous driving technologies. Regulatory, safety and reliability issues, or the perception thereof, many of which are beyond our control, could cause the public, our users or our potential business partners to lose confidence in autonomous driving solutions in general. The safety of such technology depends in part on end-users of vehicles equipped with ADAS and higher levels of automated driving systems, as well as other drivers, pedestrians, other obstacles on the roadways or other unforeseen events. For example, there have been traffic accidents involving vehicles equipped with ADASs, including our NIO vehicles. Even though the actual causes of such traffic accidents may not be associated with the use of ADAS, they resulted in, and any future similar accidents could result in, significant negative publicity, and, in the future, could result in suspension or prohibition of vehicles equipped with ADAS and other automated driving systems, as well as regulatory investigations, recalls, systems or features modifications and related actions. In addition, to the extent accidents associated with our ADAS and other automated driving systems (once launched) occur, we could be subject to liability, government scrutiny and further regulation. Any of the foregoing could materially and adversely affect our results of operations, financial condition and growth prospects.

We may be compelled to undertake product recalls or take other actions, which could adversely affect our brand image and financial performance.

Recalls of our vehicles can cause adverse publicity, damage to our brand and liability for costs. In June 2019, we identified problems with certain batteries on ES8 vehicles following safety incidents occurred in Shanghai and other locations in China. We then voluntarily recalled 4,803 ES8s, and replaced the batteries in the NIO battery swap network equipped with the malfunctioned modules. We undertook to compensate all users who had incurred property losses as a result of incidents caused by battery quality issues. Total recall costs accrued in the second quarter of 2019 were RMB339.1 million, including RMB283.3 million recorded in cost of vehicle sales and RMB55.8 million recorded in cost of other sales, respectively. After a detailed analysis and repeated testing, our investigation on the vehicle recall concluded that the batteries used in the vehicles involved were equipped with a module specification NEV-P50, and the voltage sampling cable harness in the module may be pressed by the upper cover of the module due to improper positioning. In extreme cases, the insulation on the pressed voltage sampling cable harness may wear out and cause a short circuit, creating a safety issue. In the future, we may, at various times, voluntarily or involuntarily, initiate a recall if any of our vehicles, including any systems or parts sourced from our suppliers, prove to be defective or non-compliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary or caused by systems or components engineered or manufactured by us or our suppliers, could involve significant expense and could adversely affect our brand image in our target markets, as well as our business, prospects, financial condition and results of operations.

The long-term viability of our distribution model is unproven.

Our vehicles are generally made to order. We conduct vehicle sales directly to users primarily through our mobile application, NIO Houses and NIO Spaces, rather than through dealerships. This model of vehicle distribution subjects us to substantial risk as it requires, in the aggregate, significant expenditures and provides for slower expansion of our distribution and sales systems than may be possible by utilising the traditional dealer franchise system commonly applied for the sales of ICE vehicles and other EV companies. For example, we will not be able to utilise long established sales channels developed through a franchise system to increase our sales volume. Moreover, we will be competing with companies with well established distribution channels. Our success will depend in large part on our ability to effectively develop our own sales channels and marketing strategies. Implementing our business model is subject to numerous significant challenges, including obtaining permits and approvals from government authorities, and we may not be successful in addressing these challenges.

In addition, the lead time in fulfilling our orders could lead to cancelled orders. Our aim for the fulfilling speed is 21 to 28 days from the order placement date to delivery to users. If we are unable to achieve this target, our customer satisfaction could be adversely affected, harming our business and reputation.

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

Our operating results may vary significantly from period to period due to many factors, including seasonal factors that may have an effect on the demand for our electric vehicles. Demand for new vehicles in the automotive industry in general typically declines over the summer season, while sales are generally higher in the fourth quarter and springtime, especially from October to December and from March to April each year. Our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business. Also, any unusually severe weather conditions in some markets may impact demand for our vehicles. Our operating results could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenue.

We also expect our period-to-period operating results to vary based on our operating costs which we anticipate will increase significantly in future periods as we, among other things, design, develop and manufacture our electric vehicles and electric powertrain components, build and equip new manufacturing facilities to produce such components, open new NIO Houses and NIO Spaces, increase our sales and marketing activities, and increase our general and administrative functions to support our growing operations.

As a result of these factors, we believe that period-to-period comparisons of our operating results are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our operating results may not meet expectations of equity research analysts or investors. If this occurs, the trading price of our Shares could fall substantially either suddenly or over time.

If our vehicle owners customise our vehicles or change the charging infrastructure with aftermarket products, the vehicle may not operate properly, which may create negative publicity and could harm our business.

Automobile enthusiasts may seek to "hack" our vehicles to modify their performance which could compromise vehicle safety systems. Also, customers may customise their vehicles with after-market parts that can compromise driver safety. We do not test, nor do we endorse, such changes or products. In addition, the use of improper external cabling or unsafe charging outlets can expose our customers to injury from high voltage electricity. Such unauthorised modifications could reduce the safety of our vehicles and any injuries resulting from such modifications could result in adverse publicity which would negatively affect our brand and harm our business, prospects, financial condition and operating results.

We are subject to risks related to the investment in NIO China.

In February 2020, we entered into a collaboration framework agreement with the municipal government of Hefei, Anhui province, where the JAC-NIO Hefei manufacturing plant, our main manufacturing hub, is located. Subsequently from April to June 2020, we entered into definitive agreements, as amended and supplemented, or the Hefei Agreements, for investments in NIO China with a group of investors, which we refer to as the Hefei Strategic Investors in this Introductory Document. Under the Hefei Agreements, the Hefei Strategic Investors agreed to invest an aggregate of RMB7 billion in cash into NIO Holding Co., Ltd. (previously known as NIO (Anhui) Holding Co., Ltd.), or NIO China. We agreed to inject our core businesses and assets in China, including vehicle research and development, supply chain, sales and services and NIO Power, or together as the Asset Consideration, valued at RMB17.77 billion in total, into NIO China, and invest RMB4.26 billion in cash into NIO China. For more information, see "Business – Certain Other Cooperation Arrangements – Hefei Strategic Investors".

Pursuant to the Hefei Agreements, NIO China will establish its headquarters in the Hefei Economic and Technological Development Area, or HETA, where our main manufacturing hub is located, for its business operations, research and development, sales and services, supply chain and manufacturing functions. We will collaborate with the Hefei Strategic Investors and HETA to develop NIO China's business and to support the accelerated development of the smart electric vehicle sectors in Hefei in the future.

Subsequent to the entry into the Hefei Agreements, the cash contribution obligations of us and the Hefei Strategic Investors have all been fulfilled. In September 2020, we redeemed 8.612% equity interests in NIO China from one of the Hefei Strategic Investors and subscribed for certain newly increased registered capital to increase our shareholding in NIO China. In addition, in February 2021, we also purchased from two of the Hefei Strategic Investors an aggregate of 3.305% equity interests in NIO China for a total consideration of RMB5.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB10.0 billion. In

September 2021, we purchased from a strategic investor of NIO China an aggregate of 1.418% equity interests in NIO China for a total consideration of RMB2.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB7.5 billion. As a result of these transactions, the registered capital of NIO China was RMB6.429 billion, and we held 92.114% controlling equity interests in NIO China. We have fulfilled all obligations due to be fulfilled under the Hefei Agreements as of the date of this Introductory Document.

In connection with this investment, NIO China granted certain minority shareholders' rights to the Hefei Strategic Investors, including, among others, the right of first refusal, co-sale right, preemptive right, anti-dilution right, redemption right, liquidation preference and conditional drag-along right. You would not enjoy these preferential rights or treatment through investing in our Shares or ADSs. Exercise of these preferential rights by the Hefei Strategic Investors may also adversely affect your investment in our Company.

In particular, the Hefei Strategic Investors may require us to redeem the shares of NIO China they hold under various circumstances, at a redemption price equal to the total amount of the investment price of the Hefei Strategic Investors plus an investment income calculated at a compound rate of 8.5% per annum upon the occurrence of certain events. The events leading to Hefei Strategic Investors' exercise of their redemption rights include, but are not limited to NIO China's failure to submit an application for the qualified initial public offering within 48 months, or failure to complete the qualified initial public offering within 60 months, following receipt of the first instalment of investment. If any of the triggering events of redemption occurs, we will need substantial capital to redeem the shares of NIO China held by the Hefei Strategic Investors, and the value of your investment in our Company will be negatively affected. In particular, if NIO China fails to apply for the qualified initial public offering in July 2024, which is 48 months following the Hefei Strategic Investors' payment of the first instalments, or if NIO China fails to complete the qualified initial public offering in July 2025, which is 60 months following the Hefei Strategic Investors' payment of the first instalments, the Hefei Strategic Investors may request us to redeem the equity interest in NIO China then held by them. Assuming we still hold 92.114% controlling equity interests in NIO China in July 2024 or July 2025, the amount of redemption consideration, calculated based on a compound rate of 8.5% per annum, will be approximately RMB4,019.0 million or RMB4,360.6 million, respectively. As the deadline for NIO China to file for a qualified initial public offering is July 2024, we do not have specific plans for the initial public offering of NIO China as of the date of this document. In addition, if we pursue the initial public offering of NIO China, we will be subject to various requirements under the Hong Kong Listing Rules and relevant practice notes, including, among others, the requirement in the level of operations and assets of the remaining business in our Company following the spin-off to maintain listing status, the approval of the Stock Exchange and shareholder approval. As a result, the application for and the completion of the qualified initial public offering are subject to substantial uncertainties. If we do not have adequate cash available or cannot obtain additional financing, or our use of cash is restricted by applicable law, regulations or agreements governing our current or future indebtedness, we may not be able to redeem shares of NIO China when required under the Hefei Shareholders Agreement, which would constitute an event of default under the Hefei Shareholders Agreement and subject us to liabilities.

In addition, before NIO China completes its potential qualified initial public offering, without the prior written consent of the Hefei Strategic Investors, we may not directly or indirectly transfer, pledge or otherwise dispose of NIO China's equity interests to a third party that may result in our shareholding in NIO China falling below 60%. Without the prior written consent of the Hefei Strategic Investors, we have the right to directly or indirectly transfer, pledge or otherwise dispose of no more than 15% of NIO China's equity interests.

Because we have injected the core businesses and assets into NIO China, the Hefei Strategic Investors will have senior claims over the assets of NIO China compared to NIO China's other shareholders (i.e., our other subsidiaries) when a liquidation event of NIO China occurs. As a result, holders of our Class A ordinary shares and ADSs will be structurally subordinated to the Hefei Strategic Investors, which may negatively affect the value of the investment of holders of Class A ordinary shares and ADS holders in our Company. We may not have sufficient funding to repay our existing debts. Pursuant to the articles of association of NIO China and the shareholders agreement among the shareholders of NIO China, all corporate matters can be approved by shareholders holding majority of or more than two-thirds of the total equity interests in NIO China, provided that if the shareholders intend to terminate the operations of NIO China early, unanimous voting of the shareholders is required for the dissolution and liquidation of NIO China. As a result, we essentially control the daily operation of and substantially all of the corporate matters of NIO China. Notwithstanding this, the Hefei Strategic Investors have voting rights, in accordance with their respective shareholdings, with respect to various significant corporate matters of NIO China and its consolidated entities, such as change in NIO China's corporate structure, change of its core business and amendment to its articles of association, which may limit our ability to make certain major corporate decisions with regard to NIO China. Any of the foregoing could materially adversely affect your investment in our Class A ordinary shares. For the avoidance of doubt, the Company does not need to obtain written consent from the Hefei Strategic Investors for the Listing.

Our business plans require a significant amount of capital. In addition, our future capital needs may require us to issue additional equity or debt securities that may dilute the shareholding of our Shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.

We will need significant capital to, among other things, conduct research and development and expand our production capacity as well as roll out our power and servicing network and our NIO Houses and NIO Spaces. As we ramp up our production capacity and operations we may also require significant capital to maintain our property, plant and equipment and such costs may be greater than anticipated. We expect our capital expenditures to continue to be significant in the foreseeable future as we expand our business, and that our level of capital expenditures will be significantly affected by user demand for our products and services. The fact that we have a limited operating history means we have limited historical data on the demand for our products and services. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We plan to seek equity or debt financing to finance a portion of our capital expenditures. Such financing might not be available to us in a timely manner or on terms that are acceptable, or at all. Our substantial amount of currently outstanding indebtedness may also affect our ability to obtain financing in a timely manner and on reasonable terms.

Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities or substantially change our corporate structure. We might not be able to obtain any funding, and we might not have sufficient resources to conduct our business as projected, both of which could mean that we would be forced to curtail or discontinue our operations.

In addition, our future capital needs and other business reasons could require us to issue additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute the shareholding of our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our Shareholders.

Failure of information security and privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.

We face significant challenges with respect to information security and privacy, including the storage, transmission and sharing of confidential information. We transmit and store confidential and private information of our vehicle buyers, such as personal information, including names, accounts, user IDs and passwords, and payment or transaction related information.

We are required by PRC law to ensure the confidentiality, integrity, availability and authenticity of the information of our customers, which is also essential to maintaining their confidence in our vehicles and services. We have adopted strict information security policies and deployed advanced measures to implement the policies, including, among others, advanced encryption technologies. However, advances in technology, an increased level of sophistication and diversity of our products and services, an increased level of expertise of hackers, new discoveries in the field of cryptography or others can still result in a compromise or breach of the measures that we use. If we are unable to protect our systems, and hence the information stored in our systems, from unauthorised access, use, disclosure, disruption, modification or destruction, such problems or security breaches could cause a loss, give rise to our liabilities to the owners of confidential information or even subject us to fines and penalties. In addition, complying with various laws and regulations could cause us to incur substantial costs or require us to change our business practices, including our data practices, in a manner adverse to our business.

In addition, we may need to comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U.S., Europe and elsewhere. For example, the European Union adopted the European Union General Data Protection Regulation, or the GDPR, which became effective on 25 May 2018. The GDPR imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks.

We generally comply with industry standards and are subject to the terms of our own privacy policies. As of the date of this Introductory Document, the Company complies in all material respects with all the applicable laws and regulations in relation to data protection and information security that would materially affect our business operations. Compliance with any additional laws could be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us, and misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, damage to our reputation and credibility and could have a negative impact on revenues and profits.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorised release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally, which may reduce the number of orders we receive.

Our warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance.

For the initial owner of our vehicles in China, in addition to the warranty required under the relevant PRC law, including (i) a bumper-to-bumper three-year or 120,000-kilometre warranty, (ii) for critical EV components (battery, electric motors, power electric unit and vehicle control unit) an eight-year or 120,000-kilometre warranty, and (iii) a two-year or 50,000 kilometre warranty covering vehicle repair, replacement and refund, we also provide an extended warranty, subject to certain conditions. For the initial owner of the ES8 in Europe, we provide an extended warranty subject to certain conditions, in addition to the warranty required under the applicable laws and regulations. Our warranty program is similar to other auto company's warranty programs intended to cover all parts and labour to repair defects in material or workmanship in the body, chassis, suspension, interior, electric system, battery, electric powertrain and brake system. We plan to record and adjust warranty reserves based on changes in estimated costs and actual warranty costs.

However, because we only started making delivery of the ES8 in June 2018, of the ES6 in June 2019, of the EC6 in September of 2020, and of the ET7 in March 2022, and we will not start making deliveries of the ET5 until September 2022, we have little experience with warranty claims regarding our vehicles or with estimating warranty reserves. As of 31 December 2021, we had warranty reserves in respect of our vehicles of RMB1,963.0 million (US$308.0 million). We cannot assure you that such reserves will be sufficient to cover future claims. We could, in the future, become subject to significant and unexpected warranty claims, resulting in significant expenses, which would in turn materially and adversely affect our results of operations, financial condition and prospects.

We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and would cause us to incur substantial costs.

Companies, organisations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our vehicles or components, which could make it more difficult for us to operate our business. From time to time, we may receive communications from holders of patents or trademarks regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to take licenses. Our applications and uses of trademarks relating to our design, software or artificial intelligence technologies could be found to infringe upon existing trademark ownership and rights. In addition, if we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease selling, incorporating certain components into, or using vehicles or offering goods or services that incorporate or use the challenged intellectual property;
- pay substantial damages;
- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all;
- redesign our vehicles or other goods or services; or
- establish and maintain alternative branding for our products and services.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, operating results and financial condition could be materially and adversely affected. In addition,

any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

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

We regard our trademarks, service marks, patents, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success. We rely on trademark and patent law, trade secret protection and confidentiality and license agreements with our employees and others to protect our proprietary rights.

We have invested significant resources to develop our own intellectual property. Failure to maintain or protect these rights could harm our business. In addition, any unauthorised use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

Implementation and enforcement of PRC intellectual property-related laws have historically been deficient and ineffective. Accordingly, protection of intellectual property rights in China may not be as effective as in the United States or other countries with more developed intellectual property laws. Furthermore, policing unauthorised use of proprietary technology is difficult and expensive. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorised use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

As our patents may expire and may not be extended, our patent applications may not be granted and our patent rights may be contested, circumvented, invalidated or limited in scope, our patent rights may not protect us effectively. In particular, we may not be able to prevent others from developing or exploiting competing technologies, which could have a material and adverse effect on our business operations, financial condition and results of operations.

As of 31 December 2021, we had 2,843 issued patents and 1,801 patent applications pending. For our pending application, we cannot assure you that we will be granted patents pursuant to our pending applications. Even if our patent applications succeed and we are issued patents in accordance with them, it is still uncertain whether these patents will be contested, circumvented or invalidated in the future. In addition, the rights granted under any issued patents may not provide us with meaningful protection or competitive advantages. The claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. The intellectual property rights of others could also bar us from licensing and exploiting any patents that issue from our pending applications. Numerous patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. Finally, in addition to those who may claim priority, any of our existing or pending patents may also be challenged by others on the basis that they are otherwise invalid or unenforceable.

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

We have limited liability insurance coverage for our products and business operations. A successful liability claim against us due to injuries suffered by our users could materially and adversely affect our financial condition, results of operations and reputation. In addition, we do not have any business disruption insurance. Any business disruption event could result in substantial costs to us and diversion of our resources.

We have a significant amount of debt, including our convertible senior notes, that are senior in capital structure and cash flow, respectively, to our Shareholders. Satisfying the obligations relating to our debt could adversely affect the amount or timing of distributions to our Shareholders or result in dilution.

As of 31 December 2021, we had RMB9,739.2 million (US$1,528.3 million) in total long-term borrowings outstanding, consisting primarily of (i) our 4.50% convertible senior notes due 2024; (ii) our convertible senior notes due 2022 issued in September 2019 to an affiliate of Tencent Holdings Limited; (iii) our 0.00% convertible senior notes due 2026 and 0.50% convertible senior notes due 2027; (iv) our asset-backed securities; (v) loan from joint investor; and (vi) our long-term bank debt, excluding the current portions of (i), (ii), (iv), (v) and (vi) that are due within one year from 31 December 2021. Meanwhile, as of 31 December 2021, we had RMB7,298.0 million (US$1,145.2 million) in total short-term borrowings, including the current portions of long-term borrowings.

In February 2019, we issued US$750 million aggregate principal amount of 4.50% convertible senior notes due 2024, or the 2024 Notes. The 2024 Notes are unsecured debt and are not redeemable by us prior to the maturity date except for certain changes in tax law. In accordance with the indenture governing the 2024 Notes, or the 2024 Notes Indenture, holders of the 2024 Notes may require us to purchase all or any portion of their notes on 1 February 2022 at a repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest. Such repurchase right offer expired on 28 January 2022. None of the noteholders exercised their repurchase right, and no Notes were surrendered for repurchase. Holders of the 2024 Notes may also require us, upon a fundamental change (as defined in the 2024 Notes Indenture), to repurchase for cash all or part of their 2024 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest. In connection with the issuance of the 2024 Notes, we entered into capped call transactions and zero-strike call option transactions. Shortly after the pricing of the 2026 Notes and the 2027 Notes in January 2021, we entered into separate and individually privately negotiated agreements with certain holders of the 2024 Notes to exchange approximately US$581.7 million principal amount of the outstanding 2024 Notes for ADSs (each, a "**2024 Notes Exchange**" and collectively, the "**2024 Notes Exchanges**"). The 2024 Notes Exchanges closed on 15 January 2021. In connection with the 2024 Notes Exchanges, we also entered into agreements with certain financial institutions that are parties to our existing capped call transactions (which we had entered into in February 2019 in connection with the issuance of the 2024 Notes) shortly after the pricing of the 2026 Notes and the 2027 Notes to terminate a portion of the relevant existing capped call transactions in a notional amount corresponding to the portion of the principal amount of such 2024 Notes exchanged. In connection with such terminations of the existing capped call transactions, we received deliveries of ADSs in such amounts as specified pursuant to such termination agreements on 15 January 2021.

In September 2019, each of an affiliate of Tencent Holdings Limited and Mr. Bin Li, our founder, chairman of the board of directors and chief executive officer, subscribed for US$100 million principal amount of convertible notes, each in two equally split tranches, collectively the Affiliate Notes. The Affiliate Notes issued in the first tranche matured in 360 days from the issuance date, bore no interest, and required us to pay a premium at 2% of the principal amount at maturity. The Affiliate Notes issued in the second tranche will mature in three years from the issuance date, bear

no interest, and require us to pay a premium at 6% of the principal amount at maturity. The 360-day Affiliate Notes are convertible into our Class A ordinary shares (or ADSs) at a conversion price of US$2.98 per ADS at the holder's option from the 15th day immediately prior to maturity, and the three-year Affiliate Notes are convertible into our Class A ordinary shares (or ADSs) at a conversion price of US$3.12 per ADS at the holder's option from the first anniversary of the issuance date. The holders of the three-year Affiliate Notes will have the right to require us to repurchase for cash all of the convertible notes or any portion thereof on 1 February 2022. In 2020, the 360-day Affiliate Notes issued to each of an affiliate of Tencent Holdings Limited and Mr. Bin Li were converted to Class A ordinary shares and the three-year Affiliate Notes issued to the wholly owned company of Mr. Bin Li were converted to ADSs.

In February and March 2020, we issued and sold convertible notes in an aggregate principal amount of US$435 million due 2021, or the 2021 Notes, to several unaffiliated Asia based investment funds. The 2021 Notes bore zero interest. The holders of the 2021 Notes issued in February 2020 have the right to convert either all or part of the principal amount of the 2021 Notes into our Class A ordinary shares (or ADSs), prior to maturity and (a) from the date that is six months after the issuance date, at a conversion price of US$3.07 per ADS, or (b) upon the completion of a bona fide issuance of equity securities of our Company for fundraising purposes, at the conversion price derived from such equity financing. The holders of the 2021 Notes issued in March 2020 have the right to convert either all or part of the principal amount of the 2021 Notes into our Class A ordinary shares (or ADSs), prior to maturity and from 5 September 2020, at a conversion price of US$3.50 per ADS, subject to certain adjustments. As of 31 December 2020, all of the 2021 Notes had been converted to ADSs.

In January 2021, we issued US$750 million aggregate principal amount of 0.00% convertible senior notes due 2026, or the 2026 Notes, and US$750 million aggregate principal amount of 0.50% convertible senior notes due 2027, or the 2027 Notes. The 2026 Notes and the 2027 Notes are unsecured debt. Prior to 1 August 2025, in the case of the 2026 Notes, and 1 August 2026, in the case of the 2027 Notes, the 2026 Notes and the 2027 Notes, as applicable, will be convertible at the option of the holders only upon satisfaction of certain conditions and during certain periods. Holders may convert their 2026 Notes or 2027 Notes, as applicable, at their option at any time on or after 1 August 2025, in the case of the 2026 Notes, or 1 August 2026, in the case of the 2027 Notes, until the close of business on the second scheduled trading day immediately preceding the relevant maturity date. Upon conversion, we will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at our election. The initial conversion rate of the 2026 Notes is 10.7458 ADSs per US$1,000 principal amount of such 2026 Notes. The initial conversion rate of the 2027 Notes is 10.7458 ADSs per US$1,000 principal amount of such 2027 Notes. The relevant conversion rate for such series of the 2026 Notes and the 2027 Notes is subject to adjustment upon the occurrence of certain events. Holders of the 2026 Notes and the 2027 Notes may require us to repurchase all or part of their 2026 Notes and 2027 Notes for cash on 1 February 2024, in the case of the 2026 Notes, and 1 February 2025, in the case of the 2027 Notes, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount of the 2026 Notes or the 2027 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the relevant repurchase date. In addition, on or after 6 February 2024, in the case of the 2026 Notes, and 6 February 2025, in the case of the 2027 Notes, until the 20th scheduled trading day immediately prior to the relevant maturity date, we may redeem the 2026 Notes or the 2027 Notes, as applicable for cash subject to certain conditions, at a redemption price equal to 100% of the principal amount of the 2026 Notes or the 2027 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the relevant optional redemption date. Furthermore, we may redeem all but not part of the 2026 Notes or the 2027 Notes in the event of certain changes in the tax laws.

Satisfying the obligations of all these indebtedness and interest liabilities could adversely affect the amount or timing of any distributions to our Shareholders. We may choose to satisfy, repurchase, or refinance any of these liabilities through public or private equity or debt financings if we deem such financings available on favourable terms. If we do not have adequate cash available or cannot obtain additional financing, or our use of cash is restricted by applicable law, regulations or agreements governing our current or future indebtedness, we may not be able to repurchase any of these notes when required under the respective transaction documents, which would constitute an event of default under the respective transaction documents. An event of default could also lead to a default under other agreements governing our current and future indebtedness, and if the repayment of such other indebtedness were accelerated, we may not have sufficient funds to repay the indebtedness and repurchase any of these notes or make cash payments upon conversion of any of these notes. In addition, the holders of any of these notes may convert their notes to a number of our ADSs in accordance with the respective transaction documents. Any conversion will result in immediate dilution to the ownership interests of existing Shareholders and such dilution could be material. Lastly, we are exposed to interest rate risk related to our portfolio of investments in debt securities and the debt that we have issued. Among other things, some of our bank loans carry floating interest, and increases in interest rates would result in a decrease in the fair value of our outstanding debt. In the event that we incur a decrease in the fair value of our outstanding debt, our financial performance will be adversely affected.

We may seek to obtain future financing through the issuance of debt or equity, which may have an adverse effect on our Shareholders or may otherwise adversely affect our business.

If we raise funds through the issuance of additional equity or debt, including convertible debt or debt secured by some or all of our assets, holders of any debt securities or preferred shares issued will have rights, preferences and privileges senior to those of holders of our ordinary shares in the event of liquidation. The terms of the convertible notes we issued do not restrict our ability to issue additional debt. If additional debt is issued, there is a possibility that once all senior claims are settled, there may be no assets remaining to pay out to the holders of ordinary shares. In addition, if we raise funds through the issuance of additional equity, whether through private placements or public offerings, such an issuance would dilute ownership of our current Shareholders that do not participate in the issuance. If we are unable to obtain any needed additional funding, we may be required to reduce the scope of, delay, or eliminate some or all of, our planned research, development, manufacturing and marketing activities, any of which could materially harm our business.

Furthermore, the terms of any additional debt securities we may issue in the future may impose restrictions on our operations, which may include limiting our ability to incur additional indebtedness, pay dividends on or repurchase our share capital, or make certain acquisitions or investments. In addition, we may be subject to covenants requiring us to satisfy certain financial tests and ratios, and our ability to satisfy such covenants may be affected by events outside of our control.

The terms of the convertible notes we issued could delay or prevent an attempt to take over our Company.

The terms of the Affiliate Notes, 2024 Notes, 2026 Notes and 2027 Notes require us to repurchase the respective Convertible Notes in the event of a fundamental change. A takeover of our Company would constitute a fundamental change. This could have the effect of delaying or preventing a takeover of our Company that may otherwise be beneficial to our Shareholders.

We are or may be subject to risks associated with strategic alliances or acquisitions.

We have entered into and may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable PRC laws and regulations, which could result in increased delay and costs, and may derail our business strategy if we fail to do so. Furthermore, past and future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortisation expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

If we fail to manage our growth effectively, we may not be able to market and sell our vehicles successfully.

We have expanded our operations, and as we ramp up our production, further significant expansion will be required, especially in connection with potential increased sales, providing our users with high-quality servicing, providing power solutions, expansion of our NIO House and NIO Space network and managing different models of vehicles. Our future operating results depend to a large extent on our ability to manage this expansion and growth successfully. Risks that we face in undertaking this expansion include, among others:

- managing a larger organisation with a greater number of employees in different divisions;
- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding design, manufacturing, sales and service facilities;
- implementing and enhancing administrative infrastructure, systems and processes; and
- addressing new markets and potentially unforeseen challenges as they arise.

Any failure to manage our growth effectively could materially and adversely affect our business, prospects, results of operations and financial condition.

We have granted, and may continue to grant options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

We adopted share incentive plans in 2015, 2016, 2017 and 2018, which we refer to as the 2015 Plan, the 2016 Plan, the 2017 Plan and the 2018 Plan, respectively, in this Introductory Document, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivise their performance and align their interests with ours. The 2018 Plan became effective as of 1 January 2019. We recognise expenses in our consolidated statement of income in accordance with U.S. GAAP. Under our share incentive plans, we are authorised to grant options and other types of awards. Under the 2015 Plan, the 2016 Plan and the 2017 Plan, the maximum numbers of Class A ordinary shares which may be issued pursuant to all awards are 46,264,378, 18,000,000 and 33,000,000, respectively. Under the 2018 Plan, a maximum number of 23,000,000 Class A ordinary shares may be issued pursuant to all awards. This amount should automatically increase each year by the number of shares representing 1.5% of the then total issued and outstanding share capital of our Company as of the end of each preceding year. As of 31 December 2021, awards to purchase an aggregate amount of 94,536,087 Class A ordinary shares under the 2015 Plan, the 2016 Plan, the 2017 Plan and the 2018 Plan had been granted and were outstanding, excluding awards that were forfeited or cancelled after the relevant grant dates. In addition, one of our subsidiaries also adopted a share incentive plan in 2021, pursuant to which the subsidiary can grant share options to its employees. As of 31 December 2021, our unrecognised share-based compensation expenses related to the stock option and restricted shares amounted to RMB5,909.0 million (US$925.9 million).

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Furthermore, prospective candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Thus, our ability to attract or retain highly skilled employees may be adversely affected by declines in the perceived value of our equity or equity awards. Furthermore, there are no assurances that the number of shares reserved for issuance under our share incentive plans will be sufficient to grant equity awards adequate to recruit new employees and to compensate existing employees.

If we do not appropriately maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, we may be unable to accurately report our financial results and the market price of our Shares may be adversely affected.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its document, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. We were subject to such requirement starting from the fiscal year 2019. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal control over financial reporting.

In connection with the preparation and external audit of our consolidated financial statements as of and for the year ended 31 December 2019, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting and concluded that our internal control over financial reporting was ineffective as of 31 December 2019. The material weakness identified was that we do not have sufficient competent financial reporting and accounting personnel with an appropriate understanding of U.S. GAAP to (i) design and implement formal period-end financial reporting policies and procedures to address complex U.S. GAAP technical accounting issues; and (ii) prepare and review our consolidated financial statements and related disclosures in accordance with U.S. GAAP and the financial reporting requirements set forth by the SEC.

We implemented a number of remedial measures to address the material weakness, including (i) establishing clear roles and responsibilities for accounting and financial reporting staff to address accounting and financial reporting issues; (ii) strengthening our financial reporting team by hiring additional personnel with experience in U.S. GAAP and SEC reporting from reputable accounting firms; (iii) further increasing the accounting and SEC reporting acumen and accountability of our finance organisation employees through training programs designed to enhance these employees' competency with respect to U.S. GAAP and SEC reporting; (iv) enhancing our monitoring controls over financial reporting, including additional review by our chief financial officer, financial vice president, and other senior finance staff over the application of U.S. GAAP accounting requirements, the selection and evaluation of U.S. GAAP accounting policies, critical accounting judgements and estimates, reporting and disclosures; (v) establishing related policies and procedures to support the operation of internal controls at the entity level and process level; and (vi) strengthening our internal audit function by hiring additional personnel with industry internal audit experience and experience in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. As a result, this material weakness had been remediated as of 31 December 2020.

Our management has concluded that our internal control over financial reporting was effective as of 31 December 2021. In addition, our independent registered public accounting firm has audited the effectiveness of our internal control over financial reporting as of 31 December 2021.

In the future, our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report with adverse opinion if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us.

If we fail to implement and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our listed securities. Furthermore, we may need to incur additional costs and use additional management and other resources as our business and operations further expand or in an effort to remediate any significant control deficiencies that may be identified in the future. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions.

If our suppliers fail to use ethical business practices and comply with applicable laws and regulations, our brand image could be harmed due to negative publicity.

Our core values, which include developing high quality electric vehicles while operating with integrity, are an important component of our brand image, which makes our reputation sensitive to allegations of unethical business practices. We do not control our independent suppliers or their business practices. Accordingly, we cannot guarantee their compliance with ethical business practices, such as environmental responsibilities, fair wage practices, and compliance with child labour laws, among others. A lack of demonstrated compliance could lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations.

Violation of labour or other laws by our suppliers or the divergence of an independent supplier's labour or other practices from those generally accepted as ethical in the markets in which we do business could also attract negative publicity for us and our brand. This could diminish the value of our brand image and reduce demand for our electric vehicles if, as a result of such violation, we were to attract negative publicity. If we, or other players in our industry, encounter similar problems in the future, it could harm our brand image, business, prospects, results of operations and financial condition.

If we update our manufacturing equipment more quickly than expected, we may have to shorten the useful lives of any equipment to be retired as a result of any such update, and the resulting acceleration in our depreciation could negatively affect our financial results.

We and JAC have invested and expect to continue to invest significantly in what we believe is state of the art tooling, machinery and other manufacturing equipment for the product lines where the vehicles are manufactured, and we depreciate the cost of such equipment over their expected useful lives. However, manufacturing technology may evolve rapidly, and we or JAC may decide to update our manufacturing process with advanced equipment more quickly than expected. Moreover, as our engineering and manufacturing expertise and efficiency increase, we or JAC may be able to manufacture our products using less of our installed equipment. The useful life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and to the extent we own such equipment, our results of operations could be negatively impacted. Furthermore, under the renewal joint manufacturing arrangement we entered into with JAC and Jianglai in May 2021, we agreed to pay JAC the asset depreciation and amortisation with regard to the assets JAC invested and to invest for the manufacture of NIO models as actually incurred, payable monthly and subject to adjustment annually. An increased amount of investment made by JAC into the manufacturing plant will lead to an increased cost in asset depreciation and amortisation, which could negatively affect our results of operations and financial conditions.

The construction and operation of our manufacturing facilities are subject to regulatory approvals or filings and may be subject to changes, delays, cost overruns or may not produce expected benefits.

In 2017, we signed a framework agreement with the Shanghai Jiading government and its authorised investment entity to build and develop our own manufacturing facility in Jiading, Shanghai. In 2019, we agreed with the related contractual parties to cease construction of this planned manufacturing facility and terminate this development project due to, *inter alia*, government policies that encourage collaborative manufacturing between traditional automotive manufacturers and companies with a focus on research, development and design of new energy vehicles. Pursuant to the Measures for the Access Administration of Road Motor Vehicle Manufacturing Enterprises and Their Products, which was promulgated by the MIIT on 27 November 2018 and came into effect on 1 June 2019, road motor vehicle research and development and design enterprises are encouraged to cooperate with road motor vehicle manufacturing enterprises. Qualified research and development and design enterprises are allowed to apply for the access for road motor vehicle manufacturing enterprises and their products by leveraging the manufacturing enterprises' production capacity. In addition, in 2019, based on our 2018 vehicle delivery results of 11,348 vehicles and vehicle demand forecasts at the time, we considered the then annual production capacity of JAC-NIO manufacturing plant of 120,000 units to be sufficient in the two to three years following 2019. The actual deliveries of vehicles in 2019, 2020 and 2021 were 20,565, 43,728 and 91,429, respectively, which showed a significant growth trend while proved to fall within the maximum manufacturing capacity of JAC-NIO manufacturing plant at the time. As a result of both the new government policies giving certainty for the joint manufacturing model, and the sufficiency of manufacturing capacity at JAC-NIO plant at the time, we made a strategic decision to cease the construction of our own manufacturing facility in Jiading.

In February 2020, we entered into a collaboration framework agreement with the municipal government of Hefei, Anhui province, where our main manufacturing hub is located. Subsequently from April to June 2020, we entered into definitive agreements, as amended and supplemented, for investments in NIO China. Pursuant to the definitive agreements, we will collaborate with the Hefei Strategic Investors and HETA to develop NIO China's business and to support the accelerated development of the smart electric vehicle sectors in Hefei in the future. In February 2021, we, through NIO China, entered into a further collaboration framework agreement with the municipal government of Hefei, Anhui province, pursuant to which the Hefei government and NIO China agreed in principle to jointly build a world-class industrial campus to support the development and innovations of the smart electric vehicle industry and related supply chains led by NIO China. In addition, the Hefei government and its associated parties plan to re-invest their returns from the equity investments in NIO China to support further cooperation in Hefei.

Under PRC law, construction projects are subject to broad and strict government supervision and approval procedures, including but not limited to project approvals and filings, construction land and project planning approvals, environment protection approvals, pollution discharge permits, work safety approvals, fire protection approvals, and the completion of inspection and acceptance by relevant authorities. Some of the construction projects being carried out by us are undergoing necessary approval procedures as required by law. Such approvals are procedural in nature and we do not foresee any material impediments or difficulties for our Group to obtain these approvals in a timely manner. As a result, the relevant entities operating such construction projects may be subject to administrative uncertainty, and construction projects in question may be subject to fines or the suspension of use of such projects. Failure to complete the construction projects on schedule and within budget, and failure to obtain necessary approvals or any incompliance with relevant government supervision could have a material adverse impact on our operations, and we may not be able to find commercially reasonable alternatives.

Our vehicles make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame.

The batteries that we produce make use of lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. In June 2019, certain safety incidents resulting from the batteries on ES8 vehicles occurred in Shanghai and other locations in China. We then voluntarily recalled 4,803 ES8s, and replaced the batteries in the NIO battery swap network equipped with the malfunctioned modules. While we have designed the battery to passively contain any single cell's release of energy without spreading to neighbouring cells, and have taken measures to enhance the safety of our battery designs, a field or testing failure of our vehicles or other batteries that we produce could occur in the future, which could subject us to lawsuits, product recalls, or redesign efforts, all of which would be time-consuming and expensive. Also, negative public perceptions regarding the suitability of lithium-ion cells for automotive applications or any future incident involving lithium-ion cells such as a vehicle or other fire, even if such incident does not involve our vehicles, could seriously harm our business.

In addition, we store a significant number of lithium-ion cells at our facilities. Any mishandling of battery cells may cause disruption to the operation of our facilities. While we have implemented safety procedures related to the handling of the cells, a safety issue or fire related to the cells could disrupt our operations. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor's electric vehicle or energy storage product may cause indirect adverse publicity for us and our products. Such adverse publicity could negatively affect our brand and harm our business, prospects, financial condition and operating results.

Interruption or failure of our information technology and communications systems could impact our ability to effectively provide our services.

We aim to provide our users with an innovative suite of services through our mobile application. In addition, our in-car services depend, to a certain extent, on connectivity. The availability and effectiveness of our services depend on the continued operation of our information technology and communications systems. Our systems are vulnerable to damage or interruption from, among other adverse effects, fire, terrorist attacks, natural disasters, power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm our systems. Our data centres are also subject to break-ins, sabotage, and intentional acts of vandalism, and potential disruptions. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. Any problems at our data centres could result in lengthy interruptions in our service. In addition, our products and services are highly technical and complex and may contain errors or vulnerabilities, which could result in interruptions in our services or the failure of our systems.

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

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities, including the U.S. Foreign Corrupt Practices Act, or FCPA, the BA, and other anti-corruption laws and regulations. The FCPA and the BA prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorising or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favourable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls.

The BA also prohibits non-governmental "commercial" bribery and soliciting or accepting bribes. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. We have also entered into joint ventures and/or other business partnerships with government agencies and state-owned or affiliated entities. These interactions subject us to an increased level of compliance-related concerns. We are in the process of implementing policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations. However, our policies and procedures may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. In addition, changes in economic sanctions laws in the future could adversely impact our business and investments in our shares.

Any unauthorised control or manipulation of our vehicles' systems could result in loss of confidence in us and our vehicles and harm our business.

Our vehicles contain complex information technology systems. For example, our vehicles are designed with built-in data connectivity to accept and install periodic remote updates from us to improve or update the functionality of our vehicles. We have designed, implemented and tested security measures intended to prevent unauthorised access to our information technology networks, our vehicles and their systems. However, hackers may attempt in the future, to gain unauthorised access to modify, alter and use such networks, vehicles and systems to gain control of, or to change, our vehicles' functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle. Vulnerabilities could be identified in the future and our remediation efforts may not be successful. Any unauthorised access to or control of our vehicles or their systems or any loss of data could result in legal claims or proceedings. In addition, regardless of their veracity, reports of unauthorised access to our vehicles, their systems or data, as well as other factors that may result in the perception that our vehicles, their systems or data are capable of being "hacked", could negatively affect our brand and harm our business, prospects, financial condition and operating results.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been outbreaks of epidemics in China and globally. Our business operations could be disrupted if any of our employees are suspected of having contracted epidemic diseases, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that the outbreak harms the Chinese economy in general.

We are also vulnerable to natural disasters and other calamities. Our vehicle production, sales and delivery and our service operations and capacities could be materially and adversely affected by natural disasters and other calamities in the areas where we operate and where our vehicles are sold to. For example, in July 2021, our deliveries of vehicles and power services were interrupted due to the flood in Henan province and the typhoon in Shanghai and several other neighbouring cities. Although we have servers that are hosted in an offsite location, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services on our platform.

Our revenues and financial results may be adversely affected by any economic slowdown in China as well as globally.

The success of our business ultimately depends on consumer spending. We derive substantially all of our revenues from China. As a result, our revenues and financial results are impacted to a significant extent by economic conditions in China and globally. The global macroeconomic environment is facing numerous challenges. The growth rate of the Chinese economy has gradually slowed down since 2010 and the trend may continue. Any slowdown could significantly reduce domestic commerce in China, including through the internet generally and through us. In addition, there is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. The conflicts in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global

markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. In addition, the COVID-19 pandemic has negatively impacted the economies of China, the United States and numerous other countries around the world, and is expected to result in a severe global recession. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

Sales of high-end and luxury consumer products, such as our performance electric vehicles, depend in part on discretionary consumer spending and are even more exposed to adverse changes in general economic conditions. In response to their perceived uncertainty in economic conditions, consumers might delay, reduce or cancel purchases of our electric vehicles and our results of operations may be materially and adversely affected.

Shutdowns of the U.S. federal government could materially impair our business and financial condition.

Development of our product candidates and/or regulatory approval may be delayed for reasons beyond our control. For example, over the last several years the U.S. government has shut down several times and certain regulatory agencies, such as the SEC, have had to furlough critical SEC and other government employees and stop critical activities. In our operations as a public company, future government shutdowns could impact our ability to access the public markets, such as delaying the declaration of effectiveness of registration statements and obtaining necessary capital to properly capitalise and continue our operations.

Rising international political tension, including changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.

The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. In January 2020, the “Phase One” agreement was signed between the United States and China on trade matters. However, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the U.S., tax policy related to international commerce, or other trade matters. While cross-border business may not currently be an area of our focus, any unfavourable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products or prevent us from selling products in certain countries. Moreover, many of the recent policy updates in the U.S., including the Clean Network project initiated by the U.S. Department of State in August 2020 and the Entity List regime maintained and regularly updated by the U.S. Bureau of Industry and Security, may have unforeseen implications for our business. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

Additionally, the United States and various foreign governments have imposed controls, export license requirements and restrictions on the import or export of technologies and products (or voiced the intention to do so), especially related to semiconductor chips, AI and other high-tech areas, which may have a negative impact on our business, financial condition and results of operations. For instance, India banned a large number of apps in 2020 out of national security concerns, many of which are China-based apps, escalating regional political and trade tensions.

We import chipsets from the U.S., and apply U.S. origin technology for our business operations. As advised by our legal counsels and based on careful assessment, as of the date of this Introductory Document, there is no restriction on exporting these goods or providing these services from the U.S. As a result, we believe there is no material impact of Sino-U.S. trade restrictions on our operations as of the date of this Introductory Document.

Recent disruptions in the financial markets and economic conditions could affect our ability to raise capital.

In recent years, the United States and global economies suffered dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. The United States and certain foreign governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If the actions taken by these governments are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

There are uncertainties relating to our users trust arrangement involving a portion of our chairman's shareholding in our Company.

In conjunction with our pursuit of being a user enterprise and with the goal of building a deeper connection between NIO and our users, Mr. Bin Li, our founder, chairman of the board of directors and chief executive officer, transferred certain of his ordinary shares to NIO Users Trust after the completion of the initial public offering of our ADSs on the New York Stock Exchange in September 2018. As of the Latest Practicable Date, NIO Users Trust holds 16,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares through a holding company controlled by it. Mr. Li continues to retain the voting rights of these shares. In 2019, our user committee adopted the NIO Users Trust Charter by way of voting, and established a user council (the "**NIO User Council**") to generally discuss and give advice on the management and the operation of NIO Users Trust. In this way, our users have the opportunity to discuss and propose the use of the economic benefits from the shares in NIO Users Trust, which is intended to be composed mainly of the dividends from the shares that it holds, future interests accrued from and investment returns generated by cash assets to be held under the trust, and proceeds from the pledging of such shares from time to time, through the NIO User Council consisting of members of our user community elected by our users. The economic benefits of the shares held by NIO Users Limited would be for the beneficiaries of the NIO Users Trust for which Mr. Bin Li is the existing de facto beneficiary. The NIO User Council helps coordinate user activity in our community, focusing on environmental protection and sustainable development, NIO Users community care projects and community activities for the common growth of NIO Users. See "Holders of our Class C Ordinary Shares – NIO Users Trust" for further details. See "Business – User Development and User Community – NIO Users Trust" for further details about NIO Users Trust.

The current NIO Users Trust Charter provides certain mechanisms for the NIO User Council to discuss the management and supervision of the operations of NIO Users Trust. There is no assurance that such current mechanisms for managing the operations of NIO Users Trust we have adopted are to the satisfaction of all of our users, or that such mechanisms will be carried out in the way they were intended. The NIO User Council may not be able to achieve its intended work focus or carry out their work effectively and efficiently as the power to give instructions to the trustee vests with the settlor, protector and investment advisor of the trust. Furthermore, depending on the proposed use of the economic interests of the shares held by the NIO Users Trust in the future, there could be accounting implications to us that cannot presently be ascertained.

We and certain of our directors and officers have been named as defendants in several shareholder class action lawsuits, which could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

Several shareholder class action lawsuits have been filed against us and certain of our directors and officers. See "Business – Legal Proceedings and Compliance" for more details. We are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuits, if they proceed. We anticipate that we will continue to be a target for lawsuits in the future, including class action lawsuits brought by shareholders. There can be no assurance that we will be able to prevail in our defence or reverse any unfavourable judgement on appeal, and we may decide to settle lawsuits on unfavourable terms. Any adverse outcome of these cases, including any plaintiffs' appeal of the judgement in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus have a material adverse effect on our business, financial condition, results of operation, cash flows and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defence costs, or any liabilities that may arise from these matters. The litigation process may utilise a significant portion of our cash resources and divert management's attention from the day-to-day operations of our Company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

RISKS RELATED TO OUR CORPORATE STRUCTURE

If the PRC government deems that our contractual arrangements with the variable interest entity do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of certain areas of businesses is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider (other than for e-commerce, domestic multi-parties communications, storage and forwarding categories, call centres) pursuant to the 2021 Negative List.

We are a Cayman Islands exempted company and our PRC subsidiaries are considered foreign-invested enterprises. To comply with the applicable PRC laws and regulations, we had planned to conduct certain operations that were then subject to restrictions on foreign investment in China through Shanghai NIO Energy Automobile Co., Ltd., or NIO New Energy. NIO Co., Ltd. owns 50% equity interests in NIO New Energy. Our founders, Bin Li and Lihong Qin, through holding equity interests in Shanghai Anbin Technology Co., Ltd., or Shanghai Anbin indirectly own 40% and 10%, respectively, of the equity interests in NIO New Energy. With respect to the 50% equity interests of NIO New Energy indirectly held by the founders, we had entered into a series of contractual arrangements with Shanghai Anbin, and its shareholders, which enabled us to (i) ultimately exercise effective control over such 50% equity interests of NIO New Energy; (ii) receive 50% of

substantially all of the economic benefits and bear the obligation to absorb 50% of substantially all of the losses of NIO New Energy; and (iii) have an exclusive option to purchase all or part of the equity interests in Shanghai Anbin when and to the extent permitted by PRC laws, as a result of which we indirectly owned all or part of such 50% equity interests in NIO New Energy. Because of the ownership of 50% equity interests of NIO New Energy and these contractual arrangements, we were the primary beneficiary of NIO New Energy and hence consolidated its financial results as the variable interest entity under U.S. GAAP. On 31 March 2021, Shanghai NIO, Shanghai Anbin, and each shareholder of Shanghai Anbin entered into a termination agreement pursuant to which each of the contractual agreements among Shanghai NIO, Shanghai Anbin and its shareholders was terminated as of the date of the agreement. In addition, we have also entered into a series of contractual arrangements with Beijing NIO and its shareholders that enable us to hold all the required Internet content provision service, or the ICP, and related licenses in China. For a detailed description of these contractual arrangements, see "Contractual Arrangements".

In the opinion of our PRC Legal Adviser, (i) the ownership structures of NIO Co., Ltd. and the variable interest entity in China do not result in any violation of PRC laws and regulations currently in effect; and (ii) the contractual arrangements between our subsidiary NIO Co., Ltd., the variable interest entity and its shareholders governed by PRC laws will not result in any violation of PRC laws or regulations currently in effect. However, we have been advised by our PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules, and there can be no assurance that the PRC regulatory authorities will take a view that is consistent with the opinion of our PRC Legal Adviser. See "Regulatory Overview – Regulations on Foreign Investment in China" and "Regulatory Overview – Risks Related to Doing Business in China – Our business may be significantly affected by the newly enacted Foreign Investment Law.". It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or, if adopted, what they would provide.

If the ownership structure, contractual arrangements and businesses of our PRC subsidiaries or the variable interest entity are found to be in violation of any existing or future PRC laws or regulations, or our PRC subsidiaries or the variable interest entity fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;

- shutting down our servers or blocking our website, or discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our PRC subsidiaries and variable interest entity;

- imposing fines, confiscating the income from our PRC subsidiaries or the variable interest entity, or imposing other requirements with which we or the variable interest entity may not be able to comply;

- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with the variable interest entity and deregistering the equity pledge of the variable interest entity, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over the variable interest entity; or

- restricting or prohibiting our use of the proceeds of any financing outside China to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of the variable interest entity that most significantly impact their economic performance, and/or our failure to receive the economic benefits from the variable interest entity, we may not be able to consolidate the entities in our consolidated financial statements in accordance with U.S. GAAP. Currently, Beijing NIO and Shanghai Anbin, our current and past consolidated variable interest entities, taking into account all of their respective business with or without foreign investment restrictions under PRC laws, did not contribute any external revenue to our total revenues in 2019, 2020 and 2021. As of 31 December 2020 and 2021, our consolidated variable interest entities did not have significant operations or any material assets or liabilities.

We rely on contractual arrangements with the variable interest entity and its shareholders to exercise control over our business, which may not be as effective as direct ownership in providing operational control.

We have relied on contractual arrangements with Shanghai Anbin and its shareholders to conduct a portion of our operations in China. On 31 March 2021, the contractual agreements with Shanghai Anbin and its shareholders were terminated. See "Contractual Arrangements" for more information. We have relied and expect to continue to rely on contractual arrangements with Beijing NIO and its shareholders to conduct a portion of our operations in China. Beijing NIO did not contribute any external revenue but provided services internally to our subsidiaries, and such services amounted to nil, RMB0.2 million, and RMB0.6 million (US$0.1 million) for the years ended 31 December 2019, 2020 and 2021, respectively. For the year ended 31 December 2021, the total revenue, gross profits and total assets of Beijing NIO accounted for less than 0.1% of that of our Group. For a description of these contractual arrangements, see "Contractual Arrangements". The shareholders of Beijing NIO may not act in the best interests of our Company or may not perform their obligations under these contracts. If we had direct ownership of the variable interest entity, or VIE, we would be able to exercise our rights as a shareholder to control our VIE to exercise rights of shareholders to effect changes in the board of directors of our VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the contractual arrangements, we would rely on legal remedies under PRC law for breach of contract in the event that Beijing NIO and its shareholders did not perform their obligations under the contracts. These legal remedies may not be as effective as direct ownership in providing us with control over Beijing NIO.

If Beijing NIO or its shareholders fail to perform their obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements, and rely on legal remedies under PRC laws, including contractual remedies, which may not be sufficient or effective. All of the agreements under our contractual arrangements are governed by and interpreted in accordance with PRC laws, and disputes arising from these contractual arrangements will be resolved through arbitration in China. However, the legal framework and system in China, particularly those relating to arbitration proceedings, are not as developed as in some other jurisdictions, such as the United States.

In respect of interim remedies, the Contractual Arrangements contain provisions to the effect that the arbitral body may award interim remedies, injunctive relief and/or winding up over the equity interest and/or assets of our Consolidated Affiliated Entity and that courts of competent jurisdictions, such as the courts in Hong Kong, the Cayman Islands, the PRC and places where the principal assets of Shanghai NIO and Beijing NIO are located are empowered to grant interim remedies in support of the arbitration. However, we have been advised by each of our PRC Legal Adviser and Commerce & Finance Law Offices, the legal adviser to the Joint Issue Managers as to PRC Law, that such provisions may not be enforceable as an arbitral body has no power under the applicable PRC laws and regulations to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of, or equity interest in, our

Consolidated Affiliated Entity in case of disputes. PRC laws and regulations do not disallow an arbitral body from awarding the transfer of equity interests and/or assets of our Consolidated Affiliated Entity in favour of Shanghai NIO, at the request of Shanghai NIO. However, the arbitral body does not have the authority to enforce an award and Shanghai NIO may have to resort to the competent courts. The court may or may not support such arbitral award when deciding whether to take enforcement measures. It is subject to the sole discretion of the courts with regard to whether to support such arbitral award and take enforcement measures. Therefore, such award may not be enforceable under PRC laws and regulations. Where a court rules to deny enforcement of an arbitral award, a party may, in accordance with the written arbitration clause between the parties, reapply to the arbitration institution for arbitration or institute an action in a court. Each of our PRC Legal Adviser and Commerce & Finance Law Offices, the legal adviser to the Joint Issue Managers as to PRC Law has also advised that interim remedies or enforcement orders granted by overseas courts in respect of any arbitral award may not be recognised or enforceable in the PRC, notwithstanding that the Contractual Arrangements provide that courts of competent jurisdiction are empowered to grant interim remedies in support of the arbitration. For the avoidance of doubt, the remaining provisions of the dispute resolution clauses in the Contractual Arrangements remain legal, valid and binding on the parties.

As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements, and we may not be able to obtain sufficient remedies in a timely manner in the event that our Consolidated Affiliated Entity or the Registered Shareholders breach any of the Contractual Arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in the PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. If we are unable to enforce these contractual arrangements, or if we suffer significant delay or face other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the variable interest entity, and our ability to conduct our business may be negatively affected. See "Risk Factors – Risks Related to Doing Business in China – Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us."

Our ability to enforce the equity pledge agreements between us and our PRC variable interest entity's shareholders may be subject to limitations based on PRC laws and regulations.

Pursuant to the equity pledge agreements between Shanghai Anbin and Beijing NIO, our current and past variable interest entities, and NIO Co., Ltd., our PRC subsidiary, and the respective shareholders of Shanghai Anbin and Beijing NIO, each shareholder of Shanghai Anbin and Beijing NIO agrees to pledge its equity interests in Shanghai Anbin and Beijing NIO to our subsidiary to secure Shanghai Anbin and Beijing NIO's performance of its obligations under the relevant contractual arrangements. The equity interest pledges of shareholders of each of Beijing NIO and Shanghai Anbin under relevant equity pledge agreements have been registered with the relevant local branch of the SAMR. In addition, in the registration forms of the local branch of the SAMR for the pledges over the equity interests under the equity pledge agreements, the aggregate amount of registered equity interests pledged to NIO Co., Ltd. represents 100% of the registered capital of Shanghai Anbin and Beijing NIO. On 31 March 2021, equity pledge agreements among Shanghai NIO, Shanghai Anbin and its shareholders were terminated, and the deregistration of the equity interest pledges of shareholders of Shanghai Anbin under its equity pledge agreements that were previously registered with the relevant local branch of the SAMR was completed. See "Contractual Arrangements" for more information.

The equity pledge agreements with the variable interest entity's shareholders provide that the pledged equity interests shall constitute continuing security for any and all of the indebtedness, obligations and liabilities under all of the principal service agreements and the scope of pledge shall not be limited by the amount of the registered capital of that variable interest entity. However, a PRC court may take the position that the amount listed on the equity pledge registration forms represents the full amount of the collateral that has been registered and perfected. If this is the case, the obligations that are supposed to be secured in the equity pledge agreements in excess of the amount listed on the equity pledge registration forms could be determined by the PRC court as unsecured debt, which typically takes last priority among creditors.

The registered shareholders of the variable interest entity may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Our founders, Bin Li and Lihong Qin, own 80% and 20%, respectively, of the equity interests in the variable interest entities, Shanghai Anbin and Beijing NIO. On 31 March 2021, the contractual agreements with Shanghai Anbin and its shareholders were terminated. See "Contractual Arrangements" for more information. As registered shareholders of Beijing NIO, they may have potential conflicts of interest with us. These shareholders may breach, or cause the variable interest entity to breach, or refuse to renew, the existing contractual arrangements we have with them and the variable interest entity, which would have a material and adverse effect on our ability to effectively control the variable interest entity and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with Beijing NIO to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our Company or such conflicts will be resolved in our favour.

Although we do have Powers of Attorney in place, there are still potential conflicts of interest between these shareholders and our Company. Each of Bin Li and Lihong Qin is also a director and executive officer of our Company. We rely on Bin Li and Lihong Qin to abide by the laws of the Cayman Islands and China, which provide that directors owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gain. There is currently no specific and clear guidance under PRC laws that addresses any conflict between PRC laws and the laws of the Cayman Islands in respect of any conflict relating to corporate governance. If we cannot resolve any conflict of interest or dispute between us and the shareholders of Beijing NIO, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Our contractual arrangements with our current and past variable interest entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our current or past variable interest entities owe additional taxes, which could negatively affect our financial condition.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. The EIT Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between NIO Co., Ltd., our subsidiary in China, Shanghai Anbin and Beijing NIO, our current and past variable interest entities in China, and Shanghai Anbin and Beijing NIO's shareholders were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust Shanghai Anbin and Beijing NIO's income in the form of a transfer pricing

adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by Shanghai Anbin and Beijing NIO for PRC tax purposes, which could in turn increase their tax liabilities without reducing NIO Co., Ltd.'s tax expenses. On 31 March 2021, the contractual agreements with Shanghai Anbin and its shareholders were terminated. See "Contractual Arrangements" for more information. However, we may face the material and adverse tax consequences described above with respect to our contractual agreements with Shanghai Anbin and its shareholders when such agreements were effective. In addition, if NIO Co., Ltd. requests the shareholders of Beijing NIO to transfer their equity interests in NIO Co., Ltd. at nominal or no value pursuant to the contractual agreements, such transfer could be viewed as a gift and subject NIO Co., Ltd. to PRC income tax. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on Beijing NIO for the adjusted but unpaid taxes according to the applicable regulations. We have performed an assessment and concluded that there were no material tax liabilities arising from the historical VIE structure involving Shanghai Anbin, which has since been terminated. Nevertheless, our financial position could be materially and adversely affected if either of our current and past variable interest entities' tax liabilities increase or if either is required to pay late payment fees and other penalties.

If we exercise the option to acquire the equity interest of Beijing NIO, such transfer of equity interest may be subject to certain limitations and substantial costs

Pursuant to the Contractual Arrangements, our Company, through Shanghai NIO or its designated third party, has the irrevocable and exclusive right to purchase all or part of the equity interests in Beijing NIO at a price equal to the amount of registered capital contributed by the shareholders of Beijing NIO or any portion thereof, or at a price mutually agreed by Shanghai NIO and the shareholders of Beijing NIO. However, such transfer of equity interest may be subject to the approvals from, or filings with the relevant local counterparts of the SAMR, and/or approvals from or filling with such other relevant PRC regulatory authority, and there can be no assurance that such approvals or filings will be obtained in a timely manner or at all. In addition, the equity transfer price may be subject to individual income tax and/or review and tax adjustments by the relevant tax authorities, and such tax amounts may be substantial. In the event that the shareholders of Beijing NIO and/or Shanghai NIO breach the Contractual Agreements, such as any failure by the shareholders of Beijing NIO and/or Shanghai NIO to transfer all or part of the equity interests of Beijing NIO, we may seek to enforce our rights to apply to the PRC courts to enforce our rights under the Contractual Arrangements through a court-ordered sale or auction of the pledged equity and be compensated in priority from the proceeds therefrom. Nevertheless, this will result in us not being able to exert effective control over Beijing NIO and losing control over the assets owned by Beijing NIO. As a result, we will be unable to consolidate Beijing NIO in the consolidated financial statements of our Group, and our ability to conduct our operations in the PRC may be adversely affected, and consequently, our business, financial condition, results of operation and prospects may be adversely affected.

We may lose the ability to use and benefit from assets held by the variable interest entity that are material to the operation of our business if the variable interest entity goes bankrupt or becomes subject to dissolution or liquidation proceedings.

As part of our contractual arrangements with the variable interest entity, the entity may in the future hold certain assets that are material to the operation of our business. If the variable interest entity goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, the variable interest entity may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If the variable interest entity undergoes voluntary or involuntary liquidation proceedings, unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Divestitures of businesses and assets may have a material and adverse effect on our business and financial condition.

We may undertake in the future, partial or complete divestitures or other disposal transactions in connection with certain of our businesses and assets, particularly ones that are not closely related to our core focus areas or might require excessive resources or financial capital, to help our Company meet its objectives. These decisions are largely based on our management's assessment of the business models and likelihood of success of these businesses. However, our judgement could be inaccurate, and we may not achieve the desired strategic and financial benefits from these transactions. Our financial results could be adversely affected by the impact from the loss of earnings and corporate overhead contribution/allocation associated with divested businesses.

Dispositions may also involve continued financial involvement in the divested business, such as through guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of our control could affect our future financial results. We may also be exposed to negative publicity as a result of the potential misconception that the divested business is still part of our consolidated group. On the other hand, we cannot assure you that the divesting business would not pursue opportunities to provide services to our competitors or other opportunities that would conflict with our interests. If any conflicts of interest that may arise between the divesting business and us cannot be resolved in our favour, our business, financial condition, results of operations could be materially and adversely affected.

Furthermore, reducing or eliminating our ownership interests in these businesses might negatively affect our operations, prospects, or long-term value. We may lose access to resources or know-how that would have been useful in the development of our own business. Our ability to diversify or expand our existing businesses or to move into new areas of business may be reduced, and we may have to modify our business strategy to focus more exclusively on areas of business where we already possess the necessary expertise. We may sell our interests too early, and thus forego gains that we otherwise would have received had we not sold. Selecting businesses to dispose of or spin off, finding buyers for them (or the equity interests in them to be sold) and negotiating prices for what may be relatively illiquid ownership interests with no easily ascertainable fair market value will also require significant attention from our management and may divert resources from our existing business, which in turn could have an adverse effect on our business operations.

The Hong Kong Stock Exchange has granted us a waiver from strict compliance with the requirements in Paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules such that we are able to list a subsidiary entity on the Hong Kong Stock Exchange within three years of the listing of our Class A ordinary shares on the Hong Kong Stock Exchange. While we currently do not have any plan with respect to any spin-off listing on the Hong Kong Stock Exchange, we may consider a spin-off listing on the Hong Kong Stock Exchange for one or more of our businesses within the three-year period subsequent to our listing in Hong Kong. The waiver granted by the Hong Kong Stock Exchange is conditional upon us confirming to the Hong Kong Stock Exchange in advance of any spin-off that it would not render our Company incapable of fulfilling the eligibility requirements under Rule 19C.05 of the Hong Kong Listing Rules based on the financial information of the entity or entities to be spun-off at the time of the listing of our Class A ordinary shares on the Hong Kong Stock Exchange (calculated cumulatively if more than one entity is spun-off).

RISKS RELATED TO DOING BUSINESS IN CHINA

The PCAOB is currently unable to inspect our auditor in relation to their audit work performed for our financial statements, and the inability of the PCAOB to conduct inspections deprives our investors of the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this Introductory Document, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in the mainland of China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, our auditor is not currently inspected by the PCAOB.

As a result, we and investors in our ADSs or Class A ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause investors and potential investors in our ADSs or Class A ordinary shares to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs will be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, or the HFCAA, in 2024 if the PCAOB is unable to inspect or fully investigate auditors located in China, or in 2023 if proposed changes to the law are enacted. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

The Holding Foreign Companies Accountable Act, or the HFCAA, was signed into law on 18 December 2020. The HFCAA states that if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection for the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On 2 December 2021, the SEC adopted final amendments implementing the disclosure and submission requirements of the HFCAA, pursuant to which the SEC will identify an issuer as a "Commission Identified Issuer" if the issuer has filed an annual report containing an audit report issued by a registered public accounting firm that the PCAOB has determined it is unable to inspect or investigate completely, and will then impose a trading prohibition on an issuer after it is identified as a Commission-Identified Issuer for three consecutive years. On 16 December 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. The PCAOB identified our auditor as one of the registered public accounting firms that the PCAOB is unable to inspect or investigate completely. On 4 May 2022, we were provisionally identified as a "Commission Identified Issuer" by the SEC. We expect to be conclusively identified as a "Commission Identified Issuer" 15 business days after 4 May 2022.

Whether the PCAOB will be able to conduct inspections of our auditor before the issuance of our financial statements on Form 20-F for the year ending 31 December 2023 which is due by 30 April 2024, or at all, is subject to substantial uncertainty and depends on a number of factors out of our, and our auditor's, control. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. Such a prohibition would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

On 22 June 2021, the U.S. Senate passed a bill which would reduce the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two. On 4 February 2022, the U.S. House of Representatives passed a bill which contained, among other things, an identical provision. If this provision is enacted into law and the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA is reduced from three years to two, then our shares and ADSs could be prohibited from trading in the United States in 2023.

Changes in China's political or social conditions or government policies could have a material and adverse effect on our business and results of operations.

Substantially all of our revenues are expected to be derived in China in the near future and most of our operations, including all of our manufacturing, is conducted in China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. While the PRC economy has experienced significant growth over the past decades, that growth has been uneven across different regions and between economic sectors and may not continue, as evidenced by the slowing of the growth of the Chinese economy since 2012. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, leading to reduction in demand for our services and solutions and adversely affect our competitive position.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

Our PRC subsidiaries are foreign-invested enterprises and are subject to laws and regulations applicable to foreign-invested enterprises as well as various Chinese laws and regulations generally applicable to companies incorporated in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

Our business may be significantly affected by the newly enacted Foreign Investment Law.

On 15 March 2019, the NPC promulgated the Foreign Investment Law, which has become effective on 1 January 2020 and replaced the trio of existing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their implementation rules and ancillary regulations. Since the Foreign Investment Law is newly enacted, uncertainties still exist in relation to its interpretation and implementation. The Foreign Investment Law does not explicitly classify whether variable interest entities that are controlled via contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under definition of "foreign investment" to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment. There can be no assurance that our contractual arrangements will not be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations.

The Foreign Investment Law grants national treatment to foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list" to be published. Because the "negative list" has yet been published, it is unclear as to whether it will differ from the 2021 Negative List currently in effect. The Foreign Investment Law provides that only foreign invested entities operating in foreign restricted or prohibited industries will require entry clearance and other approvals that are not required by PRC domestic entities or foreign invested entities operating in other industries. In the event that the variable interest entity through which we operate our business is not treated as domestic investment and our operations carried out through such variable interest entity are classified in the "restricted" or "prohibited" industry in the "negative list" under the Foreign Investment Law, such contractual arrangements may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or dispose of such business.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. In addition, the Foreign Investment Law provides that existing foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law, which means that we may be required to adjust the structure and corporate governance of certain of our PRC entities then. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

The approval of or filing with the CSRC or other PRC government authorities may be required in connection with this Listing and our future capital raising activities under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or filing.

The M&A Rules require an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear and uncertain, and this Listing may ultimately require approval of the CSRC. If the CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, such CSRC approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for this Listing if such approval is required, or a rescission of such CSRC approval is obtained by us, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in the PRC, restrictions or limitations on our ability to pay dividends outside of the PRC, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

Recently, the relevant PRC government authorities issued the Opinions, which called for the enhanced administration and supervision of overseas-listed China-based companies (中概股公司), proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. As of the date of this Introductory Document, due to the lack of further clarifications or detailed rules and regulations, there are still uncertainties regarding the interpretation and implementation of the Opinions, including on China-based companies with a VIE structure. In addition, we cannot guarantee that new rules or regulations promulgated in the future pursuant to the Opinions will not impose any additional requirement on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorisation or requirements for this Listing or future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such approval or completing such procedures for this Listing or future capital raising activities, or a rescission of any such approval obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in the PRC, limit our ability to pay dividends outside of the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from this Listing or future capital raising activities into the PRC, or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the proceeds of our shares.

On 24 December 2021, the CSRC released the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《国务院关于境内企业境外发行证券和上市的管理规定(草案征求意见稿)》) (the "**Draft Administration Provisions**") and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境内企业境外发行证券和上市备案管理办法(征求意见稿)》) (the "**Draft Filing Measures**"), both of which had a comment period that expired on 23 January 2022. The Draft Administration Provisions and the Draft Filing Measures regulate the system, filing management and other related rules with respect to direct or indirect overseas issuance of listed and traded securities by "domestic enterprises". Assuming the Draft Administration Provisions and the Draft Filing Measures become effective in their current forms, any of our offerings in the future may be subject to the filing with the CSRC. If we cannot complete such filing in a timely manner, our offerings may be materially affected. See "Regulatory Overview – M&A Rules and Overseas Listing".

The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt this Introduction or future capital raising activities before settlement and delivery of the proceeds hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for this Listing or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the proceeds of the shares.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulations on internet-related business, automotive businesses and other business carried out by our PRC subsidiaries and variable interest entities.

We operate in the automotive and internet industry, both of which are extensively regulated by the PRC government. For example, the PRC government imposes foreign ownership restrictions and licensing and permit requirements for companies in the internet industry. See "Regulatory Overview – Regulations on Foreign Investment in China" and "Regulations on Value-added Telecommunications Services". Manufacturing of our vehicles is subject to extensive regulations in China. See "Regulatory Overview – Regulations and Approvals Covering the Manufacturing of New Energy Vehicles". These laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations and furthermore, we cannot assure you that we have complied or will be able to comply with all applicable laws at all times. Consequently, we could face the risks of being subject to governmental investigations, orders by the competent authorities for rectification, administrative penalties or other legal proceedings.

Currently we rely on the contractual arrangements with Beijing NIO, the variable interest entity, to hold an ICP license, and separately own the relevant domain names and trademarks in connection with our internet services and operate our website and mobile application through NIO Co., Ltd. Our internet services may be treated as a value-added telecommunications business. If so, we may be required to transfer the domain names, trademark and the operations of the internet services from NIO Co., Ltd. to Beijing NIO, and we may also be subject to administrative penalties. Further, any challenge to the validity of these arrangements may significantly disrupt our business, subject us to sanctions, compromise enforceability of our contractual arrangements, or have other harmful effects on us. It is uncertain if Beijing NIO or NIO Co., Ltd. will be required to obtain a separate operating license for certain services carried out by us through our mobile application in addition to the valued-added telecommunications business operating licenses for internet content provision services, and if Beijing NIO will be required to supplement our current ICP license in the future.

In addition, our mobile applications are also regulated by the Administrative Provisions on Mobile Internet Applications Information Services, or the APP Provisions, promulgated by the Cyberspace Administration of China, or the CAC, on 28 June 2016 and effective on 1 August 2016. According to the APP Provisions, the providers of mobile applications shall not create, copy, publish or distribute information and content that is prohibited by laws and regulations. However, we cannot assure that all the information or content displayed on, retrieved from or linked to our mobile applications complies with the requirements of the APP Provisions at all times. If our mobile applications were found to be violating the APP Provisions, we may be subject to administrative penalties, including warning, service suspension or removal of our mobile applications from the relevant mobile application store, which may materially and adversely affect our business and operating results.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry, particularly the policies relating to value-added telecommunications services, have created substantial uncertainties regarding the legality of existing and future foreign investments in the businesses and activities of internet businesses in China, including our business.

Several PRC regulatory authorities, such as the SAMR, the NDRC, the MIIT, and the MOFCOM, oversee different aspects of our operations, and we are required to obtain a wide range of government approvals, licenses, permits and registrations in connection with our operations. For example, certain filings must be made by automobile dealers through the information system for the national automobile circulation operated by the relevant commerce department within 90 days after the receipt of a business license. Furthermore, the NEV industry is relatively new in China, and the PRC government has not adopted a clear regulatory framework to regulate the industry. As some of the laws, rules and regulations that we may be subject to were primarily enacted with a view toward application to ICE vehicles, or are relatively new, there is significant uncertainty regarding their interpretation and application with respect to our business. For example, it remains unclear under PRC laws whether our charging vans need to be registered with related local traffic management authorities or obtain transportation operation licenses for their services, and whether we would be required to obtain any particular permit or license to be qualified to provide our charging services in cooperation with third-party charging stations. In addition, the PRC government may enact new laws and regulations that require additional licenses, permits, approvals and/or registrations for the operation of any of our existing or future business. As a result, we cannot assure you that we have all the permits, licenses, registrations, approvals and/or business licenses covering the sufficient scope of business required for our business or that we will be able to obtain, maintain or renew permits, licenses, registrations, approvals and/or business licenses covering sufficient scope of business in a timely manner or at all.

The PRC government's significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our Shares.

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the conduct of our business, and it may intervene in or influence our operations as the government deems appropriate to advance regulatory and societal goals and policy positions. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations, which could result in a material adverse change in our operation and/or the value of our Class A ordinary shares. Also, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and foreign investment in China-based issuers. Therefore, investors of our Company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders and service any debt we may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As of 31 December 2021, most of our PRC subsidiaries and the variable interest entity had

not made appropriations to statutory reserves as our PRC subsidiaries and the variable interest entity reported accumulated loss. For a detailed discussion of applicable PRC regulations governing distribution of dividends, see "Regulatory Overview – Regulations on Dividend Distribution". Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Furthermore, the PRC tax authorities may require our subsidiaries to adjust their taxable income under the contractual arrangements they currently have in place with the variable interest entity in a manner that would materially and adversely affect their ability to pay dividends and other distributions to us. See "Risk Factors – Risks Related to Our Corporate Structure–Our contractual arrangements with our current and past variable interest entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our current and past variable interest entities owe additional taxes, which could negatively affect our financial condition". In addition, the incurrence of indebtedness by our PRC subsidiaries could result in operating and financing covenants and undertakings to creditors that would restrict the ability of our PRC subsidiaries to pay dividends to us.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See "Risk Factors – If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavourable tax consequences to us and our non-PRC Shareholders or ADS holders.".

Increases in labour costs and enforcement of stricter labour laws and regulations in the PRC may adversely affect our business and our profitability.

China's overall economy and the average wage in China have increased in recent years and are expected to grow. The average wage level for our employees has also increased in recent years. We expect that our labour costs, including wages and employee benefits, will increase. Unless we are able to pass on these increased labour costs to those who pay for our services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labour contracts with our employees, limitation with respect to utilisation of labour dispatching, applying for foreigner work permits, labour protection and labour condition and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labour Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employee's probation and unilaterally terminating labour contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labour practices, the PRC Labour Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

Companies registered and operating in China are required under the PRC Social Insurance Law (latest amended in 2018) and the Regulations on the Administration of Housing Funds (latest amended in 2019) to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment, and to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. However, certain of our PRC subsidiaries and VIE that do not hire any employees and are not a party to any employment agreement, have not applied for and obtained such registration, and instead of paying the social insurance payment on their own for their employees, certain of our PRC subsidiaries and VIE use third-party agencies to pay in the name of such agency. We could be subject to orders by the competent labour authorities for rectification and failure to comply with the orders may further subject us to administrative fines.

As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labor-related law and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

Furthermore, in order to control labor costs, we conducted a series of organizational restructuring to cut headcount in 2019, which we believe has negatively affected our reputation, brand image and our ability to retain the remaining qualified staff and skilled employees. We could undertake an organizational restructuring again in the future, the occurrence of which will pose negative implications on our competitive position, cost us qualified employees and subject us to potential employment lawsuits. Any of the above would negatively affect our business, financial condition and results of operations.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations.

The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of RMB against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar in the future.

Any significant appreciation or depreciation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive into RMB to pay our operating expenses, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. We currently have a formal hedging policy and enter into relevant transactions when necessary, to mitigate the risks of foreign exchange gains/losses generated from our balances of cash and cash equivalents and short-term investments denominated in USD. Our hedging strategy for hedging our exposure to foreign currency fluctuations is properly reviewed and approved by our board. We have also put in place, where necessary, procedures for specific hedging transactions, which are properly reviewed and approved by our management as authorised by our board. We have entered into currency exchange forward contracts to hedge our foreign currency risks. These contracts generally have a maturity period within 1 year. Our management reviews and approves the entry into the hedging transactions and reports our Company's hedging activities to the board on a quarterly basis. While we have entered into and may continue to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our offshore equity offerings to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Under PRC laws and regulations, we are permitted to utilize the proceeds of any financing outside China to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration, statutory limitations on amount and approval requirements. For more details, see "Regulatory Overview – Regulations on Foreign Exchange". These PRC laws and regulations may significantly limit our ability to use Renminbi converted from the net proceeds of any financing outside China to fund the establishment of new entities in China by our PRC subsidiaries, to invest in or acquire any other PRC companies through our PRC subsidiaries, or to establish new variable interest entities in China. Moreover, we cannot assure you that we will be able to complete the necessary registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received or expect to receive from our offshore offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On 26 December 2017, the NDRC issued the Management Rules for Overseas Investment by Enterprises, or Order 11. On 11 February 2018, the Catalog on Overseas Investment in Sensitive Industries (2018 Edition), or the Sensitive Industries List was promulgated. Overseas investment governed by Order 11 refers to the investment activities conducted by an enterprise located in the territory of China either directly or via an overseas enterprise under its control through making investment with assets and equities or providing financing or guarantees in order to obtain overseas ownership, control, management rights and other related interests, and overseas investment by a PRC individual through overseas enterprises under his/her control is also subject to Order 11. According to Order 11, before being conducted, any overseas investment in a sensitive industry or any direct investment by a Chinese enterprise in a non-sensitive industry but with an investment amount over US$300 million requires approval from, or filing with, the NDRC, and for those non-sensitive investments indirectly by Chinese investors (including PRC individuals) with investment amounts over US$300 million need to be reported. However, as uncertainties remain with respect to the interpretation and application of Order 11, we are not sure whether our use of proceeds will be subject to Order 11. If we fail to obtain the approval, complete the filing or report our overseas investment with our proceeds (as the case may be) in a timely manner provided that Order 11 is applicable, we may be forced to suspend or cease our investment, or be subject to penalties or other liabilities, which could materially and adversely affect our business, financial condition and prospects.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into a foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. See "Regulatory Overview – Regulations in China – Regulations on Foreign Exchange".

Since 2016, the PRC government has tightened its foreign exchange policies again and stepped up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process have been put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may also restrict access in the future to foreign currencies for current account transactions, at its discretion. We receive substantially all of our revenues in RMB. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders, including holders of our Shares.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

SAFE requires PRC residents or entities to register with SAFE or its local branch in connection with their investment, establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes certain material events. See "Regulatory Overview – Regulations on Foreign Exchange – Offshore Investment".

If our Shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiaries may be prohibited from distributing their profits and any proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with SAFE registration requirements could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interests in our Company, nor can we compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our Shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Failure by such Shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

China's M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations have established procedures and requirements that could make merger and acquisition activities in China by foreign investors more time-consuming and complex. In addition to the Anti-Monopoly Law itself, these include the Regulations on Acquisition of Domestic Enterprises by Foreign Investors (《关于外国投资者并购境内企业的规定》), or the M&A Rules, adopted by six PRC governmental and regulatory agencies in 2006 and amended in 2009, and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security Review Rules, promulgated in 2011. These laws and regulations impose requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Anti-Monopoly Law requires that the MOFCOM be notified in advance of any concentration of undertaking if certain thresholds are triggered. Moreover, the Security Review Rules specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions

through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under SAFE regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. See "Regulatory Overview – Regulations on Employment and Social Welfare – Employee Stock Incentive Plan". We and our PRC resident employees who participate in our share incentive plans are subject to these regulations since we became a public company listed in the United States. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees may be subject to fines and other legal or administrative sanctions. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

Discontinuation of any of the preferential tax treatments and government subsidies or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

Our PRC subsidiaries currently benefit from a number of preferential tax treatments. For example, our subsidiary, NIO Co., Ltd., is entitled to enjoy, after completing certain application formalities, a 15% preferential enterprise income tax from 2018 as it has been qualified as a "High New Technology Enterprise" under the EIT Law and related regulations. The discontinuation of any of the preferential income tax treatment that we currently enjoy could have a material and adverse effect on our result of operations and financial condition. We cannot assure you that we will be able to maintain or lower our current effective tax rate in the future.

In addition, our PRC subsidiaries have received various financial subsidies from PRC local government authorities. The financial subsidies result from discretionary incentives and policies adopted by PRC local government authorities. Local governments may decide to change or discontinue such financial subsidies at any time. The discontinuation of such financial subsidies or imposition of any additional taxes could adversely affect our financial condition and results of operations.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC Shareholders or ADS holders.

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a PRC resident enterprise. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the STA issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may

reflect the STA's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body". If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations. In addition, we may be required to withhold a 10% withholding tax from interest or dividends we pay to our Shareholders that are non-PRC resident enterprises, including the holders of our ADSs. In addition, non-PRC resident enterprise Shareholders (including our ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, interest or dividends paid to our non-PRC individual Shareholders (including our ADS holders) and any gain realized on the transfer of the ADSs or ordinary shares by such holders may be subject to PRC tax at a rate of 20% (which, in the case of interest or dividends, may be withheld at source by us), if such gains are deemed to be from PRC sources. These rates may be reduced by an applicable tax treaty, but it is unclear whether our non-PRC Shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise.

We may not be able to obtain certain benefits under relevant tax treaties on dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiary.

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the EIT Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise investor, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Treaties, which became effective in January 2020, require non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties and file relevant reports and materials with the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See "Taxation – PRC Taxation". As of 31 December 2021, most of our subsidiaries and variable interest entity located in the PRC reported accumulated loss and therefore they had no retained earnings for offshore distribution. In the future, we intend to re-invest all earnings, if any, generated from our PRC subsidiaries for the operation and expansion of our business in China. Should our tax policy change to allow for offshore distribution of our earnings, we would be subject to a significant withholding tax. Our determination regarding our qualification to enjoy the preferential tax treatment could be challenged by the relevant tax authority and we may not be able

to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiary.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

In February 2015, the SAT issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Circular 7. Circular 7 extends its tax jurisdiction to not only indirect transfers but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, Circular 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Circular 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an "indirect transfer" by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. On 17 October 2017, the STA issued Circular on Issues of Tax Withholding regarding Non-PRC Resident Enterprise Income Tax, or STA Circular 37, which came into effect on 1 December 2017 and was amended on 15 June 2018. STA Circular 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-PRC resident enterprises with respect to a filing or the transferees with respect to withholding obligations, and request our PRC subsidiaries to assist in the filing. As a result, we and non-PRC resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under STA Circular 7 and Circular 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-PRC resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

If the custodians or authorized users of controlling non-tangible assets of our Company, including our corporate chops and seals, fail to fulfil their responsibilities, or misappropriate or misuse these assets, our business and operations could be materially and adversely affected.

Under PRC law, legal documents for corporate transactions are executed using the chops or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant branch of the SAMR.

Although we usually utilize chops to enter into contracts, the designated legal representatives of each of our PRC subsidiaries and variable interest entity have the apparent authority to enter into contracts on behalf of such entities without chops and bind such entities. All designated legal representatives of our PRC subsidiaries and variable interest entity are members of our senior management team who have signed employment agreements with us or our PRC subsidiaries and

variable interest entity under which they agree to abide by various duties they owe to us. In order to maintain the physical security of our chops and chops of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel in the legal or finance department of each of our subsidiaries and variable interest entity. Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the relevant entities and experience significant disruption to our operations. If a designated legal representative obtains control of the chops in an effort to obtain control over any of our PRC subsidiaries or variable interest entity, we or our PRC subsidiaries or variable interest entity would need to pass a new shareholders or board resolution to designate a new legal representative and we would need to take legal action to seek the return of the chops, apply for new chops with the relevant authorities, or otherwise seek legal redress for the violation of the representative's fiduciary duties to us, which could involve significant time and resources and divert management attention away from our regular business. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

Our leased property interest or entitlement to other facilities or assets may be defective or subject to lien and our right to lease, own or use the properties affected by such defects or lien challenged, which could cause significant disruption to our business.

Under PRC laws, all lease agreements are required to be registered with the local housing authorities. We presently lease several premises in China, some of which have not completed the registration of the ownership rights or the registration of our leases with the relevant authorities. Failure to complete these required registrations may expose our landlords, lessors and us to potential monetary fines. If these registrations are not obtained in a timely manner or at all, we may be subject to monetary fines or may have to relocate our offices and incur the associated losses.

Some of the ownership certificates or other similar proof of certain leased properties have not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased real properties, we could be required to vacate the properties, in the event of which we could only initiate the claim against the lessors under relevant lease agreements for indemnities for their breach of the relevant leasing agreements. In addition, we may not be able to renew our existing lease agreements before their expiration dates, in which case we may be required to vacate the properties. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be adversely affected.

Some of our PRC subsidiaries have incurred or will incur indebtedness and may, in connection therewith, create mortgage, pledge or other lien over substantive operating assets, facilities or equity interests of certain PRC subsidiaries as guarantee to their repayment of indebtedness or as counter guarantee to third-party guarantors which provide guarantee to our PRC subsidiaries' repayment of indebtedness. In the event that the relevant PRC subsidiaries fail to perform their repayment obligations or such guarantors perform their guarantee obligations, claims may be raised to our substantive operating assets, facilities or equity interests of the PRC subsidiaries in question. If we cannot continue to own or use such assets, facilities or equity interests, our operation may be adversely affected.

RISKS RELATED TO OUR SHARES, OUR ADS AND THE INTRODUCTION

In addition to the risks set out below, holders of our Class A ordinary shares should also review the disclosures set out in our filings with the SEC and the Hong Kong Stock Exchange for specific risks relating to ADS holders/Class A ordinary shares and trading of our ADSs/Class A ordinary shares on the NYSE/the Hong Kong Stock Exchange respectively.

We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.

The trading of our Class A ordinary shares on the Hong Kong Stock Exchange commenced on 10 March 2022 under the stock code "9866". As a company listed on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules, we are not subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, we have applied for a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Codes on Takeovers and Mergers and Shares Buy-backs issued by the SFC, or the Takeovers Codes, and the Securities and Futures Ordinance, or the SFO. As a result, we will adopt different practices as to those matters as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers.

Our articles of association are specific to us and include certain provisions that may be different from the requirements under the Hong Kong Listing Rules and common practices in Hong Kong. In particular, in our amended articles of associations to be put forth in the first annual general meeting after the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, or the First AGM, we refer to the Relevant Period as the period commencing from the date on which any of our Class A ordinary shares first become secondary listed on the Hong Kong Stock Exchange to and including the date immediately before the day which the secondary listing is withdrawn from the Hong Kong Stock Exchange. For example, in order to comply with applicable Listing Rules, during the Relevant Period, (i) NIO Users Trust will not have any director nomination right; (ii) our Company shall have only one class of shares with enhanced or weighted voting rights; (iii) our directors shall not have the power to, amongst others, authorize share split or designate a new share class with enhanced or weighted voting rights; and (iv) certain restrictions on the weighted voting right structure, or WVR structure, of the Company under Chapter 8A of the Hong Kong Listing Rules shall be applicable, such as, amongst others, no further increase in the proportion of WVR shares, that only a director or a director holding vehicle is permitted to hold WVR shares and automatic conversion of WVR shares into Class A ordinary shares under certain circumstances.

Notwithstanding the above and at any time after the Relevant Period, the provisions which are subject to the Relevant Period will continue to apply in the circumstances where the Company has a change of listing status on the Hong Kong Stock Exchange other than in the case where the secondary listing of the Company is withdrawn from the Hong Kong Stock Exchange pursuant to the applicable Hong Kong Listing Rules.

Given certain shareholder protection under the Hong Kong Listing Rules will only be applicable during the Relevant Period, our investors may be afforded less protection after the Relevant Period under our amended articles of association to be adopted in the First AGM as compared with other companies secondary listed in Hong Kong.

We may only cease to be secondary listed under Chapter 19C of the Hong Kong Listing Rules under one of the following situations:

- withdrawal, in the case where we are primary listed on another stock exchange and voluntarily withdraw our secondary listing on the Hong Kong Stock Exchange;

- migration of the majority of trading to the Hong Kong Stock Exchange's markets, in the case where the majority of trading in our listed shares migrates to the Hong Kong Stock Exchange's markets on a permanent basis;

- primary conversion, i.e., our voluntary conversion to a dual-primary listing on the Hong Kong Stock Exchange;

- overseas de-listing, where our shares or depositary receipts issued on our shares cease to be listed on the stock exchange which we are primary listed;

- if the Hong Kong Stock Exchange cancels the listing of our securities; and

- if Securities and Futures Commission of Hong Kong, or SFC directs the Hong Kong Stock Exchange to cancel the listing of our securities.

The scenarios under which we may cease to be secondary listed on the Hong Kong Stock Exchange are subject to the changing market conditions, our listing or de-listing in other jurisdictions, our compliance with the listing rules of the Hong Kong Stock Exchange and other factors beyond our control. As a result, there are substantial uncertainties relating to applicability of the shareholders' rights and protection under the aforementioned provisions of our amended articles of association to be put forth in the First AGM particularly in the case where the Company de-lists from the Hong Kong Stock Exchange.

As we are listed as a Non-Grandfathered Greater China Issuer pursuant to Chapter 19C, our articles of association must comply with the requirements of the Hong Kong Listing Rules unless waived by the Hong Kong Stock Exchange. We will put forth resolutions to our shareholders at our first general meeting to be convened on or before 31 August 2022 to amend certain provisions of our articles in order to comply with the Hong Kong Listing Rules.

Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our Class A ordinary shares and ADSs over our most recent fiscal year takes place on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong and we will no longer enjoy certain exemptions or waivers from strict compliance with the requirements under the Hong Kong Listing Rules, the Takeovers Codes and the SFO, which could result in us having to amend our corporate structure and articles of association and we may incur of incremental compliance costs.

If we change the listing venue of our securities, including delisting from the New York Stock Exchange, Hong Kong Stock Exchange or SGX-ST, you may lose the shareholder protection mechanisms afforded under the regulatory regimes of the applicable securities exchange.

As a company listed on the New York Stock Exchange, Hong Kong Stock Exchange and SGX-ST, we are subject to various listing standards and requirements that are aimed at protecting your rights as shareholders of our Company, subject to certain permitted exceptions applicable to foreign companies. For example, the Hong Kong Stock Exchange requires that, after our listing on the Hong Kong Stock Exchange, there should only be one class of shares with enhanced voting rights, and that certain reserved matters under the Hong Kong Listing Rules are required to be voted on a one vote per share basis at the general meetings. In the event that we reduce the number of shares in issue, the holders of Class C ordinary shares shall reduce their voting rights in the

Company proportionately through a conversion of a portion of their Class C ordinary shares or otherwise. If we choose to change the listing venue of our securities, including delisting from either exchange, you may lose the shareholder protection mechanisms afforded under the regulatory regimes of the applicable securities exchange. In particular, various factors will be taken into consideration by the Company in relation to the circumstances under which it may be considered not desirable or viable for the shares to remain listed on a certain stock exchange, such as the then regulatory environment of the listing venue, whether the additional compliance burden that arises by remaining listed on a particular stock exchange will be unduly burdensome for the Company to further its interest, realise its vision or implement certain business plans.

The trading prices of our listed securities have been and are likely to continue to be volatile, which could result in substantial losses to investors.

The trading price of our listed securities have been and are likely to continue to be volatile and could fluctuate widely in response to a variety of factors, many of which are beyond our control. For example, in 2021, the trading price of our ADSs ranged from a low of US$28.16 to a high of US$62.84. The trading price of our Class A ordinary shares may be affected by the trading price and fluctuations in the trading price of our ADSs and, likewise, can be volatile for similar or different reasons. The market price for our listed securities may continue to be volatile and subject to wide fluctuations in response to factors including, but not limited to, the following:

- actual or anticipated fluctuations in our quarterly results of operations and cash flows;
- changes in financial estimates by securities research analysts;
- conditions in automotive markets;
- changes in the operating performance or market valuations of other automotive companies;
- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between RMB and the U.S. dollar;
- litigation, government investigation or other legal or regulatory proceeding;
- release of lock-up and other transfer restrictions on our Class A ordinary shares or ADSs, issuance of ADSs or ordinary shares upon conversion of the convertible notes we issued, or any ordinary shares or sales of additional ADSs;
- any actual or alleged illegal acts of our Shareholders or management;
- any share repurchase program; and
- general economic or political conditions in China or elsewhere in the world.

Any of these factors may result in large and sudden changes in the volume and price at which our Class A ordinary shares and/or ADSs will trade.

In addition, the stock market in general, and the market prices for companies with operations in China in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. The securities of some China-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings in recent years, including, in some cases, substantial declines in the trading prices of their securities. The trading performances of these companies' securities after their offerings may affect the attitudes of investors towards Chinese companies listed in the United States in general, which consequently may impact the trading performance of our Class A ordinary shares and/or ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis and the ensuing economic recessions in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets. These broad market and industry fluctuations may adversely affect the market price of our Class A ordinary shares and/or ADSs. Volatility or a lack of positive performance in our Class A ordinary shares and/or ADSs price may also adversely affect our ability to retain key employees, most of whom have been granted options or other equity incentives.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Class A ordinary shares and/or ADSs, the market price for our Class A ordinary shares and/or ADSs and trading volume could decline.

The trading market for our Class A ordinary shares and/or ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Class A ordinary shares and/or ADSs, the market price for our Class A ordinary shares and/or ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our Class A ordinary shares and/or ADSs to decline.

Our multiple voting share structure will limit the holders of our Class A ordinary shares and ADSs to influence corporate matters, provide certain Shareholders of ours with substantial influence and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

We had historically adopted a triple-class voting structure such that our ordinary shares consisted of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares.Upon the listing of our Class A ordinary shares on the Hong Kong Stock Exchange, all of our Class B ordinary shares, which used to be beneficially owned by Tencent entities, namely, Image Frame Investment (HK) Limited and Mount Putuo Investment Limited, were converted to Class A ordinary shares pursuant to the conversion notice delivered by the relevant shareholders. Currently, our ordinary shares consist of Class A ordinary shares and Class C ordinary shares. Holders of Class A ordinary shares and Class C ordinary shares have the same rights other than voting and conversion rights. Each holder of our Class A ordinary shares is entitled to one vote per share and each holder of our Class C ordinary shares is entitled to eight votes per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class C ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Each Class C ordinary share is convertible into one Class A ordinary share, whereas Class A ordinary shares are not convertible into Class C ordinary shares under any circumstances. Upon any transfer of Class C ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class C ordinary shares are automatically and immediately converted into the equal number of Class A ordinary shares.

As of the date of this Introductory Document, Mr. Bin Li, our founder, chairman and chief executive officer, together with his affiliates, beneficially own all of our issued Class C ordinary shares. Due to the disparate voting powers associated with our multiple classes of ordinary shares, Mr. Li has considerable influence over important corporate matters. Based on the statement on Schedule 13G/A available up to the Latest Practicable Date and filed on 27 January 2022 jointly by Mr. Bin Li, Originalwish Limited, mobike Global Ltd., NIO Users Limited and NIO Users Trust, as of 31 December 2021, Mr. Li beneficially owned 44.5% of the aggregate voting power of our Company through mobike Global Ltd. and Originalwish Limited, companies wholly owned by Mr. Li, and through NIO Users Limited, a holding company ultimately controlled by Mr. Li. Mr. Li has considerable influence over matters requiring shareholder approval, including electing directors and approving material mergers, acquisitions or other business combination transactions. This concentrated control will limit the ability of the holders of our Class A ordinary shares and ADSs to influence corporate matters and could also discourage others from pursuing any potential merger, takeover or other change of control transaction, which could have the effect of depriving the holders of our Class A ordinary shares and our ADSs of the opportunity to sell their shares at a premium over the prevailing market price. Moreover, Mr. Li may increase the concentration of his voting power and/or share ownership in the future, which may, among other consequences, decrease the liquidity in our Class A ordinary shares and ADSs.

Techniques employed by short sellers may drive down the market price of our ADSs and/or Class A ordinary shares.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies listed in the United States that have a substantial majority of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

We may be the subject of unfavourable allegations made by short sellers in the future. Any such allegations may be followed by periods of instability in the market price of our common shares and ADSs and negative publicity. If and when we become the subject of any unfavourable allegations, whether such allegations are proven to be true or untrue, we may have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable federal or state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and shareholders' equity, and the value of any investment in our ADSs and/or Class A ordinary shares could be greatly reduced or rendered worthless.

The sale or availability for sale of substantial amounts of our Class A ordinary shares and/or ADSs could adversely affect their market price.

Sales of substantial amounts of our Class A ordinary shares and/or ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our Class A ordinary shares and/or ADSs and could materially impair our ability to raise capital through equity offerings in the future. We cannot predict what effect, if any, market sales of securities held by our significant Shareholders or any other Shareholder or the availability of these securities for future sale will have on the market price of our Class A ordinary shares and/or ADSs. In addition, certain holders of our existing Shareholders are entitled to certain registration rights, including demand registration rights, piggyback registration rights, and Form F-3 or Form S-3 registration rights. See "Related Party Transactions – Shareholders Agreement" for more details on these registration rights. Registration of these shares under the U.S. Securities Act, would result in these shares becoming freely tradable without restriction under the U.S. Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market, or the perception that such sales could occur, could cause the price of our Class A ordinary shares and/or ADSs to decline.

Because we do not expect to pay dividends in the foreseeable future, the holders of our Class A ordinary shares and/or ADSs must rely on price appreciation of our Class A ordinary shares and/or ADSs for return on their investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Class A ordinary shares and/or ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return to ADS holders will likely depend entirely upon any future price appreciation of our Class A ordinary shares and/or ADSs. There is no guarantee that our Class A ordinary shares and/or ADSs will appreciate in value or even maintain the price at which Class A ordinary shares and/or ADS holders purchased the Class A ordinary shares and/or ADSs. Our Class A ordinary shares and/or ADS holders may not realize a return on their investment in our Class A ordinary shares and/or ADSs and they may even lose their entire investment in our Class A ordinary shares and/or ADSs.

The capped call and zero-strike call transactions may affect the value of our Class A ordinary shares and/or ADSs.

On 30 January 2019, in connection with the pricing of the 2024 Notes, we entered into capped call transactions with one or more of the initial purchasers and/or their respective affiliates and/or other financial institutions, or the Capped Call Option Counterparties. We entered into additional capped call transactions with the Capped Call Option Counterparties on 15 February 2019 and 26 February 2019, respectively. We used a portion of the net proceeds of the 2024 Notes to pay the cost of such transactions. The cap price of these capped call transactions was initially US$14.92 per ADS, representing a premium of approximately 100% to the closing price on the New York Stock Exchange, or NYSE, of our ADSs on 30 January 2019, which was US$7.46 per ADS, and is subject to adjustment under the terms of the capped call transactions. The cost for the capped call transactions was recorded as deduction of additional paid-in capital within total shareholders' deficit. As part of establishing their initial hedges of the capped call transactions, the Capped Call Option Counterparties or their respective affiliates expect to trade the ADSs and/or enter into various derivative transactions with respect to our ADSs concurrently with, or shortly after, the pricing of the 2024 Notes. This activity could increase (or reduce the size of any decrease in) the

market price of the ADSs or the 2024 Notes at that time. However, if any such capped call transactions fail to become effective, the Capped Call Option Counterparties may unwind their hedge positions with respect to the ADSs, which could adversely affect the market price of the ADSs. In addition, the Capped Call Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to the ADSs, the 2024 Notes or our other securities and/or by purchasing or selling the ADSs, the 2024 Notes or our other securities in secondary market transactions following the pricing of the 2024 Notes and prior to the maturity of the 2024 Notes (and are likely to do so following any conversion of the 2024 Notes, if we exercise the relevant election under the capped call transactions, or repurchase of the 2024 Notes by us). This activity could also cause or avoid an increase or a decrease in the market price of our ADSs.

On 30 January 2019, in connection with the pricing of the 2024 Notes, we also entered into privately negotiated zero-strike call option transactions with one or more of the initial purchasers or their respective affiliates, or the Zero-Strike Call Option Counterparties, and used a portion of the net proceeds of the 2024 Notes to pay the aggregate premium under such transactions. Pursuant to the zero-strike call option transactions, we purchased, in the aggregate, approximately 26.8 million ADSs, with delivery thereof (subject to adjustment) by the respective Zero-Strike Call Option Counterparties at settlement shortly after the scheduled maturity date of the 2024 Notes, subject to the ability of each Zero-Strike Call Option Counterparty to elect to settle all or a portion of the respective zero-strike option transaction early. The zero-strike call option was deemed as a prepaid forward to purchase the Company's own shares and recognised as permanent equity at its fair value at inception as a reduction to additional paid-in capital in the consolidated balance sheet. Facilitating investors' hedge positions by entering into the zero-strike call option transactions, particularly if investors purchase the ADSs on or around the day of the pricing of the 2024 Notes, could increase (or reduce the size of any decrease in) the market price of the ADSs. However, if any zero-strike call option transactions fail to become effective, the respective Zero-Strike Call Option Counterparties may unwind their hedge positions with respect to the ADSs, which could adversely affect the market price of the ADSs. In addition, the Zero-Strike Call Option Counterparties or their respective affiliates may modify their respective hedge positions by entering into or unwinding one or more derivative transactions with respect to the ADSs, the 2024 Notes or our other securities and/or by purchasing or selling the ADSs, the 2024 Notes or our other securities in secondary market transactions at any time, including following the pricing of the 2024 Notes and prior to the maturity of the 2024 Notes. This activity could also cause or avoid an increase or a decrease in the market price of the ADSs.

Shortly after the pricing of the 2026 Notes and 2027 Notes in January 2021, we entered into separate and individually privately negotiated agreements with certain holders of our outstanding 2024 Notes to exchange approximately US$581.7 million principal amount of the outstanding 2024 Notes for our ADSs (each, a "**2024 Notes Exchange**" and collectively, the "**2024 Notes Exchanges**"). The 2024 Notes Exchanges closed on 15 January 2021. In connection with the 2024 Notes Exchanges, we also entered into agreements with certain financial institutions that are parties to our existing capped call transactions which we entered into in connection with the issuance of the 2024 Notes shortly after the pricing of the 2026 Notes and 2027 Notes to terminate a portion of the relevant existing capped call transactions in a notional amount corresponding to the portion of the principal amount of such 2024 Notes exchanged. In connection with such terminations of the existing capped call transactions, we received deliveries of the ADSs in such amounts as specified pursuant to such termination agreements on 15 January 2021. The remaining capped call transactions are subject to the same risks as described above. Shortly after the consummation of the 2024 Notes Exchanges, we also terminated a portion of the zero-strike call option transactions (which we had entered into in February 2019 in connection with the issuance of the 2024 Notes). For terminations of the capped call transactions and zero-call transactions, the fair value of the ADSs we received under capped call transactions and the carrying value of zero-strike call options, which were previously recorded in the additional paid-in capital, were reclassified to treasury stock.

The counterparties of these transactions are not related parties of our Group, our directors and/or executive officers.

We are subject to counterparty risk with respect to the capped call and the zero-strike call transactions.

The counterparties to the capped call transactions and the zero-strike call transactions we entered into in connection with the issuance of the 2024 Notes are financial institutions or affiliates of financial institutions, and we are subject to the risk that each of these counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate, their obligations under the capped call transactions or the zero-strike call transactions, as the case may be. Our exposure to the credit risk of the counterparties under the capped call transactions and the zero-strike call transactions will not be secured by any collateral. If any such counterparty becomes subject to bankruptcy or other insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with them. In each case, our exposure will depend on many factors. Generally, the increase in our exposure will be positively correlated to the increase in the market price and in the volatility of our ADSs and, correspondingly, our Class A ordinary shares. In addition, as a result of a default or other failure to perform, or a termination of obligations, by any counterparty to the capped call transactions or zero-strike call transactions, we may suffer more dilution than we currently anticipate with respect to our ADSs and the underlying Class A ordinary shares. We can provide no assurances as to the financial stability or viability of any option counterparty under the capped call transactions or the zero-strike call transactions.

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our Class A ordinary shares and ADSs.

Our Memorandum and Articles of Association contain provisions that have the potential to limit the ability of others to acquire control of our Company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our Shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our Company in a tender offer or similar transaction. Subject to there being sufficient authorised but unissued share capital for such issuance, our board of directors has the authority, without further action by our Shareholders, to issue Class A, Class B and Class C ordinary shares, additional classes of ordinary shares with multiple voting rights and preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, rights and terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our Company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our Class A ordinary shares and/or ADSs may fall and the voting and other rights of the holders of our Class A ordinary shares and ADSs may be materially and adversely affected, depending on the rights assigned to such class of preferred shares.

Our Shareholders may face difficulties in protecting their interests, and the ability to protect their rights through U.S. or Singapore courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our Memorandum and Articles of Association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary

responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (except for our memorandum and articles of association and our register of mortgages and charges) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our Shareholders, but are not obliged to make them available to our Shareholders. This may make it more difficult for our Shareholders to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other Shareholders in connection with a proxy contest.

As a Cayman Islands company listed on the NYSE, we are subject to the NYSE corporate governance listing standards. However, the NYSE corporate governance listing standards permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE corporate governance listing standards.

Pursuant to Sections 303A.01, 303A.04, 303A.05, 303A.07 and 302.00 of the New York Stock Exchange Listed Company Manual, a company listed on the New York Stock Exchange must have a majority of independent directors, a nominating and corporate governance committee composed entirely of independent directors, a compensation committee composed entirely of independent directors and an audit committee with a minimum of three members, and must hold an annual shareholders' meeting during each fiscal year. We currently follow our home country practice in lieu of these requirements. We may also continue to rely on these and other exemptions available to foreign private issuers in the future, and to the extent that we choose to do so in the future, our Shareholders may be afforded less protection than they otherwise would under the NYSE corporate governance listing standards applicable to U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a United States or Singapore domestic issuer.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigations that are common in the United States are generally difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within the territory of the PRC. While detailed interpretation of or implementation rules under Article 177 have yet to be

promulgated, the inability of an overseas securities regulator to directly conduct investigations or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

Certain judgments obtained against us by our Shareholders may not be enforceable.

We are a Cayman Islands exempted company and the majority of our assets are located outside of the United States. The most significant portion of our operations is conducted in China. In addition, a majority of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons may be located outside the United States. As a result, it may be difficult or impossible for our Shareholders to bring an action against us or against these individuals in the United States in the event that such Shareholders believe that their rights have been infringed under the U.S. federal securities laws or otherwise. Even if such Shareholders are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render them unable to enforce a judgment against our assets or the assets of our directors and officers.

We may need additional capital, and the sale of additional Class A ordinary shares and/or ADSs or other equity securities could result in additional dilution to our Shareholders, and the incurrence of additional indebtedness could increase our debt service obligations.

We may require additional cash resources due to changed business conditions, strategic acquisitions or other future developments. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity and equity-linked securities could result in additional dilution to our Shareholders. The sale of substantial amounts of our Class A ordinary shares and/or ADSs (including upon conversion of our convertible notes) could dilute the interests of our Shareholders and ADS holders and adversely impact the market price of our Class A ordinary shares and/or ADSs. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Future sales or issuances, or perceived future sales or issuances, of substantial amounts of our ordinary shares or ADSs could adversely affect the price of our Class A ordinary shares and/or ADSs.

If our existing Shareholders sell, or are perceived as intending to sell, substantial amounts of our ordinary shares or ADSs, including those issued upon the exercise of our outstanding stock options, the market price of our Class A ordinary shares and/or ADSs could fall. Such sales, or perceived potential sales, by our existing Shareholders might make it more difficult for us to issue new equity or equity-related securities in the future at a time and place we deem appropriate. Shares held by our existing Shareholders may be sold in the public market in the future subject to the restrictions contained in Rule 144 and Rule 701 under the U.S. Securities Act and the applicable lock-up agreements. If any existing Shareholder or Shareholders sell a substantial amount of ordinary shares after the expiration of the applicable lock-up periods, the prevailing market price for our Class A ordinary shares and/or ADSs could be adversely affected.

In addition, certain of our Shareholders or their transferees and assignees will have the right to cause us to register the sale of their shares under the U.S. Securities Act upon the occurrence of certain circumstances. Registration of these shares under the U.S. Securities Act would result in these shares becoming freely tradable without restriction under the U.S. Securities Act immediately upon the effectiveness of the registration.

We incur increased costs as a result of being a public company.

As a public company listed in the United States and Hong Kong, we incur significant accounting, legal and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, rules subsequently implemented by the SEC and the New York Stock Exchange and the Hong Kong Listing Rules impose various requirements concerning corporate governance practices of public companies. We expect these rules and regulations applicable to public companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management will be required to devote substantial time and attention to our public company reporting obligations and other compliance matters. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a public company may place a strain on our management, operational and financial resources and systems for the foreseeable future.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material and adverse effect on our financial condition and results of operations.

The different characteristics of the capital markets in Singapore, Hong Kong and the U.S. may negatively affect the trading prices of our Class A ordinary shares and/or ADSs.

Upon the Listing, we will be subject to Singapore, Hong Kong and NYSE listing and regulatory requirements concurrently. The SGX-ST, Hong Kong Stock Exchange and NYSE have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our Class A ordinary shares and our ADSs may not be the same, even allowing for currency differences. Fluctuations in the price of our ADSs due to circumstances peculiar to the U.S. capital markets could materially and adversely affect the price of our Class A ordinary shares, or vice versa. Certain events having significant negative impact specifically on the U.S. or Hong Kong capital markets may result in a decline in the trading price of our Class A ordinary shares notwithstanding that such event may not impact the trading prices of securities listed in Singapore generally or to the same extent, or vice versa. Because of the different characteristics of the U.S., Singapore and Hong Kong capital markets, the historical market prices of our ADSs and Class A ordinary shares may not be indicative of the trading performance of our Class A ordinary shares after the Listing.

Exchange between our Class A ordinary shares and our ADSs may adversely affect the liquidity and/or trading price of each other.

Our ADSs are currently traded on NYSE. Subject to compliance with U.S. securities law and the terms of the Deposit Agreement, holders of our Class A ordinary shares may deposit Class A ordinary shares with the depositary in exchange for the issuance of our ADSs. Any holder of ADSs may also surrender ADSs and withdraw the underlying Class A ordinary shares represented by the ADSs pursuant to the terms of the Deposit Agreement for trading on the SGX-ST. In the event that a substantial number of Class A ordinary shares are deposited with the depositary in exchange for ADSs or vice versa, the liquidity and trading price of our Class A ordinary shares on the SGX-ST and our ADSs on NYSE may be adversely affected.

The time required for the exchange between Class A ordinary shares and ADSs might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period, and the exchange of Class A ordinary shares into ADSs involves costs.

There is no direct trading or settlement between the NYSE and the SGX-ST on which our ADSs and our Class A ordinary shares are respectively traded. In addition, the time differences between Singapore and New York, unforeseen market circumstances, temporary closure of the books of the depositary or other factors may delay the deposit of Class A ordinary shares in exchange for ADSs or the withdrawal of Class A ordinary shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, there is no assurance that any exchange for Class A ordinary shares into ADSs (and vice versa) will be completed in accordance with the timelines that investors may anticipate. Furthermore, the depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of Class A ordinary shares, cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. As a result, Shareholders who exchange Class A ordinary shares into ADSs, and vice versa, may not achieve the level of economic return the Shareholders may anticipate.

We will not be subject to full regulatory oversight from both the NYSE and SGX-ST after our Listing and certain rules from the SGX-ST Listing Manual will not apply to us.

As our primary listing is on the NYSE and the listing of our Class A ordinary shares on the SGX-ST is a secondary listing, the NYSE will have primary regulatory oversight over our Company. Under the Listing Manual, a foreign issuer having a secondary listing on the SGX-ST, as is our case, need not comply with the SGX-ST's listing rules, provided that it undertakes to:

- release all information and documents in English to the SGX-ST at the same time as they are released to the NYSE;

- inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the NYSE; and

- to comply with such other listing rules as may be applied by the SGX-ST from time to time.

Whilst the SGX-ST has imposed certain conditions on us in connection with the listing of our Introduction Class A ordinary shares on the SGX-ST as stated in the section entitled "Our Listing on the SGX-ST", our compliance with such conditions will nonetheless be less than that required of a company primary listed on the SGX-ST.

For example, we are also not subject to the continuing disclosure obligations under Chapters 9, 10 and 13 of the Listing Manual but will be subject to the relevant laws and regulations governing listed corporations on the NYSE. As we are not required to comply with Chapter 13 of the Listing Manual, accordingly NIO CDP Depositors will not be entitled to an exit offer under Rule 1309(1) of the Listing Manual in the event of a delisting from the SGX-ST only. Instead, we will make an announcement on SGXNET at the relevant time informing NIO CDP Depositors on how they can convert their Class A ordinary shares held through CDP to ADSs held by a broker in the United States for trading on the NYSE.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE listing standards and the SGX-ST listing standards, and we are not generally subject to the continuing listing requirements of the SGX-ST and Rule 210(10) of the Listing Manual does not apply to our Company due to our Listing on the SGX-ST; these practices may afford less protection to Shareholders than they would enjoy if we complied fully with the NYSE listing standards or SGX-ST listing standards.

As a Cayman Islands company listed on the NYSE, we are subject to the NYSE listing standards. When we complete our Listing on the SGX-ST, we will also be subject to certain SGX-ST listing standards. However, we are not generally subject to the continuing listing requirements of the SGX-ST and Rule 210(10) of the Listing Manual does not apply to our Company due to our Listing on the NYSE. The NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. For example, pursuant to Sections 303A.01, 303A.04, 303A.05, 303A.07 and 302.00 of the New York Stock Exchange Listed Company Manual, a company listed on the New York Stock Exchange must have a majority of independent directors, a nominating and corporate governance committee composed entirely of independent directors, a compensation committee composed entirely of independent directors and an audit committee with a minimum of three members, and must hold an annual shareholders' meeting during each fiscal year. We currently follow our home country practice in lieu of these requirements. Similarly, the SGX-ST generally relies on the NYSE to regulate our Company. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE listing standards and the SGX-ST listing standards. If we choose to follow home country practices in the future, our Shareholders may be afforded less protection than they would otherwise enjoy under the NYSE listing standards applicable to U.S. domestic issuers or the SGX-ST listing standards applicable to Singapore domestic issuers or foreign issuers with a primary listing on the SGX-ST.

The Introduction may not result in an active or liquid market on the SGX-ST for our Class A ordinary shares.

As at the date hereof, there is no public market for our Class A ordinary shares in Singapore. We have received an eligibility-to-list letter from the SGX-ST to have our Introduction Class A ordinary shares listed on the SGX-ST. Listing and quotation of our Class A ordinary shares do not guarantee that a trading market for our Class A ordinary shares on the SGX-ST will develop or the liquidity of that market for our Class A ordinary shares. For the avoidance of doubt, the Joint Issue Managers are not conducting any market making arrangements in respect of this Listing. Although we currently intend that our Class A ordinary shares will remain listed on the SGX-ST and the NYSE, there is no guarantee of the continued listing of our Class A ordinary shares on the SGX-ST.

Once our Class A ordinary shares are tradable on the SGX-ST, the trading prices of our Class A ordinary shares and/or the ADSs on the SGX-ST and the NYSE respectively may differ significantly due not only to currency fluctuations but also due to differences in market liquidity for the Class A ordinary shares and/or ADSs respectively, trading participants and investor bases, exchange trading systems, and other factors outside of our control. There is no guarantee that the trading prices of our Class A ordinary shares on the SGX-ST will be equivalent to the trading prices of the ADSs on the NYSE.

The trading prices of our Class A ordinary shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our clients or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of our Class A ordinary shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks.

NIO CDP Depositors may be diluted as they may not be able to participate in any additional equity fundraising or rights issue.

We may in the future require additional equity funding after the Introduction and our Shareholders and NIO CDP Depositors may face dilution of their shareholdings should we issue new Class A ordinary shares and/or ADSs to obtain such equity funding. Furthermore, if we were to conduct a rights issue in the United States only, NIO CDP Depositors may not be able to participate in such a rights issue. Compliance with securities laws or other regulatory provisions in Singapore may prevent us from offering such rights to NIO CDP Depositors without us incurring substantial additional costs (over and above any requirements we must comply with in the United States) involved in the offering of such rights to NIO CDP Depositors, including having to lodge an offer information statement with the MAS. If that is the case and the ADSs to be issued pursuant to a rights issue in the United States were only offered to our Shareholders at a discount, NIO CDP Depositors will face dilution of their beneficial shareholdings. See "Clearance and Settlement – Mechanism for Conversion and Transfer of Class A Ordinary Shares Trading on the SGX-ST to ADSs for Trading on the NYSE" for more information for the mechanism for conversion and transfer of Class A ordinary shares trading on the SGX-ST to ADSs for trading on the NYSE to be eligible to participate in corporate actions offered to our Shareholders.

There are exchange rate risks in trading in our Class A ordinary shares and dividends distributed by us may also be affected.

Investors should note that prior to our Company conducting fundraising through an offering of Class A ordinary shares in Singapore in the future (with such Class A ordinary shares to be held through CDP), the ADSs listed on the NYSE will need to be cancelled and withdrawn for delivery of Class A ordinary shares to enable transfer to the CDP for trading of our Class A ordinary shares on the SGX-ST. However, once our Company conducts fundraising through an offering of Class A ordinary shares in Singapore in the future (with such Class A ordinary shares to be held through CDP), investors will be able to trade our Class A ordinary shares on the SGX-ST and, subject to compliance with applicable laws, rules and regulations, may be able to convert the Class A ordinary shares to ADSs for trading on the NYSE. See "Clearance and Settlement" for more information. Transactions in the ADSs on the NYSE and transactions in our Class A ordinary shares on the SGX-ST will be settled in U.S. dollars. However, should you sell the ADSs on the NYSE or Class A ordinary shares on the SGX-ST, and you decide to convert the proceeds from the sale into Singapore dollars, you will be subject to the prevailing exchange rate between the Singapore dollars and the U.S. dollar at the time you convert the proceeds from your sale into Singapore dollars. Any fluctuation in exchange rates of this nature may have an impact on the proceeds which you receive from the sale of your Class A ordinary shares or, if applicable, ADSs.

We will declare and pay dividends in U.S. dollars and CDP will make the necessary arrangements for onward distribution to NIO CDP Depositors whose Class A ordinary shares are held through CDP. All NIO CDP Depositors will receive the distributions in U.S. dollars. Any fluctuation in exchange rates should you decide to convert the distributions into Singapore dollars may have an impact on distribution which you receive from the dividends we have declared. See "Exchange Rates and Exchange Controls" and "Dividend Policy" for more information.

Although the ADSs are currently listed on the NYSE, there is no assurance that the ADSs will remain listed on either the NYSE or that our Class A ordinary shares will remain listed on the SGX-ST.

There is no assurance of the continued listing of the ADSs on the NYSE or our Class A ordinary shares on the SGX-ST. We may not be able to continue to satisfy the NYSE listing requirements as well as other relevant rules, regulations and laws in Singapore or in the United States, which may result in the ADSs being suspended for trading or delisted on the NYSE. In particular, on 4 May 2022, we were provisionally identified as a "Commission Identified Issuer" by the SEC. We expect to be conclusively identified as a "Commission Identified Issuer" 15 business days after 4 May 2022. We understand such identification may have resulted from our filing of the annual report on Form 20-F for the fiscal year ended 31 December 2021. In accordance with the HFCAA, if the SEC determines that we filed an annual report containing an audit report issued by a registered public accounting firm that has not been subject to inspection for the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

Our eligibility-to-list on the SGX-ST is conditional upon, among other things, the maintenance of the primary listing of our ADSs on the NYSE. Thus, in the event that the ADSs are removed from trading on the NYSE, there is no assurance that our Class A ordinary shares will remain listed on the Official List of the SGX-ST. If the ADSs are suspended from quotation on, or removed from trading on the NYSE and/or our Class A ordinary shares from the SGX-ST, Shareholders and NIO CDP Depositors, as the case may be, will not be able to trade their ADSs on the NYSE and/or their Class A ordinary shares on the SGX-ST and there is no assurance that ADS holders and NIO CDP Depositors will be entitled to compensation or an exit offer, or should they be so entitled, that ADS holders and NIO CDP Depositors will receive realisation for their investments that they would have been able to obtain through trading their ADSs on the NYSE or their Class A ordinary shares on the SGX-ST. If the ADSs remain listed on the NYSE but our Class A ordinary shares are removed from the Official List of the SGX-ST and in the event that there is no exit offer or that NIO CDP Depositors choose not to accept an exit offer, NIO CDP Depositors whose Class A ordinary shares are listed on the Official List of the SGX-ST may have to convert their Class A ordinary shares to ADSs on the NYSE for disposal or trading. See "Clearance and Settlement" for information on the ADS-Class A ordinary share conversion and trading between the NYSE and the SGX-ST.

DIVIDEND POLICY

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Joint Issue Managers, or any other person. Prospective investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. See "Notice to Investors – Forward-Looking Statements".

Past Dividends

Neither our Company nor any of our subsidiaries have declared any dividends for each of the financial years ended 31 December 2019, 2020 and 2021 and up to the Latest Practicable Date.

Dividend Policy

The payment of dividends is at the discretion of our board of directors, subject to our Memorandum and Articles of Association. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends out of profits or the share premium account, and provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends paid by our subsidiaries in China for our cash requirements, including any payment of dividends to our Shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. As at the date of this Introductory Document, save as disclosed in "Regulatory Overview – Regulations in China – Regulations on Dividend Distribution", there are no restrictions on the ability of our major PRC subsidiaries to pay dividends to us. All dividends declared and payable in accordance with PRC laws on the equity interests in our major PRC subsidiaries may, after (i) full allocation of statutory reserve, (ii) full payment of enterprise income tax, and (iii) full payment of PRC withholding tax, be paid in RMB and with respect to XPT (Jiangsu) Investment Co., Ltd., NIO Financial Leasing Co., Ltd. and NIO China, converted into foreign currency and freely transferred out of the PRC without the need to obtain any governmental authorisations, provided that the remittance of such dividends out of the PRC complies with the procedures required by the relevant PRC laws relating to foreign exchange. See "Risk Factors – Risks Related to Doing Business in China – We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.".

Payment of cash dividends and distributions, if any, will be made in U.S. dollars by CDP on our behalf to Shareholders who maintain, either directly or through depository agents, securities accounts with the CDP ("**NIO CDP Depositors**").

All NIO CDP Depositors will receive the distributions in U.S. dollar distribution declared.

CAPITALISATION AND INDEBTEDNESS

The information in this section should be read in conjunction with the sections in this Introductory Document entitled "Summary – Selected Consolidated Statements of Comprehensive Loss Data, Selected Consolidated Balance Sheet Data and Selected Consolidated Cash Flows Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as our Audited Consolidated Financial Statements and the related notes as set out in Appendix A of this Introductory Document.

The table below sets out the cash and cash equivalents as well as the capitalisation and indebtedness of our Group as at 28 February 2022.

	As at 28 February 2022
	(RMB in millions)
Cash and cash equivalents	11,829.1
Current indebtedness	
Guaranteed	
Secured	479.8
Unsecured	547.6
Non-guaranteed	
Secured	1,550.0
Unsecured	4,002.8
Non-current indebtedness	
Guaranteed	
Secured	35.6
Unsecured	257.0
Non-guaranteed	
Secured	–
Unsecured	10,389.7
Total indebtedness	17,262.5
Total mezzanine equity	3,321.5
Total shareholders' equity	33,935.1
Total capitalisation and indebtedness	54,519.1

Contingent Liabilities

As at the Latest Practicable Date, we do not have any significant contingent liabilities.

The following table sets out certain historical pricing and trading volume information of our ADSs on the NYSE. No inference should or can be made from any of the information below as to the actual price or movement of our ADSs for any other periods.

NYSE

Our Company is currently listed on the NYSE. The following table below shows certain pricing and trading volume information for the ADSs on the NYSE for FY2019, FY2020, FY2021 and for the last six (6) months prior to the Latest Practicable Date. No inference should or can be made from any of the information below as to our actual share price performance or movement of the ADSs and/or Class A ordinary shares. There can be no assurance that the market price of the ADSs and/or Class A ordinary shares following the close of the Introduction will attain a price which is higher or lower than the range of prices set forth below or a price.

Period	High[(1)]	Low[(1)]	Average Daily Trading Volume (Number of ADSs)[(2)]
FY2019[(3)]	US$10.16	US$1.32	33,153,378
FY2020[(3)]	US$55.38	US$2.37	109,779,802
FY2021[(3)]	US$62.84	US$28.16	67,790,577
October 2021	US$41.27	US$33.40	35,527,498
November 2021	US$43.20	US$38.41	42,712,080
December 2021	US$38.31	US$28.16	57,412,733
January 2022	US$33.47	US$20.90	55,919,273
February 2022	US$26.10	US$20.46	53,487,259
March 2022	US$22.17	US$14.10	91,934,520
April 2022	US$23.85	US$16.36	64,179,037

Notes:

(1) Based on daily closing prices.

(2) The average daily trading volume is computed based on the total volume of ADSs traded on the NYSE during the relevant periods, divided by the number of days when the NYSE was open for trading (excluding days with full day trading halts).

(3) Information pertaining to FY2019, FY2020 and FY2021 are taken from 1 January 2019 to 31 December 2019, 1 January 2020 to 31 December 2020 and 1 January 2021 to 31 December 2021, respectively.

(4) Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent to the inclusion of the information extracted from its database, and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that the information from Bloomberg L.P.'s database has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

The following table shows the highest and lowest prices of the ADSs for each financial quarter of the two (2) most recently completed financial years and subsequent quarters before the date of this Introductory Document.

Period	High[1]	Low[1]	Average Daily Trading Volume (Number of ADSs)[2]
January 2020 to March 2020	US$5.17	US$2.37	72,850,852
April 2020 to June 2020	US$7.72	US$2.39	55,394,911
July 2020 to September 2020	US$21.22	US$7.91	136,520,872
October 2020 to December 2020	US$55.38	US$20.67	172,348,781
January 2021 to March 2021	US$62.84	US$35.21	110,341,152
April 2021 to June 2021	US$53.20	US$31.22	70,197,883
July 2021 to September 2021	US$50.90	US$34.90	47,247,455
October 2021 to December 2021	US$43.20	US$28.16	45,407,989
January 2022 to March 2022	US$33.47	US$14.10	68,534,473
April 2022	US$23.85	US$16.36	64,179,037

Notes:

(1) Based on daily closing prices.

(2) The average daily trading volume is computed based on the total volume of ADSs traded on the NYSE during the relevant periods, divided by the number of days when the NYSE was open for trading (excluding days with full day trading halts).

(3) Source: Bloomberg LP. Bloomberg L.P. has not provided its consent, to the inclusion of the information extracted from its database, and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that the information from Bloomberg L.P.'s database has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

The closing price of the ADSs on the NYSE as at the Latest Practicable Date was US$16.70. The closing price of the ADSs on the NYSE on 12 May 2022, being the last trading day before the date of this Introductory Document was US$13.10.

There has been no significant trading suspension that has occurred on the NYSE during the last three (3) years immediately preceding the Latest Practicable Date. The ADSs have been regularly traded on the NYSE.

Hong Kong Stock Exchange

Our Company has been listed on the Hong Stock Exchange since 10 March 2022. The following table below shows certain pricing and trading volume information for the Class A ordinary shares on the Hong Kong Stock Exchange for the last two (2) months prior to the date of this Introductory Document. No inference should or can be made from any of the information below as to our actual share price performance or movement of the ADSs and/or Class A ordinary shares. There can be no assurance that the market price of the ADSs and/or Class A ordinary shares following the close of the Introduction will attain a price which is higher or lower than the range of prices set forth below or a price.

Period	High[(1)]	Low[(1)]	Average Daily Trading Volume (Number of Class A ordinary shares)[(2)]
March 2022[(3)]	HK$175.80	HK$109.60	270,659
April 2022 (up to the Latest Practicable Date)	HK$183.00	HK$130.90	230,090

Notes:

(1) Based on daily closing prices.

(2) The average daily trading volume is computed based on the total volume of Class A ordinary shares traded on the Hong Kong Stock Exchange during the relevant periods, divided by the number of days when the Hong Kong Stock Exchange was open for trading (excluding days with full day trading halts).

(3) Information pertaining to March 2022 is taken from 10 March 2022 to 31 March 2022.

(4) Source: Bloomberg LP. Bloomberg L.P. has not provided its consent, to the inclusion of the information extracted from its database, and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that the information from Bloomberg L.P.'s database has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

The closing price of the Class A ordinary shares on the Hong Kong Stock Exchange as at the Latest Practicable Date was HK$144.00. The closing price of the Class A ordinary shares on the Hong Kong Stock Exchange on 12 May 2022, being the last trading day before the date of this Introductory Document was HK$100.90.

There has been no significant trading suspension that has occurred on the Hong Kong Stock Exchange since 10 March 2022 to the Latest Practicable Date. The Class A ordinary shares have been regularly traded on the Hong Kong Stock Exchange.

EXCHANGE RATES

Exchange rates between USD and SGD

The following table sets out, for the periods indicated, certain information on the exchange rates between the USD and the Singapore dollar (in USD per Singapore dollar), as quoted by Bloomberg L.P. and rounded to two decimal places. These exchange rates have been presented solely for information only. We make no representation that the USD or Singapore dollar amounts set out below and referred to elsewhere in this Introductory Document could have been or could be converted into any of the respective other currencies at the rates indicated or at any other rate or at all.

	Closing Exchange Rates USD per Singapore dollar[1]			
Period	**High[2]**	**Low[2]**	**Average[3]**	**Period End**
FY2019[4]	0.7430	0.7191	0.7337	0.7430
FY2020[4]	0.7569	0.6849	0.7264	0.7569
FY2021[4]	0.7590	0.7288	0.7444	0.7415
October 2021	0.7443	0.7359	0.7402	0.7413
November 2021	0.7422	0.7288	0.7369	0.7330
December 2021	0.7415	0.7288	0.7339	0.7415
January 2022	0.7439	0.7348	0.7403	0.7400
February 2022	0.7452	0.7377	0.7426	0.7380
March 2022	0.7394	0.7315	0.7360	0.7380
April 2022	0.7375	0.7211	0.7319	0.7230

Notes:

(1) Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent to the inclusion of the exchange rate information cited to it in this section and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

(2) The high and low amounts were determined using the closing exchange rates at the end of each day during the period indicated.

(3) The yearly average rate was determined using the closing exchange rates on the last day of each month during the period indicated. The monthly or periodic average rate was determined using the closing exchange rates at the end of each day during the period indicated.

(4) Information pertaining to FY2019, FY2020 and FY2021 are taken from 1 January 2019 to 31 December 2019, 1 January 2020 to 31 December 2020 and 1 January 2021 to 31 December 2021, respectively.

As at the Latest Practicable Date, the closing exchange rate between the USD and the Singapore dollar (in USD per Singapore dollar) was USD0.7230 : S$1.00.

Exchange rates between RMB and SGD

The following table sets out, for the periods indicated, certain information on the exchange rates between the RMB and the Singapore dollar (in RMB per Singapore dollar), as quoted by Bloomberg L.P. and rounded to two decimal places. These exchange rates have been presented solely for information only. We make no representation that the RMB or Singapore dollar amounts set out below and referred to elsewhere in this Introductory Document could have been or could be converted into any of the respective other currencies at the rates indicated or at any other rate or at all.

	Closing Exchange Rates RMB per Singapore dollar[1]			
Period	**High[2]**	**Low[2]**	**Average[3]**	**Period End**
FY2019[4]	5.1963	4.9404	5.0622	5.1783
FY2020[4]	5.1755	4.8532	5.0044	4.9402
FY2021[4]	4.9369	4.6467	4.7942	4.7141
September 2021	4.8125	4.7493	4.7913	4.7493
October 2021	4.7743	4.7336	4.7517	4.7465
November 2021	4.7483	4.6598	4.7084	4.6683
December 2021	4.7141	4.6467	4.6741	4.7141
January 2022	4.7255	4.6898	4.7063	4.7062
February 2022	4.7426	4.6476	4.7102	4.6476
March 2022	4.6948	4.6337	4.6706	4.6827
April 2022	4.7823	4.6653	4.7078	4.7823

Notes:

(1) Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent to the inclusion of the exchange rate information cited to it in this section and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

(2) The high and low amounts were determined using the closing exchange rates at the end of each day during the period indicated.

(3) The yearly average rate was determined using the closing exchange rates on the last day of each month during the period indicated. The monthly or periodic average rate was determined using the closing exchange rates at the end of each day during the period indicated.

(4) Information pertaining to FY2019, FY2020 and FY2021 are taken from 1 January 2019 to 31 December 2019, 1 January 2020 to 31 December 2020 and 1 January 2021 to 31 December 2021, respectively.

As at the Latest Practicable Date, the closing exchange rate between the RMB and the Singapore dollar (in RMB per Singapore dollar) was RMB4.7823 : S$1.00.

EXCHANGE CONTROLS

The PRC

The principal law governing foreign currency exchange in the PRC is the Foreign Exchange Administration Regulations of the PRC (《中华人民共和国外汇管理条例》). The Foreign Exchange Administration Regulations was promulgated by the State Council on 29 January 1996 and amended from time to time. Under existing PRC foreign exchange regulations, currency transactions within the scope of the current account, including profit distributions, interest payments and expenditures from trade-related transactions, can be effected without requiring the

approval of SAFE by complying with certain procedural requirements, while the payment under capital account will require the approval of or registration with SAFE or its local branch or its designated banks.

On 9 June 2016, SAFE promulgated the Circular of SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《国家外汇管理局关于改革和规范资本项目结汇管理政策的通知》) (the "**SAFE Circular 16**"). It unifies the Discretional Foreign Exchange Settlement for all the domestic institutions. The Discretional Foreign Exchange Settlement refers to the foreign exchange capital under the capital account which has been confirmed by the relevant policies subject to the discretional foreign exchange settlement (including foreign exchange capital, foreign debts and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100%. Furthermore, the SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by FIEs shall follow the principles of authenticity and self-use within the business scope of enterprises. The foreign exchange incomes of capital accounts and capital in Renminbi obtained by FIEs from foreign exchange settlement shall not be used for the following purposes: (a) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (b) directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products, unless otherwise provided by relevant laws and regulations; (c) used for granting loans to non-connected enterprises, unless otherwise explicitly permitted by its business scope; and (d) used for the construction or purchase of real estate that is not for self-use (except for the real estate enterprises). On 23 October 2019, SAFE issued the Notice of SAFE on Further Facilitating Cross-border Trade and Investment (《国家外汇管理局关于进一步促进跨境贸易投资便利化的通知》), which, among other things, allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in the PRC, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws.

According to the Circular of SAFE on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (《国家外汇管理局关于优化外汇管理支持涉外业务发展的通知》) promulgated on 10 April 2020 by SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Enterprises satisfying the prescribed requirements are allowed to use receipts under the capital accounts such as capital funds, foreign debts and overseas listings for domestic payment without providing banks with authenticity certification materials on a transaction-by-transaction basis in advance, under the premise that funds are used in a truthful and compliant manner and comply with the existing provisions on the administration of use of receipts under capital accounts.

The US

Currently, no exchange control restrictions exist in the United States. The U.S. dollar has been, and in general is, freely convertible.

Singapore

There are no exchange control restrictions in effect in Singapore.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Audited Consolidated Financial Statements in Appendix A and in "Business". This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set out under "Risk Factors" and elsewhere in this Introductory Document. We have prepared our consolidated financial statements in accordance with U.S. GAAP. Our financial year ends on 31 December and references to fiscal or financial years 2019, 2020 and 2021 are to the financial years ended 31 December 2019, 2020 and 2021, respectively.

OVERVIEW

We are a pioneer and a leading company in the premium smart electric vehicle market. We design, develop, jointly manufacture and sell premium smart electric vehicles, driving innovations in autonomous driving, digital technologies, and electric powertrains and batteries. We differentiate ourselves through our continuous technological breakthroughs and innovations, such as our industry-leading battery swapping technologies, BaaS, as well as our proprietary autonomous driving technologies and ADaaS.

We introduced the EP9 supercar in 2016, which was then the fastest electric vehicle, setting the Nurburgring Nordschleife all-electric vehicle lap record. In December 2017, we launched the ES8, which is a six- or seven-seater flagship premium smart electric SUV. Subsequently, we launched the award-winning ES6, a five-seater high-performance premium smart electric SUV, in December 2018, and the EC6, a five-seater premium smart electric coupe SUV, in December 2019, followed by the ET7, a flagship premium smart electric sedan, in January 2021. In December 2021, we launched the ET5, a mid-size premium smart electric sedan.

In 2018, we delivered 11,348 ES8s. In 2019, we delivered 20,565 vehicles, including 9,132 ES8s and 11,433 ES6s. In 2020, we delivered 43,728 vehicles, including 10,861 ES8s, 27,945 ES6s and 4,922 EC6s. In 2021, we delivered 91,429 vehicles, including 20,050 ES8s, 41,474 ES6s and 29,905 EC6s, up 109.1% year-on-year and more than quadrupled from 2019. For the four months ended 30 April 2022, we delivered 30,842 vehicles, representing an increase of 13.5% year-over-year. As of 30 April 2022, cumulative deliveries of our vehicles reached 197,912 vehicles. The table below sets forth delivery data relating to our vehicles for the periods indicated.

	2020 Q1	**2020 Q2**	**2020 Q3**	**2020 Q4**	**2020 Full Year**	**2021 Q1**	**2021 Q2**	**2021 Q3**	**2021 Q4**	**2021 Full Year**	**2022 Q1**
ES8s	195	2,263	3,530	4,873	10,861	4,516	4,433	5,418	5,683	20,050	4,341
ES6s	3,643	8,068	8,660	7,574	27,945	8,088	9,935	11,271	12,180	41,474	13,620
EC6s	–	–	16	4,906	4,922	7,456	7,528	7,750	7,171	29,905	7,644
ET7	–	–	–	–	–	–	–	–	–	–	163
Total	**3,838**	**10,331**	**12,206**	**17,353**	**43,728**	**20,060**	**21,896**	**24,439**	**25,034**	**91,429**	**25,768**

We recorded revenues of RMB7,824.9 million, RMB16,257.9 million and RMB36,136.4 million (US$5,670.6 million) for the years ended 31 December 2019, 2020 and 2021, respectively, which mainly consisted of revenues from the sales of our vehicles, revenue from a number of embedded products and services offered together with the sale of vehicles, revenues from our services including power solutions such as our energy package, one-off usage of our One Click for Power

services and Power Swap services, as well as revenues from monthly fees, excluding those fees for statutory and third-party liability insurance and vehicle damage insurance paid directly to third-party insurers, under our service package.

We incurred net losses of RMB11,295.7 million, RMB5,304.1 million and RMB4,016.9 (US$630.3 million) in 2019, 2020 and 2021, respectively. We had negative cash flows from operating activities of RMB8,721.7 million in 2019. We had net current liabilities of RMB4,570.9 million in 2019. We had historically incurred net losses, negative cash flows from operating activities and net current liabilities, primarily because we made significant up-front investments in research and development, service network and sales and marketing to rapidly develop and expand our business at an earlier stage of our development in order to achieve long-term competitiveness. We believe it is common for start-up businesses in the NEV industry to invest significantly, record negative financial performance at an early stage and take time to introduce products and ramp up sales volume.

Since the second quarter of 2020, we had started to generate positive cash flow from operations and record net current assets. This is primarily due to the consummation of equity and debt financing, and the continuously increased number of vehicles we delivered over time, including the ES6s since June 2019, the all-new ES8s since April 2020 and the EC6s since September 2020. Except the first quarter of 2020 when our sales, manufacturing and delivery capabilities were severely affected by the COVID-19 pandemic in China, the number of vehicles we delivered showed consecutive increases for each quarter since the second quarter of 2019. The improvement in our financial performance was also attributable to the increased sales volume that led to economies of scale, driven by the enhanced recognition of our brand and products from users and our online and offline sales network expansion. In addition, we believe our continuous cost control efforts were effective in improving operating efficiency and reducing our costs and expenses as a proportion of total revenue. Moreover, the multiple financings we conducted and the strategic investments we received in 2019, 2020 and 2021 strengthened our balance sheet as well as our cash position.

Intention orders and reservations for our vehicles are subject to cancellation by the customers until the delivery of the vehicle. The Company has been making monthly announcements on actual deliveries made and believes that would give the investors a more accurate and updated status report of the revenue of the Group. See “Recent Developments – Vehicle Deliveries” for further details.

KEY LINE ITEMS AFFECTING OUR RESULTS OF OPERATIONS

Revenues

The following table presents our revenue components by amount and as a percentage of the total revenues for the periods indicated.

	Year Ended 31 December						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	USD	%
	(in thousands, except for the percentages)						
Revenues:							
Vehicle sales	7,367,113	94.1	15,182,522	93.4	33,169,740	5,205,056	91.8
Other sales[(1)]	457,791	5.9	1,075,411	6.6	2,966,683	465,537	8.2
Total revenues	**7,824,904**	**100.0**	**16,257,933**	**100.0**	**36,136,423**	**5,670,593**	**100.0**

Note:

(1) Other sales are comprised as below:

	Year Ended 31 December						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands)						
Other sales							
Sales of automotive regulatory credits	–	–	120,648	0.8	516,549	81,058	1.4
Sales of packages	111,448	1.4	244,072	1.5	526,171	82,568	1.5
Battery upgrade service	–	–	5,346	0.0	291,218	45,698	0.8
Sales of charging piles	127,632	1.6	229,781	1.4	319,386	50,119	0.9
Others	218,711	2.9	475,564	2.9	1,313,359	206,094	3.6
Total	**457,791**	**5.9**	**1,075,411**	**6.6**	**2,966,683**	**465,537**	**8.2**

We began generating revenues in June 2018, when we began making deliveries and sales of the ES8. We currently generate revenues from (i) vehicle sales, which represent revenues from sales of new vehicles, (ii) sales of automotive regulatory credits, (iii) battery upgrade service, which represents the battery upgrade program for providing incremental battery capacity to the users; (iv) sales of charging piles, including home chargers provided as one of the performance obligations in the contract of vehicle sales, and additional charging piles sold separately, (v) sales of packages, including the sales of our service package and energy package (including charging and battery swapping services), and (vi) other sales, which mainly consist of revenues from sales of accessories, embedded products and services offered together with vehicle sales, and others. Embedded products and services include vehicle connectivity service and extended warranty.

Revenue from sales of new vehicles, charging piles, battery upgrade service, automotive regulatory credits and sales of accessories are recognised when controls are transferred. For vehicle connectivity services and battery swapping service, we recognise revenue using a straight-line method. As for the extended warranty, given our limited operating history and lack of historical data, we recognise revenue over time based on a straight-line method initially, and will continue monitoring the cost pattern periodically and adjust the revenue recognition pattern to reflect the actual cost pattern as it becomes available with more data. Revenues for our energy package or service package are recognised over time on a monthly basis as our users simultaneously receive and consume the benefits of the related package and the legally enforceable term is only one month.

On 30 September 2021, we officially launched the ES8 and commenced its delivery in Norway. On the following day, we opened our first NIO House outside China in Oslo to the public. We have started to build a user community and establish a full-fledged ecosystem encompassing vehicles, services, power solutions, digital experience and lifestyle in Norway. As we only started making deliveries of our vehicles to Norway on 30 September 2021, substantially all of our revenue prior to September 2021 was derived in China. Revenue derived from sales in Norway accounted for less than 5% of the Group's total revenue for the year ended 31 December 2021.

In December 2021, we launched the ET5, a mid-size premium smart electric sedan. Users can pre-order the ET5 through the NIO app and we expect to generate revenues from sales of the ET5 as soon as we begin making deliveries, which are expected to occur in September 2022.

Cost of Sales

The following table presents our cost of sales components by amount and as a percentage of our total cost of sales for the period indicated.

	Year Ended 31 December						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands)						
Cost of Sales:							
Vehicle sales	(8,096,035)	89.7	(13,255,770)	92.2	(26,516,643)	(4,161,040)	90.5
Other sales	(927,691)	10.3	(1,128,744)	7.8	(2,798,347)	(439,122)	9.5
Total cost of sales	**(9,023,726)**	**100.0**	**(14,384,514)**	**100.0**	**(29,314,990)**	**(4,600,162)**	**100.0**

We incur cost of sales in relation to (i) vehicle sales, including, among others, purchases of raw materials, processing fee, warranty expenses and manufacturing overhead (including depreciation), and (ii) other sales, including parts and materials, labor costs, vehicle connectivity cost, and depreciation of assets that are associated with sales of service and energy packages. Cost of sales with respect to vehicle sales also includes compensation to JAC.

Gross (Loss)/Profit and Gross Margin

The following table presents our gross (loss)/profit and gross margin by components for the periods indicated.

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Gross (Loss)/Profit:				
Vehicle sales	(728,922)	1,926,752	6,653,097	1,044,016
Other sales	(469,900)	(53,333)	168,336	26,415
Total	**(1,198,822)**	**1,873,419**	**6,821,433**	**1,070,431**

	Year Ended 31 December		
	2019	2020	2021
Gross Margin:			
Vehicle sales	-9.9%	12.7%	20.1%
Other sales	-102.6%	-5.0%	5.7%
Total	**-15.3%**	**11.5%**	**18.9%**

The increase of gross profit from 2019 to 2020 was mainly driven by the increase of vehicle delivery volume and vehicle margin. The increase of gross margin from 2019 to 2020 was mainly driven by the increase of vehicle margin in 2020, which in turn was due to the lower per unit material cost and fixed cost achieved through economies of scale as a result of vehicle delivery and production volume increase.

The increase of gross profit from 2020 to 2021 was mainly driven by the increase of vehicle delivery volume and vehicle margin. The increase of gross margin from 2020 to 2021 was mainly driven by the increase of vehicle margin in 2021, which was in turn mainly due to the economies of scale achieved as a result of vehicle production and delivery volume increase, and higher average selling price.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of (i) design and development expenses, which include, among others, consultation fees, outsourcing fees and expenses of testing materials and (ii) employee compensation, representing salaries, benefits and bonuses as well as share-based compensation expenses for our research and development staff. Our research and development expenses also include travel expenses, depreciation and amortization of equipment used in relation to our research and development activities, rental and related expenses with respect to laboratories and offices for research and development teams and others, which primarily consists of telecommunication expenses, office fees and freight charges.

Our research and development expenses are mainly driven by the number of our research and development employees, the stage and scale of our vehicle development and development of technology.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses include (i) employee compensation, including salaries, benefits and bonuses as well as share-based compensation expenses with respect to our sales, marketing and general corporate staff, (ii) marketing and promotional expenses, which primarily consist of marketing and advertising costs, sponsorship fees and racing costs related to our Formula E team, (iii) rental and related expenses, which primarily consist of rental for NIO Houses, NIO Spaces and offices, (iv) professional service expenses, which consist of outsourcing fees primarily relating to human resources and IT functions, design fees paid for NIO Houses, NIO Spaces and offices and fees paid to auditors and legal counsel, (v) depreciation and amortization expenses, primarily consisting of depreciation and amortization of leasehold improvements, IT equipment and software, among others, (vi) expenses of low value consumables, primarily consisting of, among others, IT consumables, office supplies, sample fees and IT-system related licenses, (vii) traveling expenses, and (viii) other expenses, which includes telecommunication expenses, utilities and other miscellaneous expenses.

Our selling, general and administrative expenses are significantly affected by the number of our non-research and development employees, marketing and promotion activities and the expansion of our sales and after-sales network, including NIO Houses, NIO Spaces and other leased properties.

Interest and Investment Income

Interest and investment income primarily consists of interest and gain earned on cash deposits, short-term investment and long-term investment.

Interest Expense

Interest expense consists of interest expense with respect to our indebtedness.

Share of (Loss)/Income of Equity Investees

Share of (loss)/income of equity investees primarily consists of our share of the losses, net of shares of gains of our affiliates in which, as of 31 December 2021, we held 9.5% to 51.0% equity interest. Our equity interest is accounted for using the equity method since we exercise significant influence but do not own a majority equity interest in or control those investees. For affiliates in which we held equity interest less than 20%, we can exercise significant influence over investees through participation and voting right in the board of directors.

Other Income/(Losses), Net

Other income or losses primarily consist of gains or losses we incur based on movements between the U.S. dollar and the Renminbi. We have historically held a significant portion of our cash and cash equivalents in U.S. dollars, while we have incurred a significant portion of our expenses in RMB. Other income also includes income from reimbursement from depository bank.

Income Tax Expense

Income tax expense primarily consists of current income tax expense, mainly attributable to intra-group income earned by our United States, German, UK, Hong Kong and PRC subsidiaries which are eliminated upon consolidation but were subject to tax in accordance with applicable tax law, and deferred income tax expense, recognised for the tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis, and operating loss carry-forwards.

IMPACT OF COVID-19 ON OUR OPERATIONS

The majority of our revenues are derived from sales of our vehicles in China. Our results of operations and financial condition in 2020 have been affected by the spread of COVID-19. The COVID-19 pandemic has an impact on China's auto industry in general and our Company and our supply and manufacturing partners in particular, resulting in a reduction of vehicles manufactured and delivered in the first quarter of 2020. We delivered 3,838 vehicles in the first quarter of 2020, compared with 8,224 vehicles we delivered in the fourth quarter of 2019. Nevertheless, with most NIO Houses and NIO Spaces staying in full or partial operation, we had explored a variety of online traffic channels to promote our products, technologies and services to potential users and had started to see gradual recovery of our production in March 2020.

In early 2020, in response to intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included extending the Chinese New Year holiday, quarantining individuals infected with or suspected of having contracted COVID-19, prohibiting residents from free travel, encouraging employees of enterprises to work remotely from home and canceling public activities, among others. The COVID-19 pandemic has also resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. We have taken a series of measures in response to the pandemic, including, among others, remote working arrangements for our employees and temporary shutdown of some of our premises and facilities in early 2020. We have followed and are continuing to follow all legal directions and safety guidelines with respect to our premises and facilities in operation. These measures, if taken again in the future, could reduce the capacity and efficiency of our operations, which in turn could negatively affect our results of operations.

Recently, there has been a recurrence of COVID-19 outbreaks in certain provinces and municipalities of China. To the extent we have service centres and vehicle delivery centres in these locations, we are susceptible to factors adversely affecting one or more of these locations as a result of COVID-19. In late March and April 2022, the Group's vehicle production has been impacted by the supply chain volatilities and other constraints caused by a new wave of COVID-19

outbreaks in certain regions in China. The vehicle production has not reached full capacity of operations as of the date of issuance of financial statements. The Company will closely monitor the situation and its impact on the Company's business and financial conditions.

We have been working closely with JAC, the manufacturer of the ES8, ES6 and EC6, to resume productions and minimize the impact of COVID-19 on our manufacturing capabilities. As a result, our manufacturing and delivery capacities recovered to the level prior to the COVID-19 pandemic by the second quarter of 2020. In addition, we strive to expand our traffic channels, integrate our online and offline sales efforts and offer high-quality services to bring business and operation back to normal. We will pay close attention to the development of the COVID-19 pandemic, perform further assessment of its impact and take relevant measures to minimize the impact. Although our vehicle deliveries in the first quarter of 2020 were negatively impacted as a result of the COVID-19 pandemic, we achieved satisfactory delivery results in the rest of 2020. The total number of vehicles we delivered in the last three quarters of 2020 was 39,890, showing an increase by 140.6% from the last three quarters of 2019.

The total number of vehicles we delivered in 2021 was 91,429, showing an increase of 109.1% from 2020. In August 2021, the vehicle production was materially impacted by supply chain constraints resulting from a new wave of outbreak of the COVID-19 pandemic in certain regions in China and Malaysia. We will continue to monitor and evaluate the financial impact on our financial condition, results of operations and cash flows for subsequent periods.

The extent to which COVID-19 impacts our financial position, results of operations and cash flows in the future will depend on the future developments of the pandemic, including the duration and severity of COVID-19, the extent and severity of new waves of the outbreak in China and other countries, the development and progress of distribution of COVID-19 vaccine and other medical treatment and the effectiveness of such vaccine and other medical treatment, and the actions taken by government authorities to contain the outbreak, all of which are highly uncertain, unpredictable and beyond our control. In addition, our financial position, results of operations and cash flows could be adversely affected to the extent that the pandemic harms the Chinese economy in general. As of 31 December 2021, we had a total of cash and cash equivalents, restricted cash and short-term investments of RMB55,385.7 million (US$8,691.2 million). As of 28 February 2022, our material sources of unused liquidity available include RMB11,829.1 million in cash and cash equivalents and RMB37,780.4 million in short-term investments and RMB30,757.9 million in undrawn credit facilities, which are available to fund our working capital and capital expenditures. We believe this level of liquidity is sufficient to successfully navigate an extended period of uncertainty.

See "Risk Factors – Risks Related to Our Business and Industry – Our business, financial condition and results of operations may be adversely affected by the COVID-19 pandemic.".

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. Significant accounting policies followed by us in the preparation of the accompanying consolidated financial statements are summarized below. For a detailed discussion of our significant accounting policies and related judgments, see Note 2 to our Audited Consolidated Financial Statements in Appendix A.

Revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, we present the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between our performance and the customer's payment.

A contract asset is our right to consideration in exchange for goods and services that we have transferred to a customer. A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer a good or service to the customer, we present the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer. Our contract liabilities primarily resulted from the multiple performance obligations identified in the vehicle sales contract and the sales of packages, which are recorded as deferred revenue and advance from customers. As of 31 December 2019, 2020 and 2021, the balances of contract liabilities from vehicle sales contracts were RMB491.0 million, RMB1,253.6 million and RMB2,294.5 million (US$360.1 million), respectively. As of 31 December 2019, 2020 and 2021, the balances of contract liabilities from the sales of service and energy packages were RMB57.8 million, RMB91.5 million and RMB180.7 million (US$28.4 million), respectively. As of 31 December 2019, 2020 and 2021, the Company did not record any contract assets.

For the years ended 31 December 2019, 2020 and 2021, revenue recognised at a point in time was RMB7,696.2 million, RMB15,969.4 million and RMB35,416.1 million (US$5,557.6 million), respectively, and revenue recognised over time was RMB128.7 million, RMB288.5 million, and RMB720.4 million (US$113.0 million), respectively. Deferred revenue mainly includes the

transaction price allocated to the performance obligations that are unsatisfied, or partially satisfied, were RMB405.3 million, RMB1,006.8 million and RMB2,164.3 million (US$339.6 million) as of 31 December 2019, 2020 and 2021, respectively.

We generate revenue from (i) vehicle sales, (ii) battery upgrade service, (iii) sales of charging piles, (iv) sales of packages, (v) automotive regulatory credits, and (vi) others.

Vehicle sales

We generate revenue from sales of electric vehicles, together with a number of embedded products and services through a series of contracts. We identify the users who purchase the vehicle as our customers. There are multiple distinct performance obligations explicitly stated in a series of contracts including sales of vehicles, home chargers, vehicle connectivity services, extended warranty and battery swapping service which are accounted for in accordance with ASC 606. Only initial users are entitled to vehicle connectivity services, extended warranty and battery swapping service. The standard warranty provided by us is accounted for in accordance with ASC 460, Guarantees, and the estimated costs are recorded as a liability when we transfer the control of vehicle to a user.

Customers only pay the amount after deducting the government subsidies to which they are entitled for the purchase of electric vehicles. The government subsidies are applied and collected by us or JAC, from the government. The government subsidy is considered as a part of the transaction price we charge customers for the electric vehicle, as the subsidy is granted to the buyer of the electric vehicle instead of us and the buyer remains liable for such amount to us in the event the subsidies were not received by us. We or JAC applies and collects the payment on behalf of the customers.

In the instance that some eligible customers select installment payment for battery or auto financing program, we believe such arrangement contains a significant financing component and as a result adjust the transaction price to reflect the impact of time value on the transaction price using an appropriate discount rate (i.e., the interest rates of the loan reflecting the credit risk of the borrower). Interest income resulting from arrangements with a significant financing component is presented as other sales. Receivables related to the battery installment payment and auto financing programs that are expected to be repaid by customers beyond one year of the dates of the financial statements are recognised as non-current assets. The difference between the gross receivable and the respective present value is recorded as unrealised finance income. Interest income resulting from the arrangements with a significant financing component is presented separately from revenue from contracts with customers.

We use a cost plus margin approach to determine the estimated standalone selling price for each individual distinct performance obligation identified, considering the Group's pricing policies and practices, and the data utilized in making pricing decisions. The overall contract price is then allocated to each distinct performance obligation based on the relative estimated standalone selling price in accordance with ASC 606. The revenue for vehicle sales and home chargers are recognised at a point in time when the control of the product is transferred to the customer. For the vehicle connectivity service and battery swapping service, we recognise the revenue over time using a straight-line method during the estimated beneficial period, based on the estimated length of time that the initial owner owns the vehicles before it is re-sold to secondary market. As for the extended warranty, given limited operating history and lack of historical data, the Group decides to recognise the revenue over time based on a straight-line method initially, and will continue monitoring the cost pattern periodically and adjust the revenue recognition pattern to reflect the actual cost pattern as it becomes available.

When our assumptions relating to the estimates of cost and margin in determining the relative standalone selling price decreased/increased by 5% while holding all other assumptions constant, there would be no significant impact in allocation of transaction price so as to our consolidated results of operations.

As the consideration for the vehicle and all embedded services are generally paid in advance, which means the payments received are prior to the transfer of goods or services by the Group, the Group records a contract liability (deferred revenue) for the allocated amount regarding those unperformed obligations.

Battery as a Service (BaaS)

The Battery as a Service allows users to purchase electric vehicles without batteries and subscribe for the usage of batteries separately. In PRC, under the BaaS, we sell batteries to the Battery Asset Company, an equity investee of the Company, on a back-to-back basis when we sell the vehicle to the BaaS users and the BaaS users subscribe for the usage of the batteries from the Battery Asset Company by paying a monthly subscription fee to the Battery Asset Company. The promise to transfer the control of batteries to the Battery Asset Company is the only performance obligation in our contract with the Battery Asset Company for the sales of batteries. We recognise revenue from the sale of batteries to the Battery Asset Company when the vehicles (together with the batteries) are delivered to the BaaS users which is the point considered then the control of the batteries is transferred to the Battery Asset Company.

Together with the sales of the batteries, we entered into service agreements with the Battery Asset Company, pursuant to which we provide services to the Battery Asset Company, including batteries monitoring, maintenance, upgrade, replacement, IT system support etc., with monthly service charges. In case of any default in payment of monthly subscription fees from users, the Battery Asset Company also has right to request us to track and lock down the battery subscribed by users to limit its usage. In addition, in furtherance of the BaaS, we agreed to provide guarantee to the Battery Asset Company for the default in payment of monthly subscription fees from users. The maximum amount of guarantee that can be claimed by the Battery Asset Company for the users' payment default shall not be higher than the accumulated service fees we receive from the Battery Asset Company.

For services provided to the Battery Asset Company, revenue is recognised over the period when services are rendered. As for financial guarantee liabilities, the provision of guarantee is linked to and associated with services rendered to the Battery Asset Company and the payment of guarantee amount is therefore accounted for as the reduction to the revenue from the Battery Asset Company.

The fair value of the guarantee liabilities is determined by taking into consideration of the default pattern of our existing battery installment programs provided to users. At each period end, the financial liabilities are remeasured with the corresponding changes recorded as the reduction to the revenue.

As of 31 December 2021, both service revenue and guarantee liability were immaterial. In addition, as the Battery Asset Company was only established in August 2020 and the BaaS introduced on 20 August 2020, there was a significant increase in the Battery Asset Company's contribution to our revenue from 1.3% in the year ended 31 December 2020 to 11.6% in the year ended 31 December 2021.

Battery swapping service

We also provide battery swapping service to both BaaS users and non-BaaS users, which provides the users with convenient "recharging" experience by swapping the user's battery for another one. As set forth in the vehicle sales contracts, the initial users can have their batteries swapped certain times a month free of charges (i.e. monthly free-of-charge quota) during the length of time they own vehicles. For additional consideration, initial users can exceed the monthly swapping quota provided for within the sales agreement. When the vehicles are sold by the initial users, the successor owners are not entitled to such monthly free-of-charge quota and need to pay cash

consideration for each battery swapping service. The battery swapping service is in substance a charging service instead of non-monetary exchanges or sales of batteries as the batteries involved in such swapping are the same in capacity and very similar in performance.

For performance obligation of the battery swapping service sold together with the vehicles (i.e. monthly free-of-charge quota), we recognise the revenue over time using a straight-line method in the estimated beneficial period, being the estimated length of time that the initial owner owns the vehicle. For the battery swapping beyond monthly free-of-charge quota for which additional considerations are paid by the users, we recognise revenue at the amount of consideration paid by users when the battery swapping service is completed.

Practical expedients and exemptions

We follow the guidance on immaterial promises when identifying performance obligations in the vehicle sales contracts and conclude that road-side assistance and out-of-town charging services are not performance obligations considering these two services are value-added services to enhance user experience rather than critical items for vehicle driving and forecasted that usage of these two services will be very limited. We also perform an estimation on the standalone fair value of each promise applying a cost plus margin approach and conclude that the standalone fair value of road-side assistance and out-of-town charging services are insignificant individually and in aggregate, representing less than 1% of vehicle gross selling price and aggregate fair value of each individual promise.

Considering the qualitative assessment and the result of the quantitative estimate, we concluded not to assess whether promises are performance obligations if they are immaterial in the context of the contract and the relative standalone fair value individually and in aggregate is less than 3% of the contract price, namely the road-side assistance and out-of-town charging services. Related costs are recognised as incurred.

Battery upgrade service

We provide battery upgrade service to both BaaS users and non-BaaS users. The users can exchange their batteries with lower capacity for the batteries with higher capacity from us with a fixed cash consideration. The battery upgrade service is in substance the provision of incremental battery capacity to the users instead of non-monetary battery exchanges or sales of batteries. Therefore, without the BaaS model, the revenue from the battery upgrade service is recognised at the amount of cash consideration paid by users at a point in time when the service is rendered. Under the BaaS model, since the ownership of the originally installed battery belongs to the Battery Asset Company, when a user requests battery upgrade, we actually upgrade the battery that belongs to the Battery Asset Company and recognise revenue for the battery upgrade service at the amount paid by the Battery Asset Company when the battery upgrade service is rendered. BaaS users will further pay a higher monthly subscription fee to the Battery Asset Company for subscribing for the battery with higher capacity.

Sales of charging piles

In addition to the home chargers provided as one of the performance obligations in the contract of vehicle sales, we also sell charging piles to customers separately. Revenue for charging piles is recognised at a point in time when the control of the product is transferred to customers.

Sales of packages

Our Group also sells two packages, energy package and service package, in exchange for cash considerations. The energy package includes battery charging and swapping services, and the service package includes repair and maintenance services.

The agreements for packages create legal enforceability to both parties on a monthly basis as the respective packages can be cancelled at any time without any penalty. We conclude that each service provided in the energy or service package is a series and meets the stand-ready criteria as one separate performance obligation within the package. Therefore, other than the customer loyalty programme points granted to the customers as discussed below, each service provided in the energy or service package is recognised under the same pattern over time on a monthly basis as customer simultaneously receives and consumes the benefits provided and the term of legally enforceable contract is only one month.

As the considerations for packages are generally paid in advance, which means the payments received are prior to the transfer of services by us, and we record the consideration as a contract liability (advance from customers) upon receipt.

Sales of Automotive Regulatory Credits

New Energy Vehicle ("**NEV**") mandate policy launched by China's Ministry of Industry and Information Technology ("**MIIT**") specifies the NEV credit targets and as all of our products are NEVs, we are able to generate NEV credits above target. The credits earned per vehicle are dependent on various metrics such as vehicle driving range and battery energy efficiency, and are calculated based on the MIIT published formula. Excess positive NEV credits are tradable to other vehicle manufacturers through a credit management system established by the MIIT on a separately negotiated basis. We sell these credits at an agreed price to other vehicle manufacturers.

Considerations for automotive regulatory credits are typically received at the point control transfers to the customer, or in accordance with payment terms customary to the business. We recognise revenue on the sale of automotive regulatory credits at the time control of the regulatory credits is transferred to the purchasing party as other sales revenue in the consolidated statements of comprehensive loss. Revenue from the sale of automotive regulatory credits totaled nil, RMB120.6 million and RMB516.5 million (US$81.1 million) for the years ended 31 December 2019, 2020 and 2021, respectively.

Others

Other revenues primarily comprise revenues generated from (i) sales of accessories, (ii) embedded products and services offered together with vehicle sales, including vehicle connectivity service and extended warranty, and (iii) others. Revenue is recognised when relevant services are rendered or control of the products is transferred.

Incentives

We offer a self-managed customer loyalty program points, which can be used in our online store and at NIO Houses to redeem NIO merchandise. We determine the value of each point based on estimated incremental cost. Customers and NIO fans and advocates have a variety of ways to obtain the points. The major accounting policy for its points program is described as follows:

(1) Sales of vehicles

We conclude the points offered linked to the purchase transactions of the vehicles are a material right and accordingly a separate performance obligation according to ASC 606, and should be taken into consideration when allocating the transaction price of the vehicle sales. We also estimate the probability of points redemption when performing the allocation. Since historical information does not yet exist for us to determine any potential points forfeitures and the fact that most merchandise can be redeemed without requiring a significant amount of points compared with the amount of points provided to users, we believe it is reasonable to

assume all points will be redeemed and no forfeiture is estimated currently. The amount allocated to the points as a separate performance obligation is recorded as contract liability (deferred revenue) and revenue should be recognised when future goods or services are transferred. We will continue to monitor when and if forfeiture rate data becomes available and will apply and update the estimated forfeiture rate at each reporting period.

(2) Sales of packages

Energy package – when the customers charge their vehicles without using our charging network as tracked by our system, we will grant points to the customers based on the quantity of electricity charged. We record the value of the points as a reduction of revenue from the energy package.

Service package – we grant points to the customers when the customers accumulate miles of safe driving during the service period of the service package. We record the value of the points as a reduction of revenue from the service package.

The above customer points arrangement is considered as a separate performance obligation of the energy and service packages sold. The allocated amount to points granted under these packages are deferred and recognized when such points are utilized by the customers. Since historical information is limited for us to determine any potential points forfeiture and most merchandise can be redeemed without requiring a significant amount of points compared with the amount of points provided to users, we have used an estimated forfeiture rate of zero.

(3) Other scenarios

Customers or users of our mobile application can also obtain points through any other ways, such as frequent sign-ins to our mobile application and sharing articles from the application to users' own social media. We believe these points are to encourage user engagement and generate market awareness. As a result, we account for such points as selling and marketing expenses with a corresponding liability recorded under other current liabilities of our consolidated balance sheets upon the points offering. We estimate liabilities under the customer loyalty program based on cost of our merchandise that can be redeemed, and our estimate of probability of redemption. At the time of redemption, we record a reduction of inventory and other current liabilities. In certain cases where merchandise is sold for cash in addition to points, we record other revenue.

Similar to the reasons above, we estimate no points forfeiture currently and continue to assess when and if a forfeiture rate should be applied.

For the years ended 31 December 2019, 2020 and 2021, the revenue portion allocated to the points as separate performance obligation was RMB66.3 million, RMB162.5 million and RMB371.8 million (US$58.3 million), respectively, which is recorded as contract liability (deferred revenue). For the years ended 31 December 2019, 2020 and 2021, the total points recorded as selling and marketing expenses were RMB142.4 million, RMB78.2 million and RMB155.9 million (US$24.5 million), respectively.

As of 31 December 2019, 2020 and 2021, liabilities recorded related to unredeemed points were RMB178.7 million, RMB221.5 million and RMB468.9 million (US$73.6 million), respectively.

Cost of Sales

Vehicle

Cost of vehicle revenue includes parts and materials, processing fee, compensation to JAC, labor costs, manufacturing overhead (including depreciation of assets associated with the production) and reserves for estimated warranty expenses. Cost of vehicle revenue also includes reserves for estimated warranty expenses and charges to write down the carrying value of the inventory when it exceeds its estimated net realizable value and to provide for on-hand inventory that is either obsolete or in excess of forecasted demand.

Service and Other

Cost of service and other revenue includes parts and materials, labor costs, vehicle connectivity costs, and depreciation of assets that are associated with sales of service and energy packages.

Warranty liabilities

We accrue a warranty reserve for all new vehicles sold by us, which includes our best estimate of the projected costs to repair or replace items under warranty. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to the historical or projected warranty experience may cause material changes to the warranty reserve when we accumulate more actual data and experience in the future.

The portion of the warranty reserve expected to be incurred within the next 12 months is included within accruals and other liabilities, while the remaining balance is included within other non-current liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of comprehensive loss.

When our assumptions relating to the estimates of the projected costs to repair or replace items under warranties decreased/increased by 5% while holding all other assumptions constant, there would be no significant impact to our consolidated results of operations.

Allowance for doubtful accounts and expected credit losses

Prior to 2020, we provided an allowance against accounts receivable when there was doubt as to the collectability of individual balances. We wrote off accounts receivable when they were deemed uncollectible. In 2016, the FASB issued ASU No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“**ASC Topic 326**”), which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses rather than incurred losses. We adopted this ASC Topic 326 and several associated ASUs on 1 January 2020 using a modified retrospective approach with a cumulative effect recorded as increase of accumulated deficit with amount of RMB23.0 million. As of 1 January 2020, upon the adoption, the expected credit loss provision for the current and non-current assets were RMB118.9 million and RMB12.9 million, respectively.

Our trade receivable, receivables of installment payments, auto financing receivables, deposits and other receivables are within the scope of ASC Topic 326. We have identified the relevant risk characteristics of our customers and the related receivables, prepayments, deposits and other receivables which include size, type of the services or the products we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, we consider the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact our receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on our specific facts and circumstances.

For the year ended 31 December 2020 and 2021, we recorded RMB9.7 million and RMB54.3 million (US$8.5 million), respectively, expected credit loss expense in selling, general and administrative expenses. As of 31 December 2020 and 31 December 2021, the expected credit loss provision for the current and non-current assets amounted to RMB64.7 million and RMB91.3 million (US$14.3 million), respectively.

Balance as at 31 December 2021 (in RMB thousands):

	Original amount	Expected credit loss rate	Expected credit loss provision
Current assets:			
Trade and notes receivable	2,823,222	0.90%	25,417
Amounts due from related parties	1,564,025	0.81%	12,691
Prepayments and other current assets	1,854,075	0.21%	3,932
Non-current assets:			
Other non-current assets	5,598,764	0.88%	49,309

Balance as at 31 December 2020 (in RMB thousands):

	Original amount	Expected credit loss rate	Expected credit loss provision
Current assets:			
Trade receivable	1,123,920	3.61%	40,548
Amounts due from related parties	169,288	–	–
Prepayments and other current assets	1,422,403	0.29%	4,097
Non-current assets:			
Amounts due from related parties	617	–	–
Other non-current assets	1,561,755	1.28%	20,031

Our expected credit loss rate for trade and notes receivable decreased from 3.61% as at 31 December 2020 to 0.90% as at 31 December 2021, primarily attributable to: (i) the larger portion of auto financing receivables in trade and notes receivable with lower expected credit loss rate considering its risk characteristics and industry-specific factors; and (ii) the better forward-looking factors embedded considering the general recovery of macro-economic factors such as Gross Domestic Product and Consumer Price Index of China.

When our assumptions related to the estimates of loss severity and recoveries and macroeconomic factors decreased/increased by 5% while holding all other estimates constant, there would be no significant impact to our consolidated results of operations.

Long-term investments

Our long-term investments include equity investments in entities and debt security investments.

Investments in entities in which we can exercise significant influence and hold an investment in voting common stock or in substance common stock (or both) of the investee but do not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC Topic 323, Investments – Equity Method and Joint Ventures ("**ASC 323**").

Under the equity method, we initially record its investments at fair value. We subsequently adjust the carrying amount of the investments to recognize our proportionate share of each equity investee's net income or loss into earnings after the date of investment. We evaluate the equity method investments for impairment under ASC 323. An impairment loss on the equity method investments is recognized in earnings when the decline in value is determined to be other-than-temporary.

Equity securities with readily determinable fair values and over which we have neither significant influence nor control through investments in common stock or in-substance common stock are measured at fair value, with changes in fair value reported through earnings.

Equity securities without readily determinable fair values and over which we have neither significant influence nor control through investments in common stock or in-substance common stock are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes.

Available-for-sale debt security investment is reported at estimated fair value with the aggregate unrealized gains and losses, net of tax, reflected in accumulated other comprehensive loss in the consolidated balance sheets. Gain or losses are realized when the investment is sold or when dividends are declared or payments are received or when other than temporarily impaired. As of 31 December 2021, we valued this investment using a market approach by adopting a backsolve method, which benchmarked the fair value of the investment to a recent financing transaction of this investee. Key assumptions include expected time to exit, expected volatility and probability of each scenario. When our assumptions related to the estimates of the fair value of the investment decreased/increased by 5% while holding all other estimates constant, there would be no significant impact to our consolidated results of operations.

Held-to-maturity debt security investment are reported at amortized cost. The securities are held to collect contractual cash flows, and we have the positive intent and ability to hold those securities to maturity.

We monitor its investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information. No impairment charge was recognized for the years ended 31 December 2019, 2020 and 2021.

Share-based compensation

We grant restricted shares and share options to eligible employees and non-employee consultants and account for share-based compensation in accordance with ASC 718, Compensation – Stock Compensation and ASC 505-50, Equity-Based Payments to Non-Employees. There were no new grants to non-employee consultants after the effectiveness of ASU 2018-07 – Compensation – stock compensation (Topic 718) – Improvements to non-employee share-based payment accounting.

Employees' share-based compensation awards are measured at the grant date fair value of the awards and recognised as expenses (a) immediately at the grant date if no vesting conditions are required; or (b) for share options or restricted shares granted with only service conditions, using the straight-line vesting method, net of estimated forfeitures, over the vesting period; or (c) for share options where the underlying share is liability within the scope of ASC 480, using the graded vesting method, net of estimated forfeitures, over the vesting period, and re-measuring the fair value of the award at each reporting period end until the award is settled.

All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

In April 2019, we adopted ASU 2018-07, "Compensation – Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting". Upon the adoption of this guidance, we no longer re-measure equity-classified share-based awards granted to consultants or non-employees at each reporting date through the vesting period and the accounting for these share-based awards to consultants or non-employees and employees was substantially aligned. Share-based compensation expenses for share options and restricted shares granted to non-employees are measured at fair value at the date when such awards are granted and recognized over the period during which the service from the non-employees is provided.

The binomial option-pricing model is used to measure the value of share options. The determination of the fair value is affected by the fair value of the ordinary shares as well as assumptions, including the expected share price volatility, actual and projected employee and non-employee share option exercise behavior, risk-free interest rates and expected dividends. The fair value of these awards was determined taking into account independent valuation advice.

The assumptions used in share-based compensation expense recognition represent management's best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period. Moreover, the estimates of fair value of the awards are not intended to predict actual future events or the value that ultimately will be realized by grantees who receive share-based awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by us for accounting purposes.

For restricted shares granted by one of our subsidiaries to employees, determination of related estimated fair values (the subsidiaries are not publicly traded) requires complex and subjective judgments due to limited financial and operating history, unique business risks and limited comparable public information. Key inputs and assumptions underlying the determined fair value of these restricted shares include but are not limited to the pricing of recent rounds of financing, future cash flow forecasts, discount rates, and liquidity factors relevant to each of the respective subsidiaries.

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate pre-vesting options and record share-based compensation expenses only for those awards that are expected to vest.

When our assumptions relating to the estimates of fair value of share-based awards decreased/increased by 5% while holding all other estimates constant, there would be no significant impact to our consolidated results of operations.

Earnings/(Loss) per share

Basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to holders of ordinary shares, considering the accretions to redemption value of the preferred shares, by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Diluted earnings/(loss) per share is calculated by dividing net income/(loss) attributable to ordinary shareholders, as adjusted for the accretion and allocation of net income related to the preferred shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of shares issuable upon the conversion of the preferred shares

using the if-converted method, unvested restricted shares, restricted share units and ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method). Ordinary equivalent shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive.

Segment reporting

ASC 280, Segment Reporting, establishes standards for companies to report in their financial statements information about operating segments, products, services, geographic areas, and major customers.

Based on the criteria established by ASC 280, our chief operating decision maker has been identified as our chief executive officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. As a whole and hence, we have only one reportable segment. We do not distinguish between markets or segments for the purpose of internal reporting. As our long-lived assets are substantially located in the PRC, no geographical segments are presented.

Income taxes

Current income taxes are recorded in accordance with the regulations of the relevant tax jurisdiction. We account for income taxes under the asset and liability method in accordance with ASC 740, Income Tax. Under this method, deferred tax assets and liabilities are recognised for the tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis, and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognised in the consolidated statements of comprehensive loss in the period of change. Valuation allowances are established when necessary to reduce the amount of deferred tax assets if it is considered more likely than not that amount of the deferred tax assets will not be realized.

We record liabilities related to uncertain tax positions when, despite our belief that our tax return positions are supportable, we believe that it is more likely than not that those positions may not be fully sustained upon review by tax authorities. Accrued interest and penalties related to unrecognised tax benefits are classified as income tax expense. We did not recognise uncertain tax positions as of 31 December 2019, 2020 and 2021.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For a summary of recently issued accounting pronouncements, see Note 3 to the Audited Consolidated Financial Statements in Appendix A.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our Audited Consolidated Financial Statements and related notes included elsewhere in this Introductory Document. The operating results in any year are not necessarily indicative of the results that may be expected for any future periods.

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Revenues:[1]				
Vehicle sales	7,367,113	15,182,522	33,169,740	5,205,056
Other sales[3]	457,791	1,075,411	2,966,683	465,537
Total revenues	**7,824,904**	**16,257,933**	**36,136,423**	**5,670,593**
Cost of sales:[2]				
Vehicle sales	(8,096,035)	(13,255,770)	(26,516,643)	(4,161,040)
Other sales	(927,691)	(1,128,744)	(2,798,347)	(439,122)
Total cost of sales	**(9,023,726)**	**(14,384,514)**	**(29,314,990)**	**(4,600,162)**
Gross (loss)/profit	(1,198,822)	1,873,419	6,821,433	1,070,431
Operating expenses:[2]				
Research and development[2]	(4,428,580)	(2,487,770)	(4,591,852)	(720,562)
Selling, general and administrative[2]	(5,451,787)	(3,932,271)	(6,878,132)	(1,079,329)
Other operating (loss)/income, net	–	(61,023)	152,248	23,891
Total operating expenses	**(9,880,367)**	**(6,481,064)**	**(11,317,736)**	**(1,776,000)**
Loss from operations	**(11,079,189)**	**(4,607,645)**	**(4,496,303)**	**(705,569)**
Interest and investment income	160,279	166,904	911,833	143,086
Interest expenses	(370,536)	(426,015)	(637,410)	(100,024)
Share of (loss)/income of equity investees	(64,478)	(66,030)	62,510	9,809
Other income/(losses), net	66,160	(364,928)	184,686	28,981
Loss before income tax expenses	**(11,287,764)**	**(5,297,714)**	**(3,974,684)**	**(623,717)**
Income tax expense	(7,888)	(6,368)	(42,265)	(6,632)
Net loss	**(11,295,652)**	**(5,304,082)**	**(4,016,949)**	**(630,349)**
Other comprehensive (loss)/income				
Change in unrealized gains related to available-for-sale debt securities, net of tax	–	–	24,224	3,801
Foreign currency translation adjustment, net of nil tax	(168,340)	137,596	(230,345)	(36,146)
Total other comprehensive (loss)/income	**(168,340)**	**137,596**	**(206,121)**	**(32,345)**
Total comprehensive loss	**(11,463,992)**	**(5,166,486)**	**(4,223,070)**	**(662,694)**
Accretion on redeemable non-controlling interests to redemption value	(126,590)	(311,670)	(6,586,579)	(1,033,578)
Net loss attributable to non-controlling interests	9,141	4,962	31,219	4,899
Other comprehensive income attributable to non-controlling interests	–	–	(4,727)	(742)

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Comprehensive loss attributable to ordinary shareholders of NIO Inc.	**(11,581,441)**	**(5,473,194)**	**(10,783,157)**	**(1,692,115)**

Notes:

(1) We began generating revenues in June 2018, when we began making deliveries and sales of the ES8. We currently generate revenues from vehicle sales and other sales.

(2) Share-based compensation expenses were allocated in cost of sales and operating expenses as follows:

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Cost of sales	9,763	5,564	34,009	5,337
Research and development expenses	82,680	51,024	406,940	63,858
Selling, general and administrative expenses	241,052	130,506	569,191	89,318
Total	**333,495**	**187,094**	**1,010,140**	**158,513**

(3) Other sales mainly consist of revenues from sales of our service package and energy package, battery upgrade service, automotive regulatory credits, accessories, and a number of embedded products and services offered together with vehicle sales. Embedded products and services include home chargers, vehicle connectivity service, extended warranty and battery swapping service.

Year Ended 31 December 2021 Compared With Year Ended 31 December 2020

Revenues

Our revenues increased by 122.3% from RMB16,257.9 million in 2020 to RMB36,136.4 million (US$5,670.6 million) in 2021, primarily attributable to (i) an increase of vehicle delivery volume in 2021 as compared to 2020, (ii) an increase in the average selling price of our vehicles; (iii) an increase in revenue from the sales of automotive regulatory credits; (iv) an increase in other revenue, which was in line with the incremental vehicle sales, and (v) an increase in revenue from the battery upgrade service.

Cost of sales

Our cost of sales increased by 103.8% from RMB14,384.5 million in 2020 to RMB29,315.0 million (US$4,600.2 million) in 2021, mainly due to the increase of vehicle delivery volume in 2021.

Gross Profit and Gross Margin

Our gross profit increased significantly from RMB1,873.4 million in 2020 to RMB6,821.4 million (US$1,070.4 million) in 2021. The increase of gross profit compared to 2020 was mainly driven by the increase of vehicle delivery volume and vehicle margin.

Gross margin in 2021 was 18.9%, compared with 11.5% in 2020. The increase of gross margin as compared to 2020 was mainly driven by the increase of vehicle margin in 2021.

Vehicle margin in 2021 was 20.1%, compared with 12.7% in 2020. The increase of vehicle margin as compared to 2020 was mainly driven by the economies of scale achieved as a result of vehicle production and delivery volume increase, and higher average selling price.

Other sales margin in 2021 was 5.7%, compared with -5% in 2020, which was mainly driven by the increase of sales of packages and automotive regulatory credits.

Research and Development Expenses

Research and development expenses increased by 84.6% from RMB2,487.8 million in 2020 to RMB4,591.9 million (US$720.6 million) in 2021, primarily due to increased personnel costs in research and development functions as well as the incremental design and development costs for new products and technologies. Our research and development expenses as a percentage of our Group's total revenue for the year ended 31 December 2021 was 12.7%.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 74.9% from RMB3,932.3 million in 2020 to RMB6,878.1 million (US$1,079.3 million) in 2021, primarily due to the increase in personnel costs in sales and service functions and costs related to sales and service network expansion as well as incremental marketing and promotional expenses.

Loss from Operations

As a result of the foregoing, we incurred a loss from operations of RMB4,496.3 million (US$705.6 million) in 2021, representing a slight decrease of 2.4% as compared to a loss of RMB4,607.6 million in 2020.

Interest and Investment Income

We recorded interest and investment income of RMB911.8 million (US$143.1 million) in 2021, representing a significant increase as compared to RMB166.9 million in 2020, primarily due to a significant increase in short-term investment.

Interest Expense

Our interest expense increased from RMB426.0 million in 2020 to RMB637.4 million (US$100.0 million) in 2021, primarily due to the conversion premium charged in connection with separately and individually negotiated agreements with certain holders of their outstanding 2024 Notes for early conversion in January 2021.

Share of (Loss)/Income of Equity Investees

We recorded share of income of equity investees of RMB62.5 million (US$9.8 million) in 2021, as compared to share of loss of equity investee of RMB66.0 million in 2020, primarily due to the investment gains recorded from our equity investments measured under equity method in 2021.

Other (Losses)/Income, Net

We recorded other income of RMB184.7 million (US$29.0 million) in 2021, as compared with other losses of RMB364.9 million in 2020, primarily due to foreign exchange adjustments in connection with the movements between the U.S. dollar and the Renminbi.

Income Tax Expense

In 2021, our income tax expense was RMB42.3 million (US$6.6 million), as compared to RMB6.4 million in 2020.

Net Loss

As a result of the foregoing, we incurred a net loss of RMB4,016.9 million (US$630.3 million) in 2021, representing a decrease of 24.3% as compared to a net loss of RMB5,304.1 million in 2020.

Accretion on redeemable non-controlling interests to redemption value

Our accretion on redeemable non-controlling interests to redemption value increased from RMB311.7 million for the year ended 31 December 2020 to RMB6.6 billion (US$1.0 billion) for the year ended 31 December 2021, primarily attributable to our redemption of redeemable non-controlling interests in NIO China from certain Hefei Strategic Investors occurred in February and September 2021 with consideration higher than the carrying value of redeemable non-controlling interest.

Year Ended 31 December 2020 Compared With Year Ended 31 December 2019

Revenues

Our revenues increased by 107.8% from RMB7,824.9 million in 2019 to RMB16,257.9 million in 2020, primarily attributable to (i) an increase in the number of vehicles sold in 2020 as compared to 2019, and (ii) an increase in the incremental revenue recognised from user rights and service packages, which was in line with the growth of our vehicle sales.

Cost of sales

Our cost of sales increased by 59.4% from RMB9,023.7 million in 2019 to RMB14,384.5 million in 2020, mainly due to the increase of vehicle delivery volume in 2020.

Gross Profit/(Loss) and Gross Margin

Gross profit in 2020 was RMB1,873.4 million, representing an increase of RMB3,072.2 million from a gross loss of RMB1,198.8 million in 2019. The increase of gross profit as compared to 2019 was mainly driven by the increase of vehicle delivery volume and vehicle margin.

Gross margin for 2020 was 11.5%, compared with -15.3% in 2019. The increase of gross margin as compared to 2019 was mainly driven by the increase of vehicle margin in 2020.

Vehicle margin in 2020 was 12.7%, compared with -9.9% in 2019. The increase of vehicle margin compared to 2019 was jointly driven by the lower per unit material costs and fixed costs achieved through economies of scale as a result of vehicle delivery and production volume increase.

Other sales margin in 2020 was -5%, compared with -102.6% in 2019, which was mainly driven by the increase of sales of packages and automotive regulatory credits.

Research and Development Expenses

Research and development expenses decreased by 43.8% from RMB4,428.6 million in 2019 to RMB2,487.8 million in 2020, primarily due to (i) a 61.9% decrease in design and development expenses, which decreased from RMB2,041.0 million in 2019 to RMB778.5 million in 2020 primarily due to higher design and development expenses incurred before the launch of the ES6 and the

all-new ES8 in 2019, as well as reduced design and development activities as a result of the COVID-19 pandemic in 2020; and (ii) a 32.1% decrease in employee compensation for our research and development employees, which decreased from RMB2,004.9 million in 2019 to RMB1,362.2 million in 2020 primarily due to decrease in the number of our research and development employees (including employees of our product and software development teams) attributable to our continuous cost control efforts. Our research and development expenses as a percentage of our Group's total revenues for the year ended 2020 and 2019 was 15.3% and 56.6%, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by 27.9% from RMB5,451.8 million in 2019 to RMB3,932.3 million in 2020, primarily due to (i) a 24.4% decrease in employee compensation, which decreased from RMB2,231.7 million in 2019 to RMB1,687.9 million in 2020, due to a decrease in the number of our administrative employees attributable to our continuous cost control efforts; and (ii) a 17.5% decrease in marketing and promotional expenses, which decreased from RMB818.1 million in 2019 to RMB675.1 million in 2020, primarily due to a decrease in offline marketing and promotional activities as a result of the COVID-19 pandemic.

Loss from Operations

As a result of the foregoing, we incurred a loss from operations of RMB4,607.6 million in 2020, as compared to a loss of RMB11,079.2 million in 2019.

Interest Income

In 2020, we recorded interest income of RMB166.9 million, as compared to RMB160.3 million in 2019.

Interest Expense

In 2020, we recorded interest expense of RMB426.0 million, as compared to interest expense of RMB370.5 million in 2019, primarily because the principal amount of convertible notes outstanding was higher in 2020 due to the issuance of the Affiliate Notes and the 2021 Notes, and to a lesser extent, the interest-bearing period of our long-term convertible notes issued in February 2019 was shorter in 2019 than in 2020.

Share of Loss of Equity Investees

We recorded share of loss of equity investees of RMB66.0 million in 2020, as compared with share of loss of equity investee of RMB64.5 million in 2019.

Other (Losses)/Income, Net

We recorded other losses of RMB364.9 million in 2020, as compared to other income of RMB66.2 million in 2019, primarily due to foreign exchange adjustments in connection with the movements between the U.S. dollar and the Renminbi, which was partially offset by the effect of income from reimbursement from depositary bank.

Income Tax Expense

In 2020, our income tax expense was RMB6.4 million, as compared to RMB7.9 million in 2019.

Net Loss

As a result of the foregoing, we incurred a net loss of RMB5,304.1 million in 2020, as compared to a net loss of RMB11,295.7 million in 2019.

CERTAIN BALANCE SHEET ITEMS

Receivables (trade in nature, including current and non-current portion)

Our receivable primarily includes current and non-current amounts of vehicle sales in relation of government subsidy to be collected from government on behalf of customers, battery installment, auto financing receivables and receivables due from vehicle users and related parties, which are trade in nature.

	31 December 2019	31 December 2020	31 December 2021	
	RMB	RMB	RMB	US$
		(in thousands)		
Receivables – gross	2,095,724	2,531,107	8,892,832	1,395,479
Bad debt provision/ Current expected credit	(85,824)	(55,692)	(75,462)	(11,841)
Receivables – net	2,009,900	2,475,415	8,817,370	1,383,638

The following table sets forth an aging analysis of our receivables as of the dates indicated:

	31 December 2019	31 December 2020	31 December 2021	
	RMB	RMB	RMB	US$
		(in thousands)		
Up to 180 days	1,047,110	1,402,406	7,018,671	1,101,382
181 to 365 days	532,919	259,822	593,697	93,164
1 to 2 years	515,695	597,726	656,296	102,987
Over 2 years	–	271,153	624,168	97,946
Total	**2,095,724**	**2,531,107**	**8,892,832**	**1,395,479**

The following table sets forth the average turnover days of our receivables for the periods indicated:

	Year Ended 31 December		
	2019	2020	2021
Average turnover days of receivables[(1)]	79.9	51.9	57.7

Note:

(1) Turnover days of receivables is derived by dividing the arithmetic mean of the opening and closing balances of receivables for the relevant period by revenue and multiplying by 365 days or the numbers of days for the given period.

Our average receivables turnover days decreased in 2020 primarily due to the quick settlement of receivables and increased revenue with cash collection received in advance. Our average receivables turnover days increased in the year ended 31 December 2021 primarily due to the increase of auto financing receivables under auto financing arrangement.

Approximately RMB1,116.2 million, or 12.6%, of our receivables as of 31 December 2021 had been subsequently settled as of 31 March 2022. There are no significant recoverability issues for the Group's trade receivables aged over 180 days as the majority of receivables include amounts of vehicle sales in relation to government subsidy to be collected from government on behalf of customers. However, we have provided current expected credit loss of RMB85.8 million, RMB30.9 million and RMB11.8 million against the carrying value of receivables aged over 180 days as at 31 December 2019, 2020 and 2021, respectively, by taking consideration of historical loss and forward looking factors under the current expected credit loss model.

Trade Credit Policy

We generally receive payment in advance before we deliver vehicles or provide services to users. Sometimes we provide auto financing programs to users. In addition, we previously also provided battery instalment program to users.

Our suppliers generally extend to us credit terms of up to 90 days. The availability of credit and the credit terms extended to us differ from supplier to supplier depending on, among others, the size of our order and the length of our relationship with the particular supplier.

Inventory

Our inventories include raw materials we purchase from suppliers, our finished goods, merchandise and work in progress. See Note 2(k) of Audited Consolidated Financial Statements in Appendix A of this Introductory Document for further details of our accounting policies on inventory.

Our inventory consists of the following:

	31 December 2019	31 December 2020	31 December 2021	
	RMB	RMB	RMB	US$
		(in thousands)		
Raw materials	510,990	579,842	1,008,348	158,233
Work in process	1,862	2,995	3,915	614
Finish goods	291,116	381,387	826,011	129,619
Merchandise	95,987	121,978	220,931	34,669
Less: write downs	(10,427)	(4,649)	(2,853)	(448)
Total	**889,528**	**1,081,553**	**2,056,352**	**322,687**

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	31 December 2019	31 December 2020	31 December 2021	
	RMB	RMB	RMB	US$
		(in thousands)		
Up to 90 days	749,848	998,513	1,866,497	292,895
91 to 180 days	51,707	23,417	76,300	11,973
181 to 365 days	77,645	38,369	77,782	12,206
1 to 2 years	19,282	20,481	15,487	2,430
Over 2 years	1,473	5,422	23,139	3,631
Total	**899,955**	**1,086,202**	**2,059,205**	**323,135**

The following table sets forth the average turnover days of our inventories for the periods indicated:

	Year Ended 31 December		
	2019	2020	2021
Average turnover days of inventories[(1)]	47.8	25.2	19.6

Note:

(1) Calculated using the average of the beginning and ending inventory balances of the period, divided by cost of revenue for the period and multiplied by 365 days for a year in respect of the periods indicated.

Our average turnover days decreased in the year ended 31 December 2020 and 2021 primarily due to the acceleration of inventory turnover.

Approximately RMB1,757.8 million, or 85.4%, of our inventories as of 31 December 2021 had been subsequently used or sold as of 31 March 2022.

Short-term investments

Our short-term investments consist primarily of investments in fixed deposits with maturities between three months and one year and investments in money market funds and financial products issued by banks. As of 31 December 2019, 2020 and 2021, our short-term investments amounted to RMB111.0 million, RMB3,950.7 million and RMB37,057.6 million, respectively. The increase of short-term investments as of 31 December 2021 compared with 31 December 2020 was primarily due to our increased investments in financial products issued by banks for cash management. See Note 2(h) "Summary of significant accounting policies – short-term investments" of Audited Consolidated Financial Statements in Appendix A of this Introductory Document for further details of our accounting policies on short-term investments. For the years ended 31 December 2019, 2020 and 2021, income from these short-term investments amounted to RMB73.8 million, RMB31.8 million and RMB523.0 million (US$82.1 million), respectively.

Long-term investments

Our long-term investments consist primarily of our investments in debt and equity securities. As of 31 December 2019, 2020 and 2021, our long-term investments amounted to RMB115.3 million, RMB300.1 million and RMB3,059.4 million (US$480.1 million), respectively.

The increase of long-term investments as at 31 December 2020 compared with 31 December 2019 was mainly due to the increase of equity method investment in the Battery Asset Company.

The increase of long-term investments as at 31 December 2021 compared with 31 December 2020 was mainly due to (i) the increase of equity method investments, among which RMB270 million was made in the Battery Asset Company; (ii) the increase of investments in time deposits in commercial banks of RMB1,300 million, which were classified as held-to-maturity debt securities; and (iii) the increase of investment in available-for-sale debt securities, amounted to RMB650 million, which was made in a private company in the industry chain.

Trade and notes payable

Our trade and notes payable consist primarily of payables of purchase of goods and services in our operations. As of 31 December 2019, 2020 and 2021, our trade and notes payable amounted to RMB3,111.7 million, RMB6,368.3 million and RMB12,639.0 million (US$1,983.3 million), respectively. The increase of trade and notes payable was mainly due to increased purchase of goods and services in line with our increased business growth.

Accruals and other liabilities

Our accruals and other liabilities consist primarily of payables for purchase of property and equipment, advance from customers, payable for R&D expenses, and payables for marketing events, etc. As of 31 December 2019, 2020 and 2021, our accruals and other liabilities amounted to RMB4,216.6 million, RMB4,604.0 million and RMB7,201.6 million (US$1,130.1 million), respectively. The increase of accruals and other liabilities as at 31 December 2020 compared with 31 December 2019 was mainly due to increased payable to employees for options exercised and advance from customers, slightly offset by decrease of payables for purchase of property and equipment. The increase of accruals and other liabilities as at 31 December 2021 compared with 31 December 2020 was mainly due to payables for purchase of property and equipment, payable for R&D expenses and salaries and benefits payable, slightly offset by decrease of payables to employees for options exercised.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows and Working Capital

We had net cash used in operating activities of RMB8,721.7 million in 2019 and net cash provided by operating activities of RMB1,950.9 million in 2020 and RMB1,966.4 million (US$308.6 million) in 2021, respectively. As of 28 February 2022, our principal sources of liquidity have been proceeds from issuances of equity securities, our notes offering, cash flow from business operations and our bank facilities. As at 28 February 2022, our material sources of unused liquidity available include RMB11,829.1 million in cash and cash equivalents, RMB37,780.4 million in short-term investments and RMB30,757.9 million in undrawn credit facilities, which are available to fund our working capital and capital expenditures.

As of 31 December 2020 and 31 December 2021, we had a total of RMB42,495.8 million and RMB55,432.1 million (US$8,698.5 million), respectively, in cash and cash equivalents, restricted cash (including non-current restricted cash) and short-term investments. As of 28 February 2022, we had a total of RMB52,698.8 million in cash and cash equivalents, restricted cash (including non-current restricted cash) and short-term investments. As of 31 December 2020, 83.8% of our cash and cash equivalents and restricted cash (including non-current restricted cash) were

denominated in US$ and held in PRC, Hong Kong and the United States, and the other cash and cash equivalents and restricted cash (including non-current restricted cash) were mainly denominated in Renminbi and held in the PRC. As of 31 December 2021, 56.9% of our cash and cash equivalents and restricted cash (including non-current restricted cash) were denominated in Renminbi and held in PRC and Hong Kong, and the other cash and cash equivalents and restricted cash (including non-current restricted cash) were mainly denominated in US$ and held in the PRC, Hong Kong and the United States. Our cash and cash equivalents consist primarily of cash on hand, time deposits and highly liquid investments placed with banks, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less.

As of 31 December 2021, the total size of our bank facilities was RMB29,340.0 million (US$4,604.1 million), of which RMB5,180.0 million (US$812.9 million), RMB590.0 million (US$92.6 million) and RMB3,828.6 million (US$600.8 million) were utilized for borrowing, letters of guarantee and banker's acceptance, respectively.

As of 31 December 2020 and 31 December 2021, we had RMB5,938.3 million and RMB9,739.2 million (US$1,528.3 million), respectively, in total long-term borrowings outstanding, consisting primarily of the 2026 Notes and 2027 Notes, portions of the asset-backed securities, and our long-term bank debt.

As of 28 February 2022, we had RMB10,682.3 million, in total long-term borrowings outstanding, consisting primarily of the 2024 Notes, 2026 Notes and 2027 Notes, portions of the asset-backed securities, and our long-term bank debt.

The 2021 Notes bore zero interest and matured in February 2021. Prior to maturity, the holders of the 2021 Notes had the right to convert either all or part of the principal amount of the 2021 Notes into Class A ordinary shares (or ADSs) of our Company pursuant to conversion price and conditions asset forth in the respective convertible notes purchase agreements. As of 31 December 2020, all of the 2021 Notes have been converted to ADSs.

The 2024 Notes are unsecured debt and are not redeemable by us prior to the maturity date except for certain changes in tax law. In accordance with the indenture governing the 2024 Notes, or the 2024 Notes Indenture, holders of the 2024 Notes may require us to purchase all or any portion of their notes on 1 February 2022 at a repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest. Such repurchase right offer expired on 28 January 2022. None of the notesholders exercised their repurchase right and no notes were surrendered for repurchase. Holders of the 2024 Notes may also require us, upon a fundamental change (as defined in the 2024 Notes Indenture), to repurchase for cash all or part of their 2024 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest. The holders of the 2024 Notes may convert their notes to a number of our ADSs at their option at any time prior to the close of business on the second business day immediately preceding the maturity date pursuant to the 2024 Notes indenture, at a conversion rate of 105.1359 ADSs per US$1,000 principal amount of the 2024 Notes. The initial conversion rates of the Company's Convertible Notes were determined at the time of the offering of such notes based on factors such as the then market conditions and the then trading price of the Company's ADSs on the NYSE. The trading price of the Company's ADSs at the time of offering of the 2026 Notes and 2027 Notes was significantly higher than that at the time of offering of the 2024 Notes. This contributed to the difference in conversion rates between the 2024 Notes and the 2026 Notes and 2027 Notes. The 2024 Notes that are converted in connection with a make-whole fundamental change (as defined in the 2024 Notes Indenture) may be entitled to an increase in the conversion rate for such 2024 Notes. In connection with the issuance of the 2024 Notes, we entered into capped call transactions and zero-strike call option transactions. Satisfying the obligations of the 2024 Notes could adversely affect the amount or timing of any distributions to our shareholders. As of 31 December 2021, approximately US$165.3 million principal amount of the 2024 Notes were outstanding. We may choose to satisfy, repurchase, or refinance the 2024 Notes through public or private equity or debt financings if we deem such financings available on favourable terms.

In January 2021, we issued US$750 million aggregate principal amount of 0.00% convertible senior notes due 2026, or the 2026 Notes, and US$750 million aggregate principal amount of 0.50% convertible senior notes due 2027, or the 2027 Notes. The 2026 Notes and the 2027 Notes are unsecured debt. The 2026 Notes will not bear interest, and the principal amount of the 2026 Notes will not accrete. The 2027 Notes will bear interest at a rate of 0.50% per year. The 2026 Notes will mature on 1 February 2026 and the 2027 Notes will mature on 1 February 2027, unless repurchased, redeemed or converted in accordance with their terms prior to such date. Prior to 1 August 2025, in the case of the 2026 Notes, and 1 August 2026, in the case of the 2027 Notes, the 2026 Notes and the 2027 Notes, as applicable, will be convertible at the option of the holders only upon satisfaction of certain conditions and during certain periods. Holders may convert their 2026 Notes or 2027 Notes, as applicable, at their option at any time on or after 1 August 2025, in the case of the 2026 Notes, or 1 August 2026, in the case of the 2027 Notes, until the close of business on the second scheduled trading day immediately preceding the relevant maturity date. Upon conversion, we will pay or deliver to such converting holders, as the case may be, cash, ADSs, or a combination of cash and ADSs, at our election. The initial conversion rate of the 2026 Notes is 10.7458 ADSs per US$1,000 principal amount of such 2026 Notes. The initial conversion rate of the 2027 Notes is 10.7458 ADSs per US$1,000 principal amount of such 2027 Notes. The relevant conversion rate for such series of the 2026 Notes and the 2027 Notes is subject to adjustment upon the occurrence of certain events. Holders of the 2026 Notes and the 2027 Notes may require us to repurchase all or part of their 2026 Notes and 2027 Notes for cash on 1 February 2024, in the case of the 2026 Notes, and 1 February 2025, in the case of the 2027 Notes, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount of the 2026 Notes or the 2027 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the relevant repurchase date. In addition, on or after 6 February 2024, in the case of the 2026 Notes, and 6 February 2025, in the case of the 2027 Notes, until the 20th scheduled trading day immediately prior to the relevant maturity date, we may redeem the 2026 Notes or the 2027 Notes, as applicable for cash subject to certain conditions, at a redemption price equal to 100% of the principal amount of the 2026 Notes or the 2027 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the relevant optional redemption date. Furthermore, we may redeem all but not part of the 2026 Notes or the 2027 Notes in the event of certain changes in the tax laws. Satisfying the obligations of the 2026 Notes and the 2027 Notes could adversely affect the amount or timing of any distributions to our shareholders. We may choose to satisfy, repurchase, or refinance the 2026 Notes or the 2027 Notes through public or private equity or debt financings if we deem such financings available on favourable terms.

Shortly after the pricing of the 2026 Notes and the 2027 Notes in January 2021, we entered into separate and individually privately negotiated agreements with certain holders of the 2024 Notes to exchange approximately US$581.7 million principal amount of the outstanding 2024 Notes for ADSs (each, a "**2024 Notes Exchange**" and collectively, the "**2024 Notes Exchanges**"). The 2024 Notes Exchanges closed on 15 January 2021. In connection with the 2024 Notes Exchanges, we also entered into agreements with certain financial institutions that are parties to our existing capped call transactions (which we had entered into in February 2019 in connection with the issuance of the 2024 Notes) shortly after the pricing of the 2026 Notes and the 2027 Notes to terminate a portion of the relevant existing capped call transactions in a notional amount corresponding to the portion of the principal amount of such 2024 Notes exchanged. In connection with such terminations of the existing capped call transactions, we received deliveries of ADSs in such amounts as specified pursuant to such termination agreements on 15 January 2021.

The Affiliate Notes issued in the first tranche matured in 360 days, bore no interest, and required us to pay a premium at 2% of the principal amount at maturity. The Affiliate Notes issued in the second tranche will mature in three years, bear no interest, and require us to pay a premium at 6% of the principal amount at maturity. The 360-day Affiliate Notes are convertible into our Class A ordinary shares (or ADSs) at a conversion price of US$2.98 per ADS at the holder's option from the 15th day immediately prior to maturity, and the three-year convertible notes are convertible into our Class A ordinary shares (or ADSs) at a conversion price of US$3.12 per ADS at the holder's option

from the first anniversary of the issuance date. The holders of the three-year Affiliate Notes will have the right to require us to repurchase for cash all of the convertible notes or any portion thereof on 1 February 2022. Such repurchase right offer expired on 28 January 2022. None of the noteholders exercised their repurchase right, and no notes were surrendered for repurchase. In 2020, the 360-day Affiliate Notes issued to each of an affiliate of Tencent Holdings Limited and Mr. Bin Li were converted to Class A ordinary shares and the three-year Affiliate Notes issued to the wholly owned company of Mr. Bin Li were converted to ADSs.

We have been applying a variety of methods to manage our working capital. We use just-in-time, pull-production system to control the inventory level of the components. We adopt made-to-order model and do not maintain a high level of inventories of vehicles. We aim to fulfil orders and deliver vehicles to our users within 21 to 28 days from the date users place their orders. We manage the payment term policy to suppliers to improve our cash position. For most of our suppliers, the payment term ranges from 30 to 90 days. Meanwhile, payment methods can be a combination of cash and notes payable.

Based on the outstanding principal amount of the Convertible Notes and the highest conversion rate under each of the relevant indentures, as of the Latest Practicable Date, the maximum number of ADSs that would be issued in connection with the outstanding Convertible Notes was approximately 51.7 million.

As of 28 February 2022, we had net current assets as below:

	28 February 2022
	RMB
	(in thousands)
Current assets:	
Cash and cash equivalents	11,829,129
Restricted cash	3,037,892
Short-term investment	37,780,350
Trade and notes receivable	3,209,553
Amounts due from related parties	2,369,069
Inventory	2,507,885
Prepayments and other current assets	2,402,468
Expected credit loss provision – current	(51,973)
Total current assets	63,084,373
Current liabilities:	
Short-term borrowings	5,560,000
Trade and notes payable	7,063,031
Amounts due to related parties	401,669
Taxes payable	325,337
Current portion of operating lease liabilities	684,692
Current portion of long-term borrowings	1,020,249
Accruals and other liabilities	14,784,353
Total current liabilities	29,839,331
Net current assets	33,245,042

Our net current assets were RMB33,245.0 million as of 28 February 2022, as compared to our net current assets of RMB34,443.2 million as of 31 December 2021, primarily due to decrease in cash and cash equivalents, restricted cash and short-term investment of RMB2,738.3 million, as a whole, mainly as a result of our cash used in operating and investing activities.

We operate with continuous loss. As of the date of this Introductory Document, the cash contribution obligations of us and the Hefei Strategic Investors have all been fulfilled, and we hold 92.114% controlling equity interests in NIO China. For details on the cash investment installments, see "Business – Certain Other Cooperation Arrangements – Hefei Strategic Investors" included elsewhere in this Introductory Document. Our directors believe that our current cash and cash equivalents, short-term investment and cash generated from operations as at the date of this Introductory Document will be sufficient to support our continuous operations and to meet our payment obligations when liabilities fall due for at least the next 12 months. We may, however, decide to enhance our liquidity position or increase our cash reserve for future investments or operations through additional capital and finance funding. The issuance and sale of additional equity would result in further dilution to our Shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations.

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

	Year Ended 31 December			
	2019	2020	2021	
	RMB	RMB	RMB	US$
	(in thousands)			
Summary of Consolidated Cash Flow Data:				
Net cash outflow (used in)/inflow generated from operating activities before movements in working capital	(9,158,543)	(2,878,979)	(726,358)	(113,984)
Changes in operating assets and liabilities	436,837	4,829,873	2,692,744	422,550
Net cash (used in)/provided by operating activities	(8,721,706)	1,950,894	1,966,386	308,566
Net cash provided by/(used in) investing activities	3,382,069	(5,071,060)	(39,764,704)	(6,239,949)
Net cash provided by financing activities	3,094,953	41,357,435	18,128,743	2,844,795
Effects of exchange rate changes on cash, cash equivalents and restricted cash	10,166	(682,040)	(500,959)	(78,609)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(2,234,518)	37,555,229	(20,170,534)	(3,165,197)
Cash, cash equivalents and restricted cash at beginning of the year/period	3,224,387	989,869	38,545,098	6,048,567
Cash, cash equivalents and restricted cash at end of the year/period	989,869	38,545,098	18,374,564	2,883,370

Operating Activities

Net cash provided by operating activities was RMB1,966.4 million (US$308.6 million) in 2021, primarily attributable to a net loss of RMB4,016.9 million (US$630.3 million), adjusted for (i) non-cash items of RMB3,290.6 million (US$516.4 million), which primarily consisted of depreciation and amortization of RMB1,708.0 million (US$268.0 million), share-based compensation expenses of RMB1,010.1 million (US$158.5 million), amortization of right-of-use assets of RMB643.9 million (US$101.0 million) and expected credit loss expense of RMB54.3 million (US$8.5 million), (ii) a net decrease in operating assets and liabilities by RMB2,692.7 million (US$422.6 million), which was primarily attributable to an increase in trade and notes payable of RMB6,260.3 million (US$982.4 million), an increase in accrual and other current liabilities of RMB2,485.1 million (US$390.0 million), an increase in other non-current liabilitiesof RMB1,778.4 million (US$279.1 million), an increase in taxes payable of RMB447.0 million (US$70.1million) and an increase in amount due to related parties of RMB342.6 million (US$53.8 million) mainly for purchase of battery swapping equipment from Kunshan Siwopu Intelligent Equipment Co., Ltd., which was partially offset by, among others, an increase in trade and notes receivable of RMB1,717.7 million (US$269.6 million), an increase in amount due from related parties of RMB1,444.1 million (US$226.6 million) mainly for sales of battery to the Battery Asset Company, an increase in inventory of RMB990.6 million (US$155.4 million) and an increase of other non-current assets of RMB3,705.8 million (US$581.5 million).

Net cash provided by operating activities was RMB1,950.9 million in 2020, primarily attributable to a net loss of RMB5,304.1 million, adjusted for (i) non-cash items of RMB2,425.1 million, which primarily consisted of depreciation and amortization of RMB1,046.5 million, amortization of right-of-use assets of RMB499.2 million, share-based compensation expenses of RMB187.1 million and foreign exchange loss of RMB457.4 million, (ii) a net decrease in operating assets and liabilities by RMB4,829.9 million, which was primarily attributable to an increase in trade and notes payable of RMB3,256.6 million, an increase in accruals and other liabilities of RMB836.5 million, which was partially offset by, among others, a decrease in operating lease liabilities of RMB448.5 million and an increase in inventory of RMB197.8 million.

Net cash used in operating activities was RMB8,721.7 million in 2019, primarily attributable to a net loss of RMB11,295.7 million, adjusted for (i) non-cash items of RMB2,137.1 million, which primarily consisted of depreciation and amortization of RMB998.9 million and share-based compensation expenses of RMB333.5 million, and (ii) a net decrease in operating assets and liabilities by RMB436.8 million, which was primarily attributable to a decrease in inventory by RMB569.2 million, and an increase in accruals and other liabilities by RMB658.9 million, consisting primarily of research and development services, advance payments from ES8 and ES6 customers, salary and benefits payable and accounts payable in connection with marketing events. Net cash used in operating activities was partially offset by, among others, an increase in trade receivables by RMB681.6 million primarily consisting of an increase in the government subsidies relating to our vehicle sales, and payment of operating lease liabilities by RMB345.3 million.

Investing Activities

Net cash used in investing activities was RMB39,764.7 million (US$6,239.9 million) in 2021, primarily attributable to (i) purchases of short-term investments of RMB134,316.2 million (US$21,077.1 million), (ii) purchase of property, plant and equipment and intangible assets of RMB4,078.8 million (US$640.0 million), (iii) purchase of time deposits in commercial banks, which were classified as held to maturity debt investments RMB1,300.0 million (US$204.0 million), (iv) acquisitions of equity investees and equity security investments of RMB592.6 million (US$93.0 million), and (v) investment of the available-for-sale debt security issued by a private company of RMB650.0 million (US$102.0 million), partially offset by (i) proceeds from sale of short-term investments of RMB101,121.7 million (US$15,868.2 million), and (ii) loan repayment from related parties of RMB50.0 million (US$7.8 million).

Net cash used in investing activities was RMB5,071.1 million in 2020, primarily attributable to (i) purchases of short-term investments of RMB7,594. 1 million, (ii) purchase of property, plant and equipment and intangible assets of RMB1,127.7 million, and (iii) acquisition of equity investees of RMB250.8 million, partially offset by (i) proceeds from sale of short-term investments of RMB3,738.5 million, and (ii) proceeds from disposal of property and equipment of RMB163.1 million.

Net cash provided by investing activities was RMB3,382.1 million in 2019, primarily attributable to (i) proceeds from sale of short-term investments of RMB7,246.5 million, and (ii) proceeds from disposal of equity investees of RMB76.7 million, partially offset by (i) purchases of short-term investments of RMB2,202.8 million, and (ii) purchase of property, plant and equipment and intangible assets of RMB1,706.8 million.

Financing Activities

Net cash provided by financing activities was RMB18.1 billion (US$2.8 billion) in 2021, primarily attributable to (i) proceeds from issuance of ordinary shares, net of RMB12,677.6 million (US$1,989.4 million), (ii) proceeds from issuance of convertible promissory note of RMB9,560.8 million (US$1,500.3 million), (iii) proceeds from borrowings from third parties of RMB6,112.0 million (US$959.1 million), and (iv) proceeds from exercise of stock options of RMB144.6 million (US$22.7 million), partially offset by (i) repurchase of redeemable non-controlling interests of RMB8,000.0 million (US$1,255.4 million), (ii) repayments of borrowings from third parties of RMB2,432.3 million (US$381.7 million), and (iii) principal payments of finance leases of RMB32.9 million (US$5.2 million).

Net cash provided by financing activities was RMB41.4 billion in 2020, primarily attributable to (i) proceeds from issuance of ordinary shares, net of RMB34,607.1 million, (ii) capital injection from redeemable non-controlling interests holders of RMB5,000.0 million, (iii) proceeds from issuance of convertible promissory note-third parties of RMB3,014.6 million, (iv) proceeds from issuance of convertible promissory note-related parties of RMB90.5 million, (v) proceeds from borrowings from third parties of RMB1,605.5 million, and (vi) proceeds from borrowings from related parties of RMB260.0 million, partially offset by (i) repurchase of redeemable non-controlling interests of RMB2,071.5 million, (ii) repayments of borrowings from third parties of RMB964.8 million, and (iii) repayments of borrowings from related parties of RMB285.8 million.

Net cash provided by financing activities was RMB3,095.0 million in 2019, primarily attributable to (i) proceeds from issuance of convertible promissory note-third parties of RMB2,802.0 million, (ii) proceeds from issuance of convertible promissory note-related parties of RMB1,520.4 million, (iii) the proceeds from borrowings from third parties of RMB1,350.8 million, and (iv) the proceeds from borrowings from related parties of RMB25.8 million, partially offset by repayments of borrowings of RMB2,611.0 million.

Capital Expenditures

In 2019, 2020 and 2021, our capital expenditures were mainly used for the acquisition of property, plant and equipment and intangible assets which consisted primarily of mold and tooling, IT equipment, research and development equipment, leasehold improvements, consisting primarily of office space, NIO Houses and laboratory improvements as well as the roll-out of our power solutions, and equity investments. We made capital expenditures of RMB1,738.3 million, RMB1,378.5 million and RMB4,671.3 million (US$733.0 million) in 2019, 2020 and 2021, respectively. We expect our capital expenditures to continue to be significant in the foreseeable future as we expand our business, and that our level of capital expenditures will be significantly affected by user demand for our products and services. The fact that we have a limited operating history means we have limited historical data on the demand for our products and services. As a result, our future capital requirements may be uncertain and actual capital requirements may be

different from those we currently anticipate. To the extent the proceeds of securities we have issued and cash flows from our business activities are insufficient to fund future capital requirements, we may need to seek equity or debt financing. We will continue to make capital expenditures to support the expected growth of our business.

Ongoing material capital expenditure

We made capital expenditures of RMB1,185.3 million from 1 January 2022 up to 28 February 2022 of which RMB1,000.5 million were used for property, plant and equipment and intangible assets and RMB184.8 million were used for equity investments. Such material expenditures were mainly used in China.

Capital Divestments

For FY2019, FY2020 and FY2021 and for the period from 1 January 2022 to the Latest Practicable Date, we did not have any material divestments of capital investment.

Borrowings

As of 31 December 2020, our total borrowings, including current borrowings and non-current borrowings, were RMB7,868.8 million, primarily consisting of convertible notes of RMB5,196.5 million, bank loans of RMB2,234.3 million and loan from investors of RMB438.0 million. As of 31 December 2021, our total borrowings, including current borrowings and non-current borrowings, were RMB17,037.1million (US$2,673.5 million), primarily consisting of convertible notes of RMB10,668.9 million (US$1,674.2 million), bank loans of RMB5,312.1 million (US$833.6 million), loan from joint investor of RMB456.2 million (US$71.6 million), and asset-backed securities of RMB599.9 (US$94.1 million). As of 28 February 2022, our total borrowings, including current borrowings and non-current borrowings, were RMB17,262.5 million, primarily consisting of convertible notes of RMB10,563.3 million, bank loans of RMB5,635.5 million, asset-backed securities of RMB604.6 million and loan from joint investor of RMB459.1 million.

We are currently not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which can materially affect our financial position and results or business operations, or the investment by our Shareholders.

Short-term borrowings

As of 31 December 2021, the Group obtained short-term borrowings from several banks of RMB5,230 million in aggregate, with a maturity date of not more than one year from the date of issuance of the borrowings. The annual interest rate of these borrowings is approximately 2.95% to 4.45%.

The short-term borrowings contain covenants including, among others, limitation on liens, consolidation, merger and sale of the Company's assets. The Company is in compliance with all of the loan covenants as of 31 December 2021. As of 31 December 2021, certain of the Group's short-term borrowings were guaranteed by the Group's subsidiaries or pledged with trade receivable of RMB440.2 million, short-term investments of RMB556.3 million, and restricted cash of RMB1,123.6 million.

Long-term borrowings

As of 31 December 2021, the Group's long-term borrowings are as follows:

Date of borrowing	Lender/ Banks	Maturity/ Repayment Date	Outstanding Loan as at 31 December 2021 (thousands)	Current portion according to the repayment schedule (thousands)	Long-term portion (thousands)	Interest rate
24 December 2020	Bank of Shanghai	24 December 2023	33,440	16,560	16,880	4.35%
8 February 2021	Bank of Shanghai	8 February 2024	48,660	23,280	25,380	4.55%

The long-term borrowings contain covenants including, among others, limitation on liens, consolidation, merger and sale of the Company's assets. As of 31 December 2021, certain of the Group's long-term borrowings were guaranteed by the Company's subsidiaries or pledged with trade receivable of RMB104.4 million.

Convertible Notes

For details on our convertible notes, please see "Liquidity and Capital Resources – Cash Flows and Working Capital". As of 31 December 2021, RMB1,228.3 million of convertible notes were due within one year.

Loan from joint investor

On 18 May 2017, the Group entered into a joint investment agreement with Wuhan Donghu New Technology Development Zone Management Committee ("**Wuhan Donghu**") to set up an entity, namely "**PE WHJV**". Wuhan Donghu subscribed for RMB384 million paid in capital in PE WHJV with 49% of the shares. Wuhan Donghu is a government organisation in Wuhan City, Hubei Province, PRC. It is mainly responsible for formulating and implementing the development plan of the high-tech industry in the development zone. It also invests in the high-tech industrial chain, as well as encourages and supports the development of the high-tech industry in the local region.

On 30 June 2017, 29 September 2017 and 16 April 2018, Wuhan Donghu injected RMB50 million RMB100 million and RMB234 million in cash to PE WHJV, respectively. Pursuant to the investment agreement, Wuhan Donghu does not have substantive participating rights to PE WHJV, nor is allowed to transfer its equity interest in PE WHJV to other third party. In addition, within five years or when the net assets of PE WHJV is less than RMB550 million, the Group is obligated to purchase from Wuhan Donghu all of its interest in PE WHJV at its investment amount paid plus interest at the current market rate announced by PBOC. As such, the Group consolidates PE WHJV. The investment by Wuhan Donghu is accounted for as a loan because it is only entitled to fixed interest income and subject to repayment within five years or upon the financial covenant violation. As of 31 December 2020 and 2021, RMB54.0 million and RMB72.2 million of interest were accrued at the benchmark rate of medium and long-term loan announced by PBOC.

As of 31 December 2021, the Group reclassified the carrying value of the remaining loan from joint venture with the amount of RMB456.2 million in current liabilities as a result of the maturity date of the loan on 27 May 2022.

Asset-backed securities

In October 2021, the Group entered into asset-backed securitization arrangements with third-party financial institutions and set up a securitization vehicle to issue the senior debt securities to third party investors, which are collateralized by the auto financing receivables (the "**transferred financial assets**"). The Group also acts as servicer to provide management, administration and collection services on the transferred financial assets. As a result, the Group consolidated the securitization vehicle since economic interests are retained in the form of subordinated interests. The proceeds from the issuance of debt securities are reported as securitization debt. The securities are repaid as collections on the underlying collateralized assets occur and the amounts are included in "Current portion of long-term borrowings" or "Long-term borrowings" according to the contractual maturities of the debt securities. As of 31 December 2021, the balance of current and non-current portion of asset-backed securities are RMB343.7 million and RMB256.3 million, respectively.

HOLDING COMPANY STRUCTURE

NIO Inc. is a holding company with no material operations of its own. We conduct a portion of our operations through our PRC subsidiaries, and, to a lesser extent, the variable interest entity and its subsidiaries in China. As a result, our ability to pay dividends depends significantly upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and the variable interest entity and its subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our wholly foreign-owned subsidiaries in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds, staff bonuses and welfare funds at its discretion, and the variable interest entity may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends except in the event of a solvent liquidation of the companies. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by the SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds. Beijing NIO did not have any material assets or liabilities as of 31 December 2021. In the future we expect Beijing NIO to focus on value-added telecommunications services, including, without limitation, performing internet services, as well as holding certain related licenses.

OFF-BALANCE SHEET ARRANGEMENTS

Other than the guarantees provided to Battery Asset Company in relation to the BaaS model as described in Note 2(s) to the Audited Consolidated Financial Statements set out in Appendix A, we have not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

CONTRACTUAL OBLIGATIONS

The following table sets forth our contractual obligations as of 31 December 2021:

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in RMB thousands)				
Capital commitments	3,380,653	2,720,739	636,382	19,813	3,719
Operating lease obligations	3,839,514	1,098,604	1,288,561	632,477	819,872
Finance lease obligations	63,578	30,900	32,537	141	–
Short-term and long-term borrowings	5,768,290	5,726,030	42,260	–	–
Interest on bank borrowings	105,072	103,976	1,096	–	–
Convertible notes with principal and interest	10,957,872	1,286,732	47,818	4,829,593	4,793,729
Asset-backed securities	627,588	366,842	260,746	–	–
Total	**24,742,567**	**11,333,823**	**2,309,400**	**5,482,024**	**5,617,320**

Capital commitments are commitments in relation to the purchase of property and equipment, including leasehold improvements.

Operating and finance lease obligations consist of leases in relation to certain offices and buildings, NIO Houses and other property for our sales and after-sales network.

Our short-term and long-term borrowings represent borrowings with maturity from eleven months to five years.

Our convertible notes represent the 2024 Notes with principal amount of US$750 million, the 2026 Notes with principal amount of US$750 million and the 2027 Notes with principal amount of US$750 million, which will mature in January 2024, January 2026 and January 2027, respectively.

Our asset-backed securities represent the proceeds from the issuance of debt securities under asset-backed securitization arrangements with the principal amount of RMB812 million, which will be mature in September 2023.

We intend to fund our existing and future material cash requirements with our existing cash balance. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

Other than disclosed above, we did not have any significant capital and other commitments, long-term obligations, mortgages and charges, or guarantees as of 31 December 2021.

As of the Latest Practicable Date, for the purposes of indebtedness, save as disclosed in our Audited Consolidated Financial Statements in Appendix A of this Introductory Document, we did not have significant contingent liabilities.

As of 31 December 2021, save as disclosed in this section, we did not have any significant bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments or other outstanding material contingent liabilities.

As of 31 March 2022, we have material capital commitments of RMB4,069.8 million and RMB824.3 million for property and equipment and leasehold improvements, respectively. We intend to fund such capital expenditures using the proceeds of securities we have issued and/or cash flows from our business activities. To the extent the proceeds of securities we have issued and/or cash flows from our business activities are insufficient to fund future capital requirements, we may need to seek equity or debt financing.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our directors confirm that, up to the date of and save as disclosed in "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview" of this Introductory Document, there has not been any material adverse change in our financial or trading position or prospects since 31 December 2021, and there is no event since 31 December 2021 which would materially affect the information shown in the Audited Consolidated Financial Statements in Appendix A to this Introductory Document.

The information and statistics set out in this section and other sections of this Introductory Document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Introduction.

China is the largest battery electric vehicle, or BEV, market in the world, with sales of 1.0 million units in 2020, and continues to account for more than half of global BEV sales. China's BEV sales are expected to grow at a CAGR of 43.9% from 2020 to 2025, reaching 6.2 million units, according to Frost & Sullivan. China is also the world's largest passenger vehicle market, with BEV penetration rate expected to increase from 5.0% in 2020 to 26.2% in 2025. In 2021, the NIO ES6, EC6 and ES8 were the top, second and fourth best-selling premium battery electric SUVs as measured by sales volume in China respectively, according to Frost & Sullivan.

OVERVIEW OF THE GLOBAL AND CHINA ELECTRIC VEHICLE MARKETS

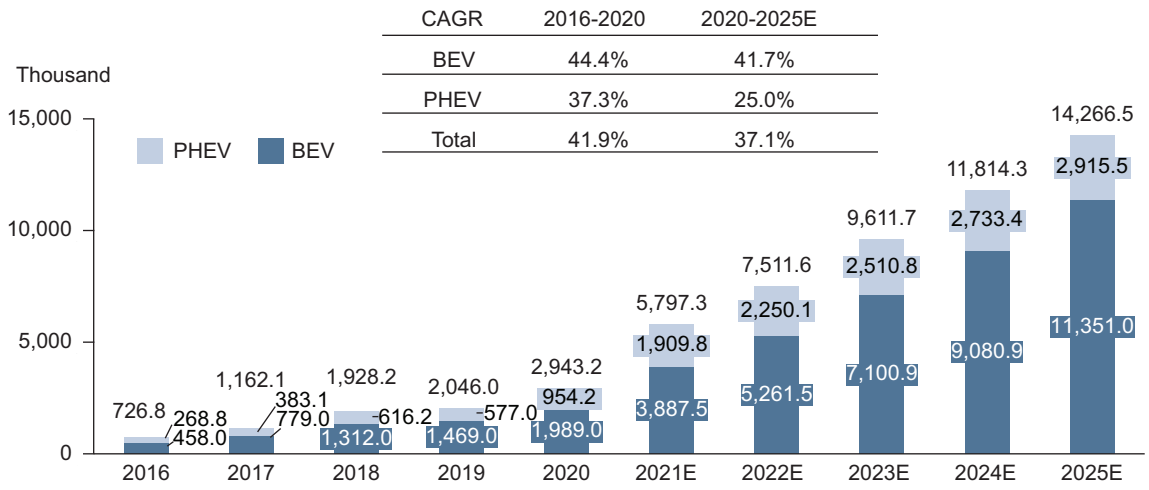
Global electric vehicle market continues to experience high growth

Electric vehicles include BEVs and plug-in hybrid electric vehicles, or PHEVs. A BEV is powered by batteries only with propulsion solely produced by electric motors, and results in zero tailpipe emission. A PHEV has both internal combustion engine, or ICE, and electric motors, with energy supplied from fuel and batteries, which can be charged via external power supply. For examples of BEV and PHEV models available on the market, please refer to the section headed "Competitive Landscape of China's Premium Electric Vehicle Market".

	BEV	PHEV
Driving Component	Electric motor	Electric motor, ICE
Energy source	Battery	Battery, Fuel
Capacity of battery	High	Low
Emission	No emission	Low emission

In 2020, global electric vehicle sales were 2.9 million units and according to Frost & Sullivan, global electric vehicle sales are expected to reach 14.3 million units by 2025 at a CAGR of 37.1%. Within the electric vehicle market, the BEV segment is expected to grow at a much faster pace, increasing from 2.0 million units sold globally in 2020 to an estimated 11.4 million units in 2025, representing a CAGR of 41.7%. In the meantime, the penetration rate of BEVs in the global passenger vehicle market is expected to increase from 3.4% in 2020 to 15.4% in 2025. For the first nine months of 2021, the global BEV market has been following the aforementioned trajectory, with 2.6 million units sold and representing a year-on-year growth rate of 148.4%.

New Energy Passenger Vehicle Sales Volume, Global, Breakdown by Type, 2016-2025E



Source: Data for global from Industry associations and marklines[3], found in (https://www.marklines.com/portal_top_en.html), 2016-2020; Forecast from 2021 onwards by Frost & Sullivan; CAGRs calculated by Frost & Sullivan

China is the clear leader in the global BEV market

China is the world's largest passenger vehicle market as measured by sales volume. According to Frost & Sullivan, China's passenger vehicle sales volume was 20.2 million units in 2020 and is expected to increase to 23.5 million units in 2025, representing 31.9% of the sales volume in global market. The vast majority of the electric vehicle market in China is comprised of BEVs. In 2020, China had the highest share of BEVs as a percentage of electric vehicle sales at 80.2%, as compared to 67.6% for the global market. With increasing BEV sales penetration from 5.0% in 2020 to 26.2% in 2025, China's market represents the most sizable long-term market opportunity globally for BEV automakers.

China was the largest BEV market in 2020, and accounted for 50.2% of the global BEV sales, according to Frost & Sullivan. It was also one of the fastest-growing BEV markets in the world, growing from 0.3 million units sold in 2016 to 1.0 million units sold in 2020 at a CAGR of 40.4%. China's BEV market is expected to continue its fast growth at a CAGR of 43.9% from 2020 to 2025, reaching sales of 6.2 million units in 2025.

The significant growth potential for the Chinese BEV market is evidenced by the 1.7 million BEV sales recorded for the first nine months of 2021, representing a year-on-year growth rate of 229.6%, and sales penetration rate of 11.5%.

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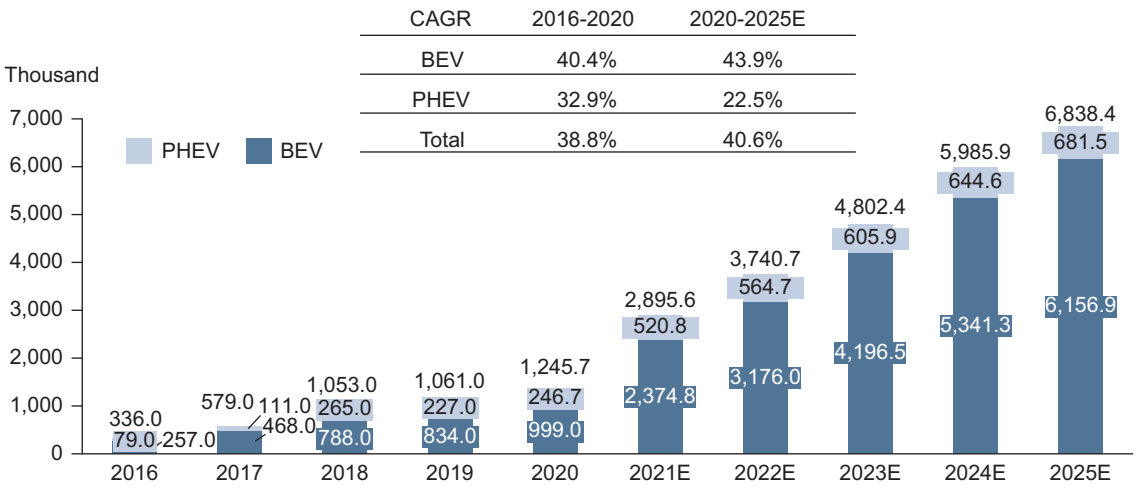
[3] Industry associations and marklines has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

China Electric Vehicle Sales Volume, Breakdown by Power Type, 2016-2025E



Note: sales volume includes imported New Energy Vehicles.

Source: Data for China from China Association of Automobile Manufacturers[4], statistics, 2016-2020, found in (http://www.caam.org.cn/); China Passenger Cars Association[5], statistics, 2016-2020, found in (http://data.cpcaauto.com/) Forecast from 2021 onwards by Frost & Sullivan; CAGRs calculated by Frost & Sullivan

European and US markets

The European market represents a key geography for electric vehicle sales, with an aggregate sales volume of 1.3 million units in 2020, and is expected to grow to 4.7 million units in 2025 at a CAGR of 30.1%. Specifically, the European BEV market recorded sales of 0.7 million units in 2020, and is expected to reach 3.4 million units in 2025 at a CAGR of 37.6%. BEV penetration rate in Europe is expected to increase from 5.1% in 2020 to 19.5% in 2025, according to Frost & Sullivan.

The US electric vehicle market is expected to grow at a fast pace, from 0.3 million units in 2020 to 2.6 million units in 2025, representing a CAGR of 51.0%, according to Frost & Sullivan.

KEY DRIVERS FOR ELECTRIC VEHICLE MARKET GROWTH

Increasing environmental awareness and policy support

According to Frost & Sullivan, consumers have become increasingly concerned about the environmental impact of vehicle emissions, with preference shifting towards low or zero-emission vehicles. The adoption of electric vehicles can effectively reduce emissions compared to traditional ICE vehicles.

[4] China Association of Automobile Manufacturers has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

[5] China Passenger Cars Association has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

China expects to hit peak carbon emissions before 2030 and the Chinese government aims to achieve carbon neutrality by 2060. The Chinese government has promulgated a number of policies to support the growth of New Energy Vehicles ("**NEVs**"), which include BEVs, and targets to achieve a 20% NEV penetration rate by 2025. China has also introduced the NEV credit and average fuel economy credit trading scheme in 2018 in order to promote the electric vehicle production. To further support NEV adoption, the national NEV subsidies and tax incentives have been extended from the end of 2020 to the end of 2022. The current 2021 subsidy policy applies to NEVs with the sale price under RMB300,000 or compatible with battery swapping technologies. Certain municipal-level regulations in China also favour BEV adoption, including lower hurdle to obtain vehicle license plates and elimination of vehicle usage restrictions for BEVs as compared to ICE vehicles. For further information on material government policies on NEVs, please refer to the section headed "Regulatory Overview – Favourable Government Policies Relating to New Energy Vehicles in the PRC".

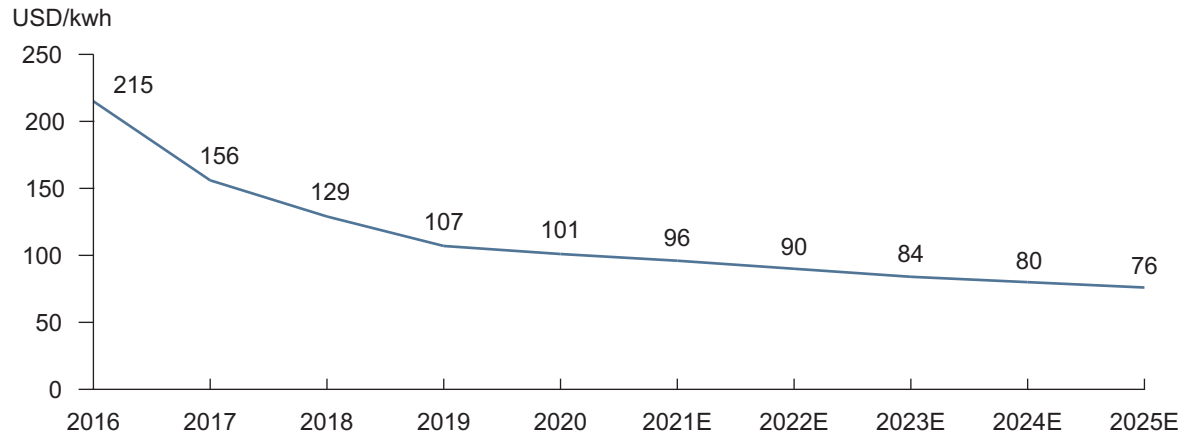
Governments around the world have also been establishing policies to promote electric vehicle adoption. The European Union aims to attain net zero emissions of greenhouse gases by 2050 and has adopted a number of supportive policies specifically for zero-emission vehicles, including purchase subsidies and certain tax exemptions. The Norwegian government has set the target that by 2025 all new private vehicles, city buses and light vans are to be zero-emission vehicles. The UK government has announced that it plans to end the sale of new petrol and diesel vehicles by 2030, and target all new vehicle sales being tailpipe emission free by 2035. In the United States, a presidential executive order was signed on 5 August 2021, setting a goal that 50% of all new passenger vehicles and light trucks sold in 2030 to be zero-emission vehicles, including BEVs and PHEVs. Additionally, 40 states provide tax benefits or rebates for electric vehicle purchases, and in particular, California requires that by 2035 all new passenger vehicles and trucks sold in the state are to be zero-emission vehicles.

Improving battery technologies

Improvements in battery technologies have enabled rapid development in the electric vehicle sector. Continued technology developments have led to greater energy density, higher safety level and longer battery life. As an example, the energy density of battery cells was between 217 to 252 Wh/kg in 2019. As of the Latest Practicable Date, the energy densities of a number of battery cell products on the market had exceeded 300 Wh/kg, according to Frost & Sullivan. Together these improvements further enhance the user experience of electric vehicles.

Driven by greater economies of scale in battery production and technology advancements, the battery cost is expected to reduce significantly. However, battery cost may fluctuate significantly during certain periods. See "Risk Factors – We could experience cost increases or disruptions in supply of raw materials or other components used in our vehicles.". According to Frost & Sullivan, battery cell price in China is expected to reduce from US$101/kWh in 2020 to US$76/kWh in 2025.

Volume-weighted Average Battery Cell Price, China, 2016-2025E



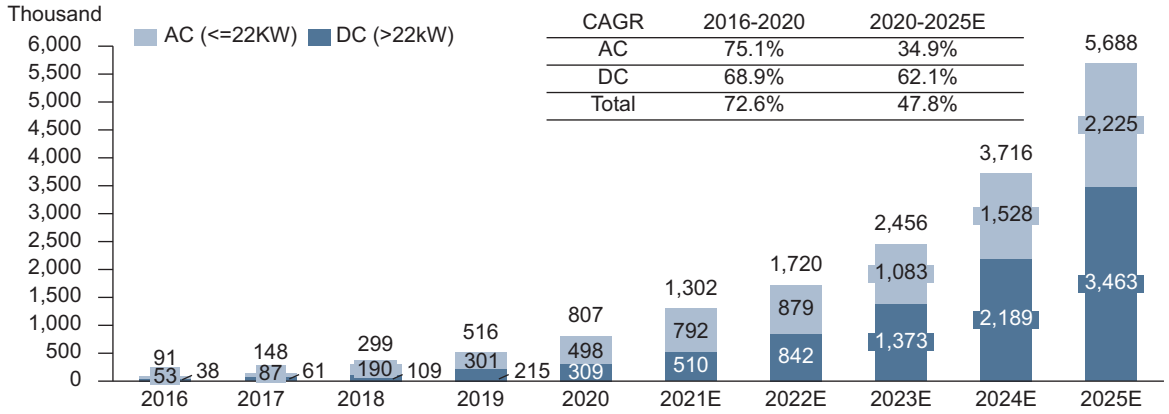
Source: Frost & Sullivan Analysis

According to Frost & Sullivan, battery swapping technologies facilitate the separation of vehicle and battery ownership, which allows consumers to buy the vehicle and subscribe for the battery separately. This provides a lower upfront purchase price and offers flexibility to upgrade the battery as technologies improve.

Expanding electric vehicle infrastructure

Governments around the world have been promoting the deployment of electric vehicle infrastructure, which in turn has been an important factor in consumers' increasing adoption of electric vehicles. The PRC government has specifically identified charging and battery swapping infrastructure as key areas of "new infrastructure", which enjoy prioritized policy support in infrastructure build-out and deployment. In the past five years, the charging network in China has seen significant growth and according to Frost & Sullivan, there were more than 0.8 million public charging piles, 38% of which were DC fast chargers at the end of 2020. To meet increasing consumer demand, the total number of public charging piles in China is expected to increase significantly to 5.7 million units by 2025, at a CAGR of 47.8%, 61% of which are DC fast chargers.

Number of Public Charging Piles in China, 2016-2025E



Source: Data for China from China Electric Vehicle Charging Infrastructure Promotion Alliance[6], statistics, 2016-2020, found in (http://www.evcipa.org.cn/); Forecast from 2021 onwards by Frost & Sullivan; CAGRs calculated by Frost & Sullivan

Meanwhile, selected automakers are deploying their own fast charging and/or battery swapping stations to further enhance their user experience.

In Europe, electric vehicle infrastructure has developed rapidly. At the end of 2020, there were approximately 0.3 million public charging piles in Europe, 13% of which were DC fast chargers. By 2025, the total number of public charging piles in Europe is expected to reach 1.2 million, with 38% being DC fast chargers, according to Frost & Sullivan.

AUTONOMOUS DRIVING AND DIGITAL TECHNOLOGIES

Technologies and features such as advanced driver assistance systems, autonomous driving, personalized infotainment and AI-enabled human machine interface significantly enhance user experience. Increasing consumer preference for such technologies underpins the wider adoption trend going forward. The advancement of these technologies requires an increasing number of sensors, significantly more computing power and advanced software, which can be more efficiently integrated and updated over-the-air under the electrical/electronic architecture of electric vehicles.

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6 China Electric Vehicle Charging Infrastructure Promotion Alliance has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

An increasing number of automakers have rolled out ADAS features in recent years, which typically include adaptive cruise control, lane change/keeping assist, automatic emergency braking and automatic parking. The penetration rate of ADAS as a percentage of new passenger vehicle sales in China grew from 11.4% in 2016 to 38.4% in 2020. It is expected to further increase to 55.7% by 2025, according to Frost & Sullivan.

With continued advancements in hardware and software technologies, future vehicles are expected to be empowered by improving autonomous driving technologies. The autonomous driving hardware typically includes computing System-on-Chips, or SoCs, cameras, LiDARs, radars, and other sensors. According to Frost & Sullivan, driven by the consumer preferences, technological advancements, market competitions and geopolitical environment, the computing power of central processing unit chipsets are expected to gradually evolve, while the production of micro controller unit chipsets with lower computing power are expected to become increasingly localized. The autonomous driving full stack software capabilities include perception, planning and control algorithms, high-definition maps, and closed-loop data management. AD technologies are expected to enhance road safety and free up the drivers' time.

Digital technologies that are emerging and gaining momentum in the auto industry mainly include digital cockpit and digital system. Digital cockpits are trending towards: (i) personalized infotainment for every passenger with access to a wide range of content offerings; and (ii) AI-enabled advanced human machine interface, such as voice-activated control systems and driver behavior monitoring. Automakers are also strengthening the development or implementation of digital systems with the ability to complete continuous upgrades through over-the-air firmware and software updates. FOTA updates enable the upgrade of the operating firmware across the vehicle's core systems, such as digital cockpit, autonomous driving domain controller and electric powertrain. SOTA updates allow for improvements of the vehicle software, such as the onboard infotainment system.

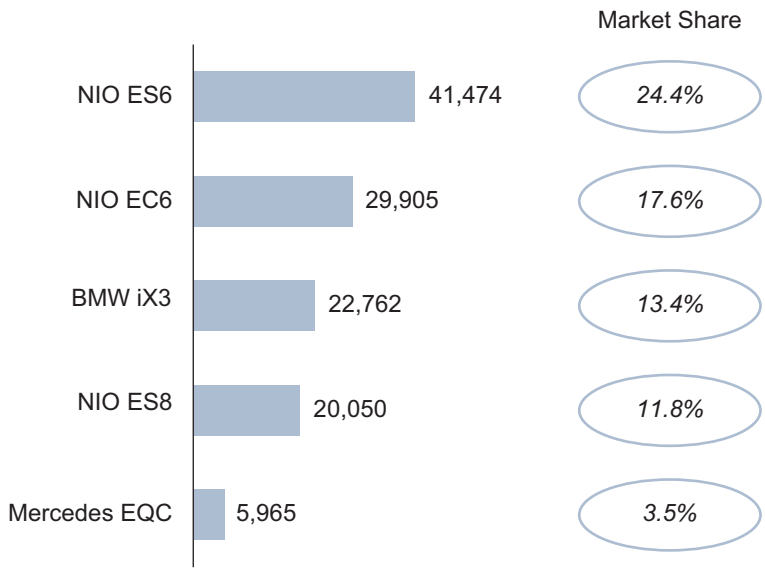
As autonomous driving technology continues to develop, combined with the increasing adoption of digital technologies, Frost & Sullivan expects new innovative business models to emerge in the auto industry. For example, autonomous driving technology can be offered to consumers as a subscription service, where the user experience can be continuously enhanced with new technology upgrades provided through convenient over-the-air updates. Additional commercial opportunities, such as infotainment contents and features, may become viable as the driver's time in the vehicle is freed from the task of driving.

COMPETITIVE LANDSCAPE OF CHINA'S PREMIUM ELECTRIC VEHICLE MARKET

The premium segment in China, as defined by vehicles priced over RMB300,000, is expected to be the fastest-growing segment at a CAGR of 12.1% from 2020 to 2025, according to Frost & Sullivan.

In 2021, the NIO ES6, EC6 and ES8 were the top, second and fourth best-selling premium battery electric SUVs as measured by sales volume in China respectively according to Frost & Sullivan.

Premium BEV SUV Cumulative Sales Volume Ranking, China, 2021



Source: Data from Company financial report and China Association of Automobile Manufacturer[7], found in (www.caam.org.cn/), market share calculated by Frost & Sullivan

Among premium mid-large SUVs in the market, the NIO ES8 offers advantageous acceleration, power, torque, ADAS and in-cabin AI features, as well as pricing, compared to ICE peers. At the same time, the ES8 is comparable to Tesla Model X and BMW iX in terms of performance, but enjoys a clear price advantage.

SUV Model	NIO – ES8 (BEV)	Tesla – Model X (BEV)	BMW iX (BEV)	Audi Q7 (ICE)	Mercedes Benz GLS (ICE)
Launch time	2018	2021	2021	2021	2020
MSRP	Start from ¥468,000	¥939,990	¥846,900	¥701,800	¥1,028,000
Electric Motor	Front: Permanent magnet motor Rear: Induction motor	Front: Permanent magnet motor Rear: Induction motor	Front: Current-excited synchronous motor Rear: Current-excited synchronous motor	N/A	N/A
Acceleration time from 0 to 100 km/h (s)	4.9	3.9	4.6	7.1	6.9
Peak Torque (N-m)	725	Not disclosed	765	370	450
Peak Power (kW)	400	493	385	180	230
NEDC Driving Range (km)	450 (75 kWh) 580 (100 kWh) 850 (150 kWh)	560*	665**	N/A	N/A
Length/Width/Height (mm)	5,022/1,962/1,756	5,037/2,070/1,684	4,955/1,967/1,698	5,067/1,970/1,731	5,214/1,956/1,823
Capacity of Battery (kWh)	75/100/150	100	111.5	N/A	N/A
Battery Swap Service	√	X	X	N/A	N/A
Air Suspension	√	√	√	X	√
FOTA	√	√	Not disclosed	Not disclosed	Not disclosed
Sensors	7 Cameras + 5 Radars + 12 Ultrasonic sensors	8 Cameras + 1 Radar + 12 Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors
Chipset	Mobileye Q4 (2.5 TOPS)	FSD (144 TOPS)	Not disclosed	Not disclosed	Not disclosed
In-Cabin AI	Speech recognition + Emotional experience + State perception	Speech recognition + State perception	Speech recognition	Speech recognition	Speech recognition

7 China Association of Automobile Manufacturers has not provided its consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

Notes:

(1) Sensors refer to those mounted on the external body for purposes of ADAS and autonomous driving.

(2) Chipset is for ADAS and autonomous driving.

(3) Computing power (TOPS) of ES8 and Model X is for the full set, BMW iX full set spec is not disclosed although single chipset data is available.

(4) Launch time is for the release of the new version.

(5) MSRP is for the entry level model.

(6) Sensors without numbers means the numbers are not available.

(7) Information as of December, 2021.

(8) "x" and "N/A" indicate "None" and "Not Applicable", respectively.

(9) "Start from" of NIO MSRP means prices vary based on battery capacity.

(10) The MSRP of the ES8 shown in the table above does not include the increase of RMB10,000 that took effect on 10 May 2022.

* Estimated ** Under CLTC standard

Source: Data from company websites, found in (https://www.nio.cn/es8, https://www.tesla.cn/modelx/design#overview, https://www.bmw.com, https://www.audi.cn, https://www.mercedes-benz.com.cn

Compared to other premium mid-size electric SUVs, the NIO ES6 and EC6 have the best-in-class NEDC driving range, maximum power output and torque, and in-cabin AI features.

SUV Model	NIO – ES6 (BEV)	NIO – EC6 (BEV)	Tesla – Model Y (BEV)	BMW iX3 (BEV)	Audi e-tron (ICE)	Mercedes Benz EQC (ICE)
Launch time	2018	2019	2021	2021	2021	2020
MSRP	Start from ¥358,000	Start from ¥368,000	¥291,840	¥399,900	¥546,800	¥499,800
Electric Motor	Front: Permanent magnet motor Rear: Permanent magnet motor	Front: Permanent magnet motor Rear: Permanent magnet motor	Rear: Permanent magnet motor	Rear: Current-excited synchronous motor	Front: Induction motor Rear: Induction motor	Front: Induction motor Rear: Induction motor
Acceleration time from 0 to 100 km/h (s)	5.6	5.4	6.9	6.8	3.4 (0~50km/h)	6.9
Peak Torque (N-m)	610	610	404	400	540	590
Peak Power (kW)	320	320	202	210	230	210
NEDC Driving Range (km)	465 (75 kWh) 610 (100 kWh) 900 (150 kWh)	475 (75 kWh) 615 (100 kWh) 910 (150 kWh)	545*	500	500	415
Length/Width/Height (mm)	4,850/1,965/1,758	4,850/1,965/1,731	4,750/1,921/1,624	4,746/1,891/1,683	4,901/1,935/1,640	4,774/1,890/1,622
Capacity of Battery (kWh)	75/100/150	75/100/150	60	74	97	Not disclosed
Battery Swap Service	√	√	X	X	X	X
Air Suspension	X	X	X	X	√	X
FOTA	√	√	√	Not disclosed	Not disclosed	Not disclosed
Sensors	7 Cameras + 5 Radars + 12 Ultrasonic sensors	7 Cameras + 5 Radars + 12 Ultrasonic sensors	8 Cameras + 1 Radar + 12 Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors
Chipset	Mobileye Q4 (2.5 TOPS)	Mobileye Q4 (2.5 TOPS)	FSD (144 TOPS)	Not disclosed	Not disclosed	Not disclosed
In-Cabin AI	Speech recognition + Emotional experience + State perception	Speech recognition + Emotional experience + State perception	Speech recognition + State perception	Speech recognition	Speech recognition	Speech recognition

Notes:

(1) Sensors refer to those mounted on the external body for purposes of ADAS and autonomous driving.

(2) Chipset is for ADAS and autonomous driving.

(3) Computing power (TOPS) of ES6, EC6 and Model Y is for the full set, BMW iX3 full set spec is not disclosed although single chipset data is available.

(4) Launch time is for the release of the new version.

(5) MSRP is for the entry level model.

(6) Sensors without numbers means the numbers are not available.

(7) Information as of December 2021.

(8) "x" and "N/A" indicate "None" and "Not Applicable", respectively.

(9) "Start from" of NIO MSRP means prices vary based on battery capacity.

(10) The MSRP of the ET7 shown in the table will increase by RMB10,000 with effect from 23 May 2022.

* Estimated under CLTC standard

Source: Data from company websites[8], found in (https://www.nio.cn, https://www.tesla.cn/modely/design#overview, https://www.bmw.com, https://www.audi.cn, https://www.mercedes-benz.com.cn/vehicles.html?bodyStyleName=NEV

Among premium mid-large sedans in the market, the NIO ET7 provides superior performance, richer autonomous driving and in-cabin AI features and better pricing compared to ICE and PHEV peers. Compared to Tesla Model S, ET7 has comparable performance, offers the best-in-class computing power and sensing capabilities for autonomous driving, as well as the most advanced in-cabin AI features, while enjoying a significant price advantage.

Sedan Model	NIO – ET7 (BEV)	Tesla – Model S (BEV)	BMW 5 Series (PHEV)	Mercedes Benz E Class (PHEV)
Launch Time	2021	2021	2021	2021
MSRP	Start from ¥448,000	¥889,990	¥499,900	¥518,300
Electric Motor	Front: Permanent magnet motor Rear: Induction Motor	Front: Permanent magnet motor Rear: Induction Motor	Not disclosed	Not disclosed
Acceleration time from 0 to 100 km/h (s)	3.8	3.2	6.7	6.7
Peak Torque (N-m)	850	Not disclosed	420	Not disclosed
Peak Power (kW)	480	493	215	235
NEDC Driving Range (km)	550 (75 kWh)* 705 (100 kWh)* 1000 (150 kWh)*	652**	95	120
Length/Width/Height (mm)	5,101/1,987/1,509	4,979/1,964/1,445	5,106/1,868/1,490	5,078/1,860/1,480
Capacity of Battery (kWh)	75/100/150	100	17.7	25.4
Battery Swap Service	√	x	x	x
Air Suspension	√	√	√	√
FOTA	√	√	Not disclosed	Not disclosed
Sensors	11 Cameras + 1 LiDAR + 5 Radars + 12 Ultrasonic sensors	8 Cameras + 1 Radar + 12 Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors
Chipset	NVIDIA Orin (1,016 TOPS)	FSD (144 TOPS)	Not disclosed	Not disclosed
In-Cabin AI	Speech recognition + Emotional experience + State perception	Speech recognition + State perception	Speech recognition	Speech recognition

[8] Tesla, BMW and Mercedes Benz have not provided their consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

Notes:

(1) Sensors refer to those mounted on the external body for purposes of ADAS and autonomous driving.

(2) Chipset is for ADAS and autonomous driving.

(3) 3 Computing power (TOPS) of ET7 and Model S is for the full set, BMW 5 series full set spec is not disclosed although single chipset data is available.

(4) Launch time is for the release of the new version.

(5) MSRP is for the entry level model.

(6) Sensors without numbers means the numbers are not available.

(7) Information as of December 2021.

(8) "x" and "N/A" indicate "None" and "Not Applicable", respectively.

(9) "Start from" of NIO MSRP means prices vary based on battery capacity.

* Under CLTC standard ** Estimated

Source: Data from company websites[9], found in (https://www.nio.cn/et7, https://www.tesla.cn/models/design#overview, https://www.bmw.com.cn/zh/all-models/5-series/sedan/2020/overview.html, https://www.mercedes-benz.com.cn/vehicles.html?bodyStyleName=PHEV

Among the premium mid-size sedan models in the market, the NIO ET5 offers the best-in-class acceleration performance, maximum power output and torque, computing power and sensing capabilities for autonomous driving, as well as in-cabin AI features, while maintaining a comparable price, compared to other ICE peers.

Sedan Model	NIO – ET5 (BEV)	BMW i4*** (BEV)	BMW 3 Series (ICE)	Mercedes Benz C Class (ICE)	Audi A4L (ICE)
Launch Time	2021	2022	2021	2021	2021
MSRP	Start from ¥328,000*	¥449,900	¥293,900	¥325,200	¥321,800
Electric Motor	Front: Induction motor Rear: Permanent magnet motor	Rear: Current-excited synchronous motor	N/A	N/A	N/A
Acceleration time from 0 to 100 km/h (s)	4.3	5.7	9.0	9.0	8.2
Peak Torque (N-m)	700	430	250	250	320
Peak Power (kW)	360	250	115	125	140
NEDC Driving Range (km)	550 (75 kWh)** 700 (100 kWh)** 1,000 (150 kWh)**	625**	N/A	N/A	N/A
Length/Width/Height (mm)	4,790/1,960/1,499	4,785/1,852/1,455	4,719/1,827/1,459	4,882/1,820/1,456	4,858(4,851)/1,847/1,439
Capacity of Battery (kWh)	75/100/150	83.9	N/A	N/A	N/A
Battery Swap Service	√	x	N/A	N/A	N/A
Air Suspension	x	x	x	x	x
FOTA	√	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Sensors	11 Cameras + 1 LiDAR + 5 Radars + 12 Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors	Cameras + Radars + Ultrasonic sensors
Chipset	NVIDIA Orin (1,016 TOPS)	Not disclosed	Not disclosed	Not disclosed	Not disclosed
In-Cabin AI	Speech recognition + Emotional experience + State perception	Speech recognition	Speech recognition	Speech recognition	Speech recognition

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Notes:

(1) Sensors refer to those mounted on the external body for purposes of ADAS and autonomous driving.

(2) Chipset is for ADAS and autonomous driving.

(3) Computing power (TOPS) of ET5 is for the full set, BMW 3 series full set spec is not disclosed although single chipset data is available.

(4) Launch time is for the release of the new version.

(5) MSRP is for the entry level model.

(6) Sensors without numbers means the numbers are not available.

(7) Information as of December 2021.

(8) "x" and "N/A" indicate "None" and "Not Applicable", respectively.

(9) "Start from" of NIO MSRP means prices vary based on battery capacity.

* The whole vehicle price including battery ** Under CLTC standard *** Information of BMW i4 as of February 2022.

Source: Data from company websites[10], found in (https://www.nio.cn/et 5, https://www.bmw.com, https://www.mercedes-benz.com.cn/vehicles.html?bodyStyleName=sedan#, https://www.audi.cn/

SOURCE OF INFORMATION

In connection with the Introduction, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. Except for the report by Frost & Sullivan, we did not commission any other industry report in connection with the Introduction.

We have included certain information from the report by Frost & Sullivan in this Introductory Document because we believe such information facilitates an understanding of the markets in which we operate for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing its report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report. Our directors confirm that, to the best of their knowledge, after taking reasonable care, there has been no adverse change in market information since the date of the Frost & Sullivan Report that may qualify, contradict or impact the information disclosed in this section.

In preparing its report, Frost & Sullivan relied on market information which has a variety of data sources, including external information channels and Frost & Sullivan's internal database. External information channels consist of both primary and secondary research, including (i) publicly released literature materials and industry research reports; (ii) annual reports and product development information disclosed by listed companies; and (iii) industry expert interviews.

[10] Tesla, BMW and Mercedes Benz have not provided their consent to the inclusion of the information cited to it and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

OVERVIEW

Our Company is a holding company incorporated in the Cayman Islands on 28 November 2014 as Nextev Inc., as an exempted company with limited liability, and we changed our name to NIO Inc. in July 2017. We conduct our business globally through our subsidiaries and variable interest entity.

KEY MILESTONES

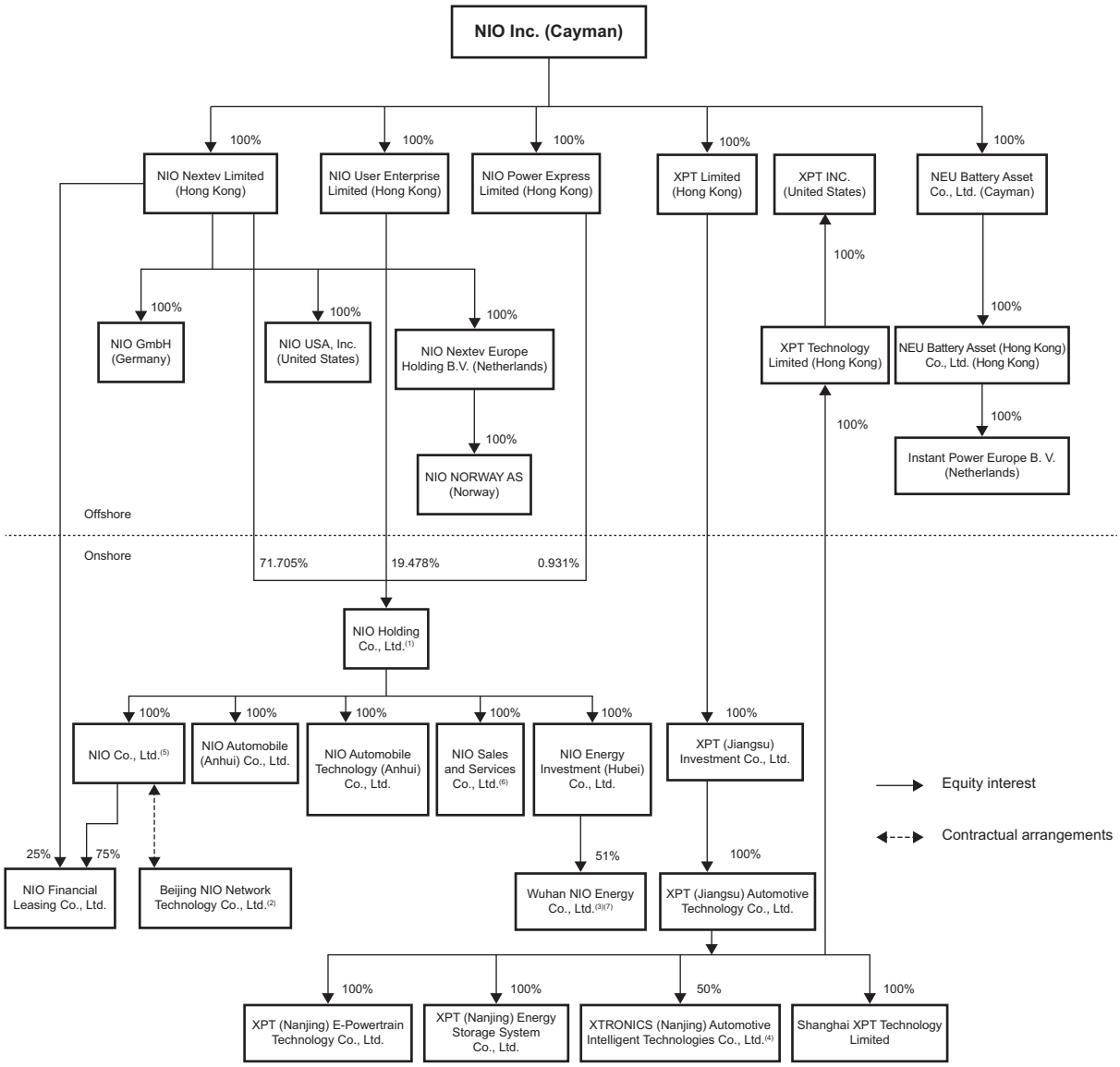
Our key business milestones are summarised below:

Date	Event
2015	• We established presence in Hong Kong Special Administrative Region, China, Germany and the U.S.
2016	• We introduced the EP9 supercar, which was then the fastest electric vehicle, setting the Nurburgring Nordschleife all-electric vehicle lap record.
2017	• In March, we showcased EVE, our vision car, at Austin, Texas.
	• In April, we further unveiled our first volume manufactured electric vehicle, the ES8, and showcased EP9 in Shanghai.
	• In May, our EP9 supercar broke the record for the fastest lap for an electric vehicle around the Nurburgring Nordschleife in Germany.
	• In December, we launched the ES8, a seven-seater flagship premium smart electric SUV, and began taking orders for the ES8.
2018	• In June, we began making deliveries of the seven-seater ES8 in China.
	• On 12 September, our ADSs commenced trading on the NYSE.
	• In December, we launched the award-winning ES6, a five-seater high-performance premium smart electric SUV.
2019	• In March, we began making deliveries of the six-seater ES8 in China.
	• In June, we began making deliveries of the ES6 in China.
	• In December, we launched our third volume manufactured electric vehicle, the EC6, a five-seater premium smart electric coupe SUV, and the all-new ES8 with more than 180 product improvements.
2020	• In April and June 2020, we entered into definitive agreements with Hefei Strategic Investors, pursuant to which the Hefei Strategic Investors would invest an aggregate of RMB7 billion in cash into the legal entity of NIO China.
	• In April, we began making deliveries of all-new ES8 in China.
	• In August, we introduced the Battery as a Service, or BaaS, which allows users to purchase electric vehicles without batteries and subscribe for the usage of batteries separately.
	• In September, we began making deliveries of the EC6 in China.
2021	• In January, we launched ET7, our flagship premium smart electric sedan.
	• In September, we launched and began making deliveries of the ES8 in Norway.
	• In December, we launched ET5, our mid-size premium smart electric sedan.
2022	• On 10 March, our Class A ordinary shares commenced trading, by way of introduction, on the Hong Kong Stock Exchange.
	• On 28 March, we began making deliveries of the ET7 in China

CORPORATE STRUCTURE

Corporate Group Structure

NIO's corporate group structure, including NIO's Major Subsidiaries and Consolidated Affiliated Entity, is as follows:



Notes:

(1) NIO Holding Co., Ltd. is owned 71.705%, 19.478%, 4.079%, 2.447%, 0.816%, 0.931% and 0.544% by NIO Nextev Limited, NIO User Enterprise Limited, Hefei Jianheng New Energy Vehicle Investment Fund Partnership (Limited Partnership), Advanced Manufacturing Industry Phase II Investment Fund (Limited Partnership), Anhui Sanzhong Yichuang Industrial Development Fund Co., Ltd., NIO Power Express Limited and Anhui Jintong New Energy Vehicle Phase II Fund Partnership (Limited Partnership), respectively.

(2) Mr. Bin Li and Mr. Lihong Qin hold 80% and 20% equity interests, respectively, in Beijing NIO. Mr. Bin Li is also our founder, the chairman of our board of directors and our chief executive officer. Mr. Lihong Qin is a director of our Company.

(3) Wuhan NIO Energy Co., Ltd. is owned 51% and 49% by NIO Energy Investment (Hubei) Co., Ltd. and Hubei Science Technology Investment Group Co., Ltd., respectively.

(4) XTRONICS (Nanjing) Automotive Intelligent Technologies Co., Ltd. is owned 50%, 33.41% and 16.59% by XPT (Jiangsu) Automotive Technology Co., Ltd., Wistron Info Comm (Kunshan) Co., Ltd. and Xtronics Innovation Ltd., respectively.

(5) NIO Co., Ltd. has one subsidiary.

(6) NIO Sales and Services Co., Ltd. has 60 subsidiaries.

(7) Wuhan NIO Energy Co., Ltd. has 23 subsidiaries.

Major Subsidiaries

As of 31 December 2021, we conducted our business operations across approximately 110 subsidiaries and operating entities, twenty-eight (28) of which are our Major Subsidiaries. Their principal business activities and dates of establishment are shown below:

Name of company	Principal business activities	Date of establishment, jurisdiction of establishment and principal place of business	Percentage interest owned and proportion of voting power by the Company
NIO Nextev Limited (formerly known as Nextev Limited)	Investment holding	3 February 2015, Hong Kong	100.000%
NIO GmbH (formerly known as Nextev GmbH)	Design and technology development	20 May 2015, Germany	100.000%
NIO Holding Co., Ltd. (formerly known as NIO (Anhui) Holding Co., Ltd.) (蔚来控股有限公司)	Headquarter and technology development	28 November 2017, PRC	92.114%
NIO Co., Ltd. (formerly known as Nextev Co., Ltd.) (上海蔚来汽车有限公司)	Headquarter and technology development	7 May 2015, PRC	92.114%
NIO USA, Inc. (formerly known as NEXTEV USA, Inc.)	Technology development	21 July 2015, the United States	100.000%
XPT Limited	Investment holding	2 December 2015, Hong Kong	100.000%
XPT Technology Limited	Investment holding	14 April 2016, Hong Kong	100.000%
XPT Inc.	Technology development	4 April 2016, the United States	100.000%
XPT (Jiangsu) Investment Co., Ltd. (蔚然(江苏)投资有限公司)	Investment holding	16 May 2016, PRC	100.000%
Shanghai XPT Technology Limited (上海蔚兰动力科技有限公司)	Technology development	17 May 2016, PRC	100.000%
XPT (Nanjing) E-Powertrain Technology Co., Ltd. (蔚然(南京)动力科技有限公司)	Manufacturing of E-Powertrain	6 July 2016, PRC	100.000%
XPT (Nanjing) Energy Storage System Co., Ltd. (蔚然(南京)储能技术有限公司)	Manufacturing of battery	20 October 2016, PRC	100.000%
NIO Power Express Limited (formerly known as Nextev Power Express Limited)	Investment holding	4 January 2017, Hong Kong	100.000%
NIO User Enterprise Limited (formerly known as Nextev User Enterprise Limited)	Investment holding	22 February 2017, Hong Kong	100.000%

Name of company	Principal business activities	Date of establishment, jurisdiction of establishment and principal place of business	Percentage interest owned and proportion of voting power by the Company
NIO Sales and Services Co., Ltd. (formerly known as Shanghai NIO Sales and Services Co., Ltd.) (蔚来汽车销售服务有限公司)	Investment holding and sales and after sales management	24 March 2017, PRC	92.114%
NIO Energy Investment (Hubei) Co., Ltd. (蔚来能源投资(湖北)有限公司)	Investment holding	10 April 2017, PRC	92.114%
Wuhan NIO Energy Co., Ltd. (武汉蔚来能源有限公司)	Investment holding	27 May 2017, PRC	47.000%
XTRONICS (Nanjing) Automotive Intelligent Technologies Co., Ltd. (蔚隆(南京)汽车智能科技有限公司)	Manufacturing of components	15 June 2017, PRC	50.000%
XPT (Jiangsu) Automotive Technology Co., Ltd. (江苏蔚然汽车科技有限公司)	Investment holding	4 May 2018, PRC	100.000%
NIO Automobile (Anhui) Co., Ltd. (蔚来汽车(安徽)有限公司)	Industrialisation and technology development	19 August 2020, PRC	92.114%
NIO Automobile Technology (Anhui) Co., Ltd. (蔚来汽车科技(安徽)有限公司)	Design and technology development	19 August 2020, PRC	92.114%
NIO Financial Leasing Co., Ltd. (上海蔚来融资租赁有限公司)	Financial leasing	15 August 2018, PRC	94.086%
Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司)	VIE for holding ICP license and Mapping Qualification Certificate	5 July 2017, PRC	92.114%
NIO Norway AS	Investment holding and sales and after sales management	15 January 2021, Norway	100.000%
NEU Battery Asset Co., Ltd.	Investment holding	31 May 2021, Cayman Islands	100.000%
NEU Battery Asset (Hong Kong) Co., Limited	Investment holding	2 July 2021, Hong Kong	100.000%
Instant Power Europe B.V. Co., Limited	Battery subscription service	9 June 2021, Netherlands	100.000%
NIO Nextev Europe Holding B.V.	Investment holding	4 December 2020, Netherlands	100.000%

Major Acquisition and Disposal

We have not conducted any major acquisition or disposal during the Track Record Period.

Investment by Hefei Strategic Investors

We incurred net losses historically, and had negative cash flows from operating activities until early 2020. Despite the outbreak of COVID-19 and the fact that our cash balance in January 2020 was not adequate to provide the required working capital liquidity for our continuous operations, the municipal government of Hefei, Anhui Province, where the Company's main manufacturing hub is located, had extensive discussions with us. In February 2020, we entered into a collaboration framework agreement with the municipal government of Hefei. Meanwhile, a group of investors ("**Hefei Strategic Investors**") had due diligence over our business operations, and subsequently from April to June 2020, we entered into definitive agreements (the "**Hefei Agreements**"), as amended and supplemented, for investments in NIO Holding Co., Ltd. ("**NIO China**") with the Hefei Strategic Investors. Under the Hefei Agreements, the Hefei Strategic Investors agreed to invest an aggregate of RMB7 billion in cash into NIO China. We agreed to inject our core businesses and assets in China, including vehicle research and development, supply chain, sales and services and NIO Power (together, the "**Asset Consideration**"), valued at RMB17.77 billion in total, into NIO China, and invest RMB4.26 billion in cash into NIO China. We have fulfilled all obligations due to be fulfilled under the Hefei Agreements as of the date of this Introductory Document.

Subsequent to the entry into the Hefei Agreements, the cash contribution obligations of us and the Hefei Strategic Investors have all been fulfilled and we have exercised our redemption right and capital increase right, pursuant to which in September 2020, we redeemed 8.612% equity interests in NIO China from one of the Hefei Strategic Investors and subscribed for certain newly increased registered capital to increase our shareholding in NIO China. In addition, in February 2021, we purchased from two of the Hefei Strategic Investors an aggregate of 3.305% equity interests in NIO China and subscribed for certain newly increased registered capital of NIO China. In September 2021, we purchased from a strategic investor of NIO China an aggregate of 1.418% equity interests in NIO China for a total consideration of RMB2.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB7.5 billion. As a result of these transactions, as of the Latest Practicable Date, the registered capital of NIO China is RMB6.429 billion, and we hold 92.114% controlling equity interests in NIO China.

For further information, see "Business – Certain Other Cooperation Arrangements – Hefei Strategic Investors".

Contractual Arrangements

Historically, we had two sets of contractual agreements with two VIEs, Beijing NIO and Shanghai Anbin Technology Co., Ltd. ("**Shanghai Anbin**"), and their respective shareholders, namely, Mr. Bin Li and Mr. Lihong Qin, each owning 80% and 20% of the shares of each of the VIEs.

On 31 March 2021, Shanghai NIO, Shanghai Anbin and each shareholder of Shanghai Anbin entered into a termination agreement pursuant to which each of the contractual agreements among Shanghai NIO, Shanghai Anbin and its then shareholders terminated as of the date of the agreement and after which date we no longer have effective control over Shanghai Anbin, no longer receive any economic benefits of Shanghai Anbin, no longer have an exclusive option to purchase all or part of the equity interests in Shanghai Anbin when and to the extent permitted by the PRC law, and no longer consolidate the financial results of Shanghai Anbin and its subsidiaries as the variable interest entity under U.S. GAAP. On the same day, equity pledge agreements among Shanghai NIO, Shanghai Anbin and its then shareholders were terminated, and the deregistration of the equity interest pledges of shareholders of Shanghai Anbin under the relevant equity pledge agreements that were previously registered with the relevant local branch of the SAMR was completed.

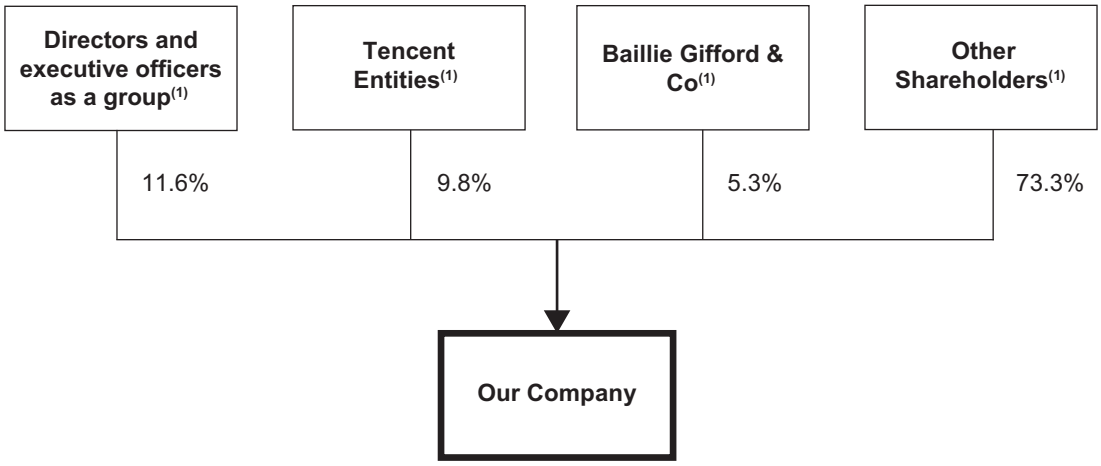
We had originally established Shanghai Anbin and its subsidiaries, including Shanghai NIO New Energy Automobile Co., Ltd. ("**NIO New Energy**"), with the plan to build our own manufacturing plant in Shanghai. We have since decided not to carry out this plan. We terminated the contractual agreements with Shanghai Anbin and its shareholders and wound down NIO New Energy as none of Shanghai Anbin or its subsidiaries currently engage in any material business activities or carry any material assets.

During the Track Record Period, Shanghai Anbin did not have any significant operations, nor any material assets or liabilities in history.

For more information on Beijing NIO, see "Contractual Arrangements".

Shareholding Structure

The following diagram illustrates our shareholding structure as at the Latest Practicable Date (other than information relating to the principal Shareholders which is based on the latest public filings made by principal Shareholders) (including the number of shares that the holder has the right to acquire within 60 days after the Latest Practicable Date, such as through the exercise of any option, warrant, or other right or the conversion of any other security and assuming that no additional Class A ordinary shares are issued under the Stock Incentive Plans):



Note:

(1) See "Share Ownership" and "Holders of our Class C ordinary shares" for further details on the voting rights and the beneficial ownership of our directors and executive officers as a group, Tencent Entities and other Shareholders. Each holder of our Class A ordinary shares is entitled to one vote per share and each holder of our Class C ordinary shares is entitled to eight votes per share on all matters submitted to them for a vote. As of the Hong Kong Listing Date, all Class B ordinary shares had been converted into Class A ordinary shares pursuant to the conversion notice delivered by the relevant shareholders.

Listing on the NYSE

On 12 September 2018 we listed our ADSs on the NYSE under the symbol "NIO". Since the date of our listing on the NYSE and up to the Latest Practicable Date, our directors confirm that we had no instances of non-compliance with the rules of the NYSE in any material respects and to the best knowledge of our directors having made all reasonable enquiries, there is no matter that should be brought to investors' attention in relation to our compliance record on the NYSE.

We believe that the Listing on the SGX-ST will present us with an opportunity to further expand our investor base and broaden our access to capital markets.

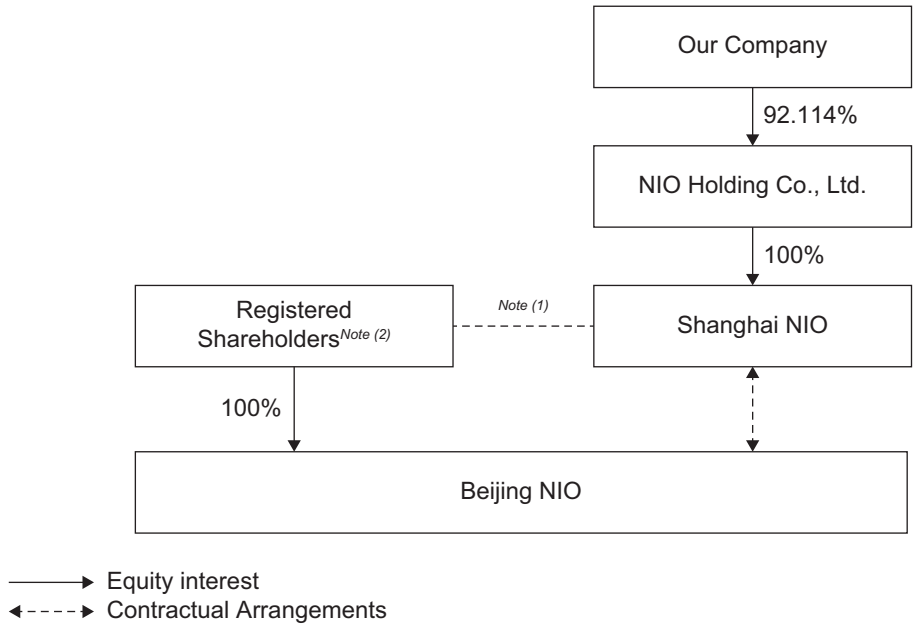
SAFE Registration

The SAFE promulgated the SAFE Circular 37 in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. According to SAFE Circular 13, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 2015.

Mr. Bin Li and Mr. Lihong Qin have completed their initial SAFE registrations prior to our listing on the NYSE.

OUR CONTRACTUAL ARRANGEMENTS

The diagram below illustrates the relationships among the entities under the Contractual Arrangements:



Notes:

(1) Each of Mr. Bin Li and Mr. Lihong Qin executed, respectively, an exclusive option agreement, equity pledge agreement and power of attorney in favour of Shanghai NIO. See the section headed "Contractual Arrangements – Our Contractual Arrangements" for details.

(2) Mr. Bin Li and Mr. Lihong Qin hold 80% and 20% equity interests in Beijing NIO, respectively. Mr. Bin Li is our Controlling Shareholder, our founder, the chairman of our board of directors and our chief executive officer. Mr. Lihong Qin is also a director and executive officer of our Company.

In April 2018, we entered into a series of contractual arrangements with Shanghai Anbin and Beijing NIO, the two variable interest entities at the time, and their respective shareholders, to conduct certain future operations in China. These contractual arrangements enable us to:

- receive the economic benefits that could potentially be significant to the variable interest entities in consideration for the services provided by our subsidiaries;
- exercise effective control over the variable interest entities; and
- hold an exclusive option to purchase all or part of the equity interests in the variable interest entities when and to the extent permitted by PRC law.

These contractual agreements include an exclusive business cooperation agreement, exclusive option agreement, equity pledge agreement, loan agreement and power of attorney. See "Contractual Arrangements – Summary of the Material Terms of the Contractual Arrangements".

Beijing NIO did not contribute any external revenue but provided services internally to our subsidiaries, and such services amounted to nil, RMB0.2 million, and RMB0.6 million (US$0.1 million) for the years ended 31 December 2019, 2020 and 2021, respectively. For the year ended 31 December 2021, the total revenue, gross profits and total assets of Beijing NIO accounted for less than 0.1% of that of our Group. The principal business of Beijing NIO involves internet

information services, which falls within the scope of value-added telecommunications services. According to the 2021 Negative List, foreign investors are not allowed to hold more than 50% equity interests in any enterprise engaging in value-added telecommunications services.

Part of the functions in the NIO app (through which the Company provides internet information services, such as certain commercial information, communication community and goods, etc.) is operated by Beijing NIO. Under current PRC laws and regulations, it is not required to terminate the Contractual Arrangements, and the Company will monitor the development of the laws and regulations. If, as required by laws and regulations, the Contractual Arrangements have to be terminated, the Company will conduct internet information services through other legal methods (such as by applying for an ICP license with the MIIT, as and when permitted by the authorities, or cooperating with a qualified third party). We believe that the termination of the Contractual Arrangements will not have a material impact on the Group's business operations and/or financials.

RATIONALE FOR THE CONTRACTUAL ARRANGEMENTS

We are a pioneer and a leading company in the premium smart electric vehicle market. We design, develop, jointly manufacture, and sell premium smart electric vehicles, driving innovations in autonomous driving, digital technologies, electric powertrains and batteries. See "Business". We are considered to be engaged in the value-added telecommunications services (the "**Relevant Business**") as a result of the operations of our business. We conduct the Relevant Business through Beijing NIO (the "**Principal VIE**"). Pursuant to applicable PRC laws and regulations, foreign investors are restricted to conduct internet information services value added telecommunications services (except for electronic commerce, domestic multi-party communication, store-and- forward, and call center). A summary of our business that is subject to foreign investment restrictions in accordance with the 2021 Negative List is set out below:

Categories	Our business
Restricted Value-added telecommunications services	The principal business of Beijing NIO involves internet information services, which falls within the scope of value-added telecommunications services. According to the 2021 Negative List, foreign investors are not allowed to hold more than 50% equity interests in any enterprise engaging in value-added telecommunications services.

For further details of the limitations on foreign ownership in PRC companies conducting business involving value-added telecommunications services under applicable PRC laws and regulations, see "Regulatory Overview – Regulations on Foreign Investment in China".

Beijing NIO provides internet information services, such as certain commercial information, communication community, goods as well as real-time location information on the Company's swapping and charging network, the network of public chargers with data synchronized to the Company's cloud-based network (collectively, the "**Power Map**"). Accordingly, among other requirements, the operation of Power Map by Beijing NIO involves both (a) value-added telecommunication services and (b) internet mapping services and therefore requires both internet content provision ("**ICP**") license and the Surveying and Mapping Qualification Certificate. Furthermore, Beijing NIO conducts research and development for the development of the NIO app enabled by ICP services which is impossible to separate its research and development work from ICP related functions, all of which necessarily depend on the sharing of information, technologies, intellectual property rights, human resources and know-hows as one unit. It will not be operationally and commercially sensible to artificially separate these two services by creating two entities to hold each license.

As advised by our PRC Legal Adviser, the business of internet information services fall within the scope of "value-added telecommunication service" under the Telecommunications Regulations, where foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting such business.

As a result of the foregoing, a series of Contractual Arrangements have been entered into by Shanghai NIO, Beijing NIO and its shareholders, namely Mr. Bin Li and Mr. Lihong Qin, through which we have obtained control over the operations of, and enjoy all economic benefits of Beijing NIO since April 2018.

The Contractual Arrangements currently in effect for Beijing NIO were entered into on 12 April 2021, whereby Shanghai NIO has acquired effective control over Beijing NIO, and has become entitled to all the economic benefits derived from its operations.

Under the current structure, we have obtained the required license for its value-added telecommunication service issued by MIIT, and such license is in effect and in full force. Accordingly, our PRC Legal Adviser advises that under the applicable PRC laws and regulations currently in effect, we do not need to submit additional application to the MIIT, nor do we need to submit any application to the MIIT for assessment on compliance with the regulations.

SUMMARY OF THE MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Business Cooperation Agreements

Under the exclusive business cooperation agreements dated 19 April 2018 and 12 April 2021, respectively, between the Shanghai NIO and Beijing NIO (the "**Exclusive Business Cooperation Agreements**"), pursuant to which, in exchange for a monthly service fee, Beijing NIO agreed to engage the Shanghai NIO as its exclusive provider of technical support, consultation and other services, including the following services:

(i) the use of any relevant software legally owned by the Shanghai NIO;

(ii) development, maintenance and updating of software in respect of the Beijing NIO's business;

(iii) design, installation, daily management, maintenance and updating of network systems, hardware and database design;

(iv) providing technical support and staff training services to relevant employees of Beijing NIO;

(v) providing assistance in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign owned enterprises are prohibited from conducting under the laws of mainland China);

(vi) providing business management consultation;

(vii) providing marketing and promotional services;

(viii) developing and testing new products;

(ix) leasing of equipment or properties; and

(x) other relevant services requested by Beijing NIO from time to time to the extent permitted under the laws of mainland China.

Under the Exclusive Business Cooperation Agreements, the service fee shall consist of 100% of the total consolidated profit of the Beijing NIO, after the deduction of any accumulated deficit of the Consolidated Affiliated Entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, Shanghai NIO may adjust the scope and amount of services fees according to mainland China tax law and tax practices, and Beijing NIO will accept such adjustments. Shanghai NIO shall calculate the service fee on a monthly basis and issue a corresponding invoice to Beijing NIO. Notwithstanding the payment arrangements in the Exclusive Business Cooperation Agreements, Shanghai NIO may adjust the payment time and payment method, and Beijing NIO will accept any such adjustment.

In addition, absent the prior written consent of Shanghai NIO, during the term of the Exclusive Business Cooperation Agreements, with respect to the services subject to the Exclusive Business Cooperation Agreements and other matters, Beijing NIO shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreements with any third party. Shanghai NIO may appoint other parties, who may enter into certain agreements with Beijing NIO, to provide Beijing NIO with the services under the Exclusive Business Cooperation Agreements.

The Exclusive Business Cooperation Agreements also provide that Shanghai NIO has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by Beijing NIO during the performance of the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreements shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Cooperation Agreements; (b) in writing by the Shanghai NIO; or (c) renewal of the expired business period of either Shanghai NIO or Beijing NIO is denied by relevant government authorities, at which time the Exclusive Business Cooperation Agreements will terminate upon termination of that business period.

Exclusive Option Agreements

Under the exclusive option agreements (the "**Exclusive Option Agreements**") dated 19 April 2018 and 12 April 2021, among Shanghai NIO, Beijing NIO and the Registered Shareholders, Shanghai NIO has the rights to require the Registered Shareholders to transfer any or all their equity interests in Beijing NIO to Shanghai NIO and/or a third party designated by it, in whole or in part at any time and from time to time, for considerations equivalent to the respectively outstanding loans owed to the Registered Shareholders (or part of the loan amounts in proportion to the equity interests being transferred) or, if applicable, for a nominal price, unless the relevant government authorities or the mainland China laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request.

Beijing NIO and the Registered Shareholders, among other things, have covenanted that:

(i) without the prior written consent of Shanghai NIO, they shall not in any manner supplement, change or amend the constitutional documents of Beijing NIO, increase or decrease their registered capital, or change the structure of their registered capital in other manner;

(ii) they shall maintain Beijing NIO's corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating their business and handling their affairs;

(iii) without the prior written consent of Shanghai NIO, they shall not at any time following the signing of the Exclusive Option Agreements sell, transfer, pledge or dispose of in any manner any material assets of the Beijing NIO or legal or beneficial interest in the material business or revenues of the Beijing NIO, or allow the encumbrance thereon of any security interest;

(iv) without the prior written consent of Shanghai NIO, Beijing NIO shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business other than payables incurred by a loan;

(v) Beijing NIO shall always operate all of their businesses during the ordinary course of business to maintain their asset value and refrain from any action/omission that may adversely affect the Beijing NIO's operating status and asset value;

(vi) without the prior written consent of Shanghai NIO, they shall not cause Beijing NIO to execute any material contract, except the contracts executed in the ordinary course of business;

(vii) without the prior written consent of Shanghai NIO, they shall not cause Beijing NIO to provide any person with any loan or credit;

(viii) they shall provide Shanghai NIO with information on Beijing NIO's business operations and financial condition at the request of Shanghai NIO;

(ix) if requested by Shanghai NIO, they shall procure and maintain insurance in respect of Beijing NIO's assets and business from an insurance carrier acceptable to Shanghai NIO, at an amount and type of coverage typical for companies that operate similar businesses;

(x) without the prior written consent of Shanghai NIO, they shall not cause or permit Beijing NIO to merge, consolidate with, acquire or invest in any person;

(xi) they shall immediately notify Shanghai NIO of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Beijing NIO's assets, business or revenue;

(xii) to maintain the ownership by Beijing NIO of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

(xiii) without the prior written consent of Shanghai NIO, Beijing NIO shall not in any manner distribute dividends to its shareholders, provided that upon the written request of Shanghai NIO, Beijing NIO shall immediately distribute all distributable profits to its shareholders;

(xiv) at the request of Shanghai NIO, they shall appoint any persons designated by Shanghai NIO as the directors and/or senior management of Beijing NIO; and

(xv) unless otherwise mandatorily required by mainland China laws, Beijing NIO shall not be dissolved or liquidated without prior written consent by Shanghai NIO.

In addition, the Registered Shareholders, among other things, have covenanted that:

(i) without the written consent of Shanghai NIO, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in Beijing NIO, or allow the encumbrance thereon of any security interest, except for the Equity Pledge Agreements and the interests prescribed in the Powers of Attorney, and procure the shareholders' meeting and the board of directors of Beijing NIO not to approve such matters;

(ii) for each exercise of the equity purchase option, to cause the shareholders' meeting of Beijing NIO to vote on the approval of the transfer of equity interests and any other action requested by Shanghai NIO;

(iii) they shall relinquish the pre-emptive right (if any) he/she is entitled to in relation to the transfer of equity interest by any other shareholders to Beijing NIO and give consent to the execution by each other shareholder of Beijing NIO with Shanghai NIO and Beijing NIO exclusive option agreements, equity pledge agreements and powers of attorney similar to the Exclusive Option Agreements, the Equity Pledge Agreements and the Powers of Attorney, and accept not to take any action in conflict with such documents executed by the other shareholders (if any); and

(iv) each of the Registered Shareholders will transfer to Shanghai NIO or its appointee(s) by way of gift any profit or dividend in accordance with the laws of mainland China.

The Registered Shareholders have also undertaken that, subject to the relevant laws and regulations, they will return to Shanghai NIO any consideration they receive in the event that Shanghai NIO exercise the options under the Exclusive Option Agreements to acquire the equity interests in Beijing NIO.

The Exclusive Option Agreements shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders in Beijing NIO have been transferred to Shanghai NIO or its appointee(s). Only Shanghai NIO is entitled to terminate the Exclusive Option Agreements.

Equity Pledge Agreements

Under the equity pledge agreements dated 19 April 2018 and 12 April 2021, respectively, entered into between Shanghai NIO, the Registered Shareholders and Beijing NIO (the "**Equity Pledge Agreements**"), the Registered Shareholders agreed to pledge all their respective equity interests in Beijing NIO that they own, including any interest or dividend paid for the shares, to Shanghai NIO as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

The pledge in respect of Beijing NIO takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and Beijing NIO under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and Beijing NIO under the relevant Contractual Arrangements have been fully paid.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreements), Shanghai NIO shall have the right to require Beijing NIO's shareholders (i.e. the Registered Shareholders) to immediately pay any amount payable by Beijing NIO under the Exclusive Business Cooperation Agreement, repay any loans and pay any other due payments, and Shanghai NIO shall have the right to exercise all such rights as a secured party under any applicable mainland China law and the Equity Pledge Agreements, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the Registered Shareholders.

The registration of the Equity Pledge Agreements as required by the relevant laws and regulations has been completed in accordance with the terms of the Equity Pledge Agreements and the PRC laws and regulations.

Powers of Attorney

The Registered Shareholders have executed powers of attorney dated 19 April 2018 and 12 April 2021, respectively (the "**Powers of Attorney**"). Under the Powers of Attorney, the Registered Shareholders irrevocably appointed Shanghai NIO and their designated persons (including but not limited to directors and their successors and liquidators replacing the directors but excluding those non-independent or who may give rise to conflict of interests) as their attorneys-in-fact to exercise on their behalf, and agreed and undertook not to exercise without such attorneys-in-fact's prior written consent, any and all right that they have in respect of their equity interests in Beijing NIO, including without limitation:

(i) to convene and attend shareholders' meetings of Beijing NIO;

(ii) to file documents with the relevant companies registry;

(iii) to exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of Beijing NIO, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in Beijing NIO;

(iv) to execute any and all written resolutions and meeting minutes and to approve the amendments to the articles of associations in the name and on behalf of such shareholder; and

(v) to nominate or appoint the legal representatives, directors, supervisors, general manager and other senior management of Beijing NIO.

Further, the Powers of Attorney shall remain effective for so long as each shareholder holds equity interest in Beijing NIO.

Loan Agreements

Shanghai NIO and the Registered Shareholders entered into loan agreements dated 19 April 2018 and 12 April 2021, respectively (the "**Loan Agreements**"), pursuant to which Shanghai NIO agreed to provide loans to the Registered Shareholders, to be used exclusively as investment in Beijing NIO. The loans must not be used for any other purposes without the relevant lender's prior written consent. According to our PRC Legal Adviser, the Loan Agreements and the loans extended pursuant to the Loan Agreements are in compliance with all the applicable PRC laws and regulations in all material respects.

The term of each loan commences from the date of the agreement and ends on the date the lender exercises its exclusive call option under the relevant Exclusive Option Agreement, or when certain defined termination events occur, such as if the lender sends a written notice demanding repayment to the borrower, or upon the default of the borrower, whichever is earlier. Only Shanghai NIO is entitled to terminate the Loan Agreements.

After the lender exercises his exclusive call option, the borrower may repay the loan by transferring all of its equity interest in Beijing NIO to the lender, or a person or entity nominated by the lender, and use the proceeds of such transfer as repayment of the loan. If the proceeds of such transfer are equal to or less than the principal of the loan under the relevant Loan Agreement, the loan is considered interest-free. If the proceeds of such transfer are higher than the principal of the loan under the relevant Loan Agreement, any surplus is considered interest for the loan under the relevant Loan Agreement.

Other Key Terms of the Contractual Arrangements

A description of other key terms that apply to the applicable agreements under the Contractual Arrangements is set out below:

Arrangements to Protect our Group's Interests in the Event of Death, Bankruptcy or Divorce of the Registered Shareholders

Each of the Registered Shareholders has confirmed to the effect that (i) his/her spouse does not have the right to claim any interests in Beijing NIO (together with any other interests therein) or exert influence on the day-to-day management of the Principal VIE; and (ii) in the event of his/her death, incapacity, divorce or any other event which causes his/her inability to exercise his/her rights as a shareholder of Beijing NIO, he/she will take necessary actions to safeguard his/her interests in Beijing NIO (together with any other interests therein) and his/her successors (including his/her spouse) will not claim any interests in Beijing NIO (together with any other interests therein) to the effect that the Registered Shareholders' interests in Beijing NIO shall not be affected.

The spouse of each of the Registered Shareholders, where applicable, has signed an undertaking (the "**Spouse Undertakings**") to the effect that (i) the respective Registered Shareholder's interests in Beijing NIO (together with any other interests therein) do not fall within the scope of communal properties, and (ii) he/she has no right to or control over such interests of the respective Registered Shareholder and will not have any claim on such interests.

As advised by our PRC Legal Adviser, the Contractual Arrangements provide protection to the Group even in the event of loss of capacity, death, bankruptcy (if applicable), marriage or divorce of the Registered Shareholders; and the loss of capacity, death, bankruptcy (if applicable), marriage or divorce of the Registered Shareholders would not affect the validity of the Contractual Arrangements against the successors of such Registered Shareholders.

Dispute Resolution

Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the Shanghai International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be confidential and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that the arbitral tribunal may award remedies over the shares or assets of Beijing NIO or injunctive relief (e.g. limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of Beijing NIO; any party may apply to the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company), the mainland China and the places where the principal assets of Shanghai NIO and Beijing NIO are located for interim remedies or injunctive relief.

In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Adviser that:

(a) a tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Beijing NIO pursuant to current PRC laws and regulations; and

(b) interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognisable or enforceable in the PRC; therefore, in the event we are unable to enforce the Contractual Arrangements, we may not exert effective control over the Beijing NIO.

As a result of the above, in the event that Beijing NIO or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over Beijing NIO and conduct our business could be materially and adversely affected. See "Risk Factors – Risks Related to Our Corporate Structure – The shareholders of the variable interest entity may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition." for details.

Conflict of Interest

Each of the Registered Shareholders has given his or her irrevocable undertakings in the Powers of Attorney, which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. See "Contractual Arrangements – Summary of the Material Terms of the Contractual Arrangements – Powers of Attorney".

Loss Sharing

Under the relevant mainland China laws and regulations, neither our Company nor Shanghai NIO is legally required to share the losses of, or provide financial support to Beijing NIO. Further, Beijing NIO is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Shanghai NIO intends to continuously provide to or assist Beijing NIO in obtaining financial support when deemed necessary. In addition, given that our Group conducts certain portion of its business operations in mainland China through Beijing NIO, which hold the requisite mainland China operational licenses and approvals, and that its financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if Beijing NIO suffers losses.

However, as provided in the Exclusive Option Agreements, without the prior written consent of Shanghai NIO, Beijing NIO shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any of its material assets; (ii) execute any material contract, except those entered into in the ordinary course of business; (iii) provide any loan, credit or guarantees in any form to any third party, or allow any third party create any other security interest on its assets or equity; (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business; (v) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party; and (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on Shanghai NIO and our Company in the event of any loss suffered from Beijing NIO can be limited to a certain extent.

Liquidation

Pursuant to the Exclusive Option Agreements, in the event of a mandatory liquidation required by the mainland China laws, the Registered Shareholders shall give the proceeds they received from liquidation as a gift to Shanghai NIO or its respective designee(s) to the extent permitted by the mainland China laws.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Our Confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its business through our Consolidated Affiliated Entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

The Contractual Arrangements are only used to enable our Group to combine the financial results of our Consolidated Affiliated Entities which engage or will engage in the operation of the Relevant Business, which are subject to foreign investment restrictions in accordance with applicable PRC laws and regulations.

Our PRC Legal Adviser and Commerce & Finance Law Offices, legal adviser to the Joint Issue Managers as to PRC laws, have taken all reasonable and appropriate actions and steps to reach its legal conclusion, and are of the opinion that:

(i) each of the agreements comprising the Contractual Arrangements is legal, valid and binding on the parties thereto, enforceable under applicable PRC laws and regulations, except that (a) the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets or award injunctive relief and/or order the winding up of Beijing NIO, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or in appropriate cases, while under PRC laws and regulations, an arbitral body has no power to grant injunctive relief or to order an entity to wind up, and the aforesaid interim remedies granted by competent courts may not be recognisable or enforceable in the PRC; and (b) the Contractual Arrangements provide that the Registered Shareholders undertake to appoint committees designated by Shanghai NIO as the liquidation committee upon the winding up of Beijing NIO to manage its assets; however, in the event of a mandatory liquidation required by PRC laws and regulations, these provisions may not be enforceable;

(ii) each of the agreements comprising the Contractual Arrangements does not violate the provisions of the articles of associations of Shanghai NIO and Beijing NIO, respectively, and the articles of association of Shanghai NIO and Beijing NIO are in compliance with the applicable PRC laws and regulations; and

(iii) no approval or authorization from the PRC governmental authorities are required for entering into and the performance of the Contractual Arrangements except that (a) the pledge of any equity interest in Beijing NIO for the benefit of Shanghai NIO is subject to registration requirements with the relevant governmental authority which has been duly completed; and (b) the exercise of any exclusive option rights by Shanghai NIO under the Exclusive Option Agreements may subject to the approval, filing or registration requirements with the relevant authorities under the then prevailing PRC laws and regulations.

Based on the advice from our PRC Legal Adviser, our directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations, and except for the relevant clauses as described in the paragraph headed "Dispute Resolution" and "Liquidation" in this section, each of the agreements under the Contractual Arrangements is enforceable under the PRC laws and regulations.

We are aware of a Supreme People's Court ruling (the "**Supreme People's Court Ruling**") made in October 2012 and two arbitral decisions from the Shanghai International Economic and Trade Arbitration Commission made in 2010 and 2012 which invalidated certain contractual arrangements for the reason that the entry into of such agreements with the intention of circumventing foreign investment restrictions in the PRC contravene the prohibition against

"concealing an illegitimate purpose under the guise of legitimate acts" set out in Article 52 of the PRC Contract Law (《中华人民共和国合同法》) and the General Principles of the PRC Civil Law (《中华人民共和国民法通则》). It has been further reported that these court rulings and arbitral decisions may increase (i) the possibility of the PRC courts and/or arbitration panels taking similar actions against contractual arrangements commonly adopted by foreign investors to engage in restricted businesses in the PRC; and (ii) the incentive for the Registered Shareholders under such contractual arrangements to renege on their contractual obligations.

Pursuant to Article 52 of the PRC Contract Law, a contract is void, among other circumstances, where an illegitimate purpose is concealed under the guise of legitimate acts; our PRC Legal Adviser and Commerce & Finance Law Offices, legal adviser to the Joint Issue Managers as to PRC laws, are of the view that the agreements under the Contractual Arrangements would not be deemed as "concealing illegal intentions with a lawful form" under Article 52 of the PRC Contract Law for the following reasons: (a) the parties to the Contractual Arrangements have the right to enter into contracts in accordance with their own wishes and no person may illegally interfere with such right; and (b) the purpose of the Contractual Arrangements is not to conceal illegal intentions, but to pass the economic interests received by our Consolidated Affiliated Entities to our Company.

Furthermore, the PRC Civil Code (《中华人民共和国民法典》) came into effect on 1 January 2021 and the PRC Contract Law and the General Principles of the PRC Civil Law were repealed simultaneously. The PRC Civil Code no longer specifies the "concealing illegal intentions with a lawful form" as the statutory circumstances of a void contract but stipulates certain circumstances which will lead to the invalidation of civil juristic acts, including but not limited to a civil juristic act performed by a person having no capacity for civil conducts, a civil juristic act performed by the actor and the counterparty based on false expression of intention, a civil juristic act violates the mandatory provisions of laws and administrative regulations, a civil juristic act violates of public order and morals, etc. The provisions on the validity of civil juristic acts also apply to the validity of contracts. Our PRC Legal Adviser and Commerce & Finance Law Offices, legal adviser to the Joint Issue Managers as to PRC laws, are of the view that the Contractual Arrangements would not fall within the above circumstances, which will lead such arrangements as invalid civil juristic act under the PRC Civil Code. However, our PRC Legal Adviser and Commerce & Finance Law Offices, legal adviser to the Joint Issue Managers as to PRC laws have also advised that as there are substantial uncertainties regarding the interpretation and application of the PRC laws, rules and regulations, there can be no assurance that the relevant PRC government would ultimately take a view that is consistent with the above opinion of our PRC Legal Adviser and Commerce & Finance Law Offices, legal adviser to the Joint Issue Managers as to PRC laws.

Registered Shareholders, Directors and Legal Representatives of Beijing NIO

The Registered Shareholders, directors and legal representatives of Beijing NIO are as follows:

Registered Shareholders	Executive Directors	Legal Representative	Effective control through Contractual Arrangements
Mr Bin Li, Mr Lihong Qin	Mr. Lihong Qin	Mr. Lihong Qin	92.114%

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of Financial Results of Our Consolidated Affiliated Entities

Under the Exclusive Business Cooperation Agreements, it was agreed that, in consideration of the services provided by Shanghai NIO, Beijing NIO will pay services fees to Shanghai NIO. The services fees, subject to Shanghai NIO's adjustment, are equal to the entirety of the respective total consolidated profit of Beijing NIO (net of accumulated deficit of the Consolidated Affiliated Entities in the previous financial years (if any), costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld). Shanghai NIO may adjust the services scopes and fees at its discretion in accordance with PRC tax law and practice as well as the needs of the working capital of our Consolidated Affiliated Entities. Shanghai NIO also has the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, Shanghai NIO has the ability, at its sole discretion, to extract all of the economic benefits of Beijing NIO through the Exclusive Business Cooperation Agreements.

In addition, under the Exclusive Business Cooperation Agreements and the Exclusive Option Agreements, Shanghai NIO has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as Shanghai NIO's prior written consent is required before any distribution can be made. In the event that the Registered Shareholders receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to our Company.

As a result of these Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through Shanghai NIO and, at our Company's sole discretion, can receive all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, the results of operations, assets and liabilities, and cash flows of our Consolidated Affiliated Entities are consolidated into our Company's financial statements.

Our directors consider that our Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group's financial information as if they were our Company's subsidiaries. Our Independent Auditor has issued an unqualified opinion on our Group's consolidated financial information as of and for the years ended 31 December 2019, 2020 and 2021, as included in the Audited Consolidated Financial Statements set out in Appendix A to this Introductory Document.

FOREIGN INVESTMENT LAW

Background

On 15 March 2019, the Foreign Investment Law was formally passed by the thirteenth NPC and took effect on 1 January 2020. The Foreign Investment Law stipulates forms of foreign investment as below:

- foreign investors set up foreign invested enterprises in China severally or jointly with other investors;
- foreign investors acquire shares, equity, properties or other similar interests in any domestic enterprise;
- foreign investors invest in new projects in China severally or jointly with other investors; and
- foreign investors invest through any other methods under laws, administrative regulations, or provisions prescribed by the State Council.

The Foreign Investment Law stipulates that the negative list is applied in certain industry sectors. The negative list set out in the Foreign Investment Law classified the relevant prohibited and restricted industries into the catalog of prohibitions and the catalog of restrictions, respectively, according to which, the foreign investors are not allowed to invest in the areas in which the foreign investment is prohibited. Foreign investors are allowed to invest in sectors set out in the catalog of restrictions, subject to the satisfaction of certain conditions. Foreign investors are allowed to invest in any sector beyond the negative list and shall be managed on the same basis as domestic investments.

Where a foreign investor invests in the sectors specified in the catalog of prohibitions, the relevant competent departments shall order it to stop the investment activities, and dispose of the shares, properties or other necessary measures within a time limit to restore the state before the investment is implemented and the illegal income shall be confiscated (if any). Where the investment activities of a foreign investor violate the restrictive special management measures stipulated in the sectors specified in the catalog of restrictions, the relevant competent departments shall order it to make corrections and take necessary measures to meet the requirements for access to special management measures; where the offender refuses to make corrections, punishments are implemented according to the aforementioned provisions.

Impact and potential consequences of the Foreign Investment Law on the Contractual Arrangements

Our PRC Legal Adviser has advised that, since contractual arrangements are not specified as foreign investments under the Foreign Investment Law, and no relevant laws, administrative regulations or provisions of the State Council have incorporated contractual arrangements as a form of foreign investment, the Foreign Investment Law does not apply to our Contractual Arrangements, and it does not substantially change the identification of foreign investors in the field of foreign investment and the principle of recognition and treatment of our Contractual Arrangements. Therefore, each of the agreements comprising the Contractual Arrangements will not be materially affected and will continue to be legal, valid and binding on the parties if there are no changes to relevant laws and regulations in this respect. Notwithstanding the above, the Foreign Investment Law stipulates that foreign investors investing through any other methods stipulated under laws, administrative regulations or provisions of the State Council may be considered as a form of foreign investment. It is therefore possible that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment. However, as of the Latest Practicable Date, it was uncertain as to how our Contractual Arrangements will be handled.

If the Relevant Business is no longer falling within the catalog of restrictions or certain conditions and permission of foreign investment access required under the 2021 Negative List and we can legally operate our business under PRC laws and regulations, Shanghai NIO will exercise the option under the Exclusive Option Agreements to acquire the equity interest/assets of Beijing NIO and unwind the Contractual Arrangements subject to any applicable approvals from the relevant governmental authorities, and subject to any application or approval procedures by the relevant governmental authorities.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(1) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our board, if necessary, for review and discussion on an occurrence basis;

(2) our board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(3) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and

(4) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the board to review the implementation of the Contractual Arrangements, review the legal compliance of Shanghai NIO and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

OUR MISSION

Our mission is to shape a joyful lifestyle for our users.

We aim to build a community starting with smart electric vehicles to share joy and grow together with users.

OUR COMPANY

Our Chinese name, Weilai (蔚来), which means Blue Sky Coming, reflects our commitment to a more environmentally friendly future.

We are a pioneer and a leading company in the premium smart electric vehicle market. We design, develop, jointly manufacture, and sell premium smart electric vehicles, driving innovations in autonomous driving, digital technologies, electric powertrains and batteries. We differentiate ourselves through our continuous technological breakthroughs and innovations, such as our industry-leading battery swapping technologies Battery as a Service, or BaaS, as well as our proprietary autonomous driving technologies and Autonomous Driving as a Service, or ADaaS.

We introduced the EP9 supercar in 2016, which was then the fastest electric vehicle, setting the Nurburgring Nordschleife all-electric vehicle lap record. In December 2017, we launched the ES8, which is a six- or seven-seater flagship premium smart electric SUV. Subsequently, we launched the award-winning ES6, a five-seater high-performance premium smart electric SUV, in December 2018, and the EC6, a five-seater premium smart electric coupe SUV, in December 2019, followed by the ET7, a flagship premium smart electric sedan, in January 2021. In December 2021, we launched the ET5, a mid-size premium smart electric sedan.

Our vehicles have been well-received by consumers. In 2021, the NIO ES6, EC6 and ES8 were the top, second and fourth best-selling premium battery electric SUVs as measured by sales volume in China respectively according to Frost & Sullivan. In 2018, we delivered 11,348 ES8s. In 2019, we delivered 20,565 vehicles, including 9,132 ES8s and 11,433 ES6s. In 2020, we delivered 43,728 vehicles, including 10,861 ES8s, 27,945 ES6s and 4,922 EC6s. In 2021, we delivered 91,429 vehicles, which include 20,050 ES8s, 41,474 ES6s and 29,905 EC6s, up 109.1% year-on-year. For the four months ended 30 April 2022, we delivered 30,842 vehicles, representing an increase of 13.5% year-over-year. As of 30 April 2022, cumulative deliveries of our vehicles reached 197,912 vehicles. The table below summarises the key specifications of our vehicles.

Model	ES8	ES6	EC6	ET7	ET5*
Segment	Mid-large SUV	Mid-size SUV	Mid-size coupe SUV	Mid-large sedan	Mid-size sedan
Wheelbase (mm)	3,010	2,900	2,900	3,060	2,888
Driving range (km) (with 75/100/150kWh battery pack)***	450/580/850	465/610/900****	475/615/910****	550/705/1000	550/700/1000
Acceleration time from 0 to 100km/h (s)	4.9	4.7****	4.5****	3.8	4.3
Peak Power (kW)	400	400****	400****	480	360
Maximum Torque (NM)	725	725****	725****	850	700
Autonomous driving package	NIO Pilot	NIO Pilot	NIO Pilot	NIO Autonomous Driving	NIO Autonomous Driving

* Deliveries of ET5 deliveries are expected to commence in September 2022.

** Represent NEDC range for ES8, ES6 and EC6 and CLTC range for ET7 and ET5.

*** 150 kWh battery is expected to be available in the fourth quarter of 2022.

**** Represent configurations of performance versions.

OUR KEY TECHNOLOGICAL BREAKTHROUGHS AND INNOVATIONS

Since our inception, we have continued to innovate with the goal of consistently creating the most worry-free and convenient experience for our users. We are an industry leader in battery swapping and autonomous driving technologies, according to Frost & Sullivan. Our technological breakthroughs and innovations differentiate us from our peers, creating better user experiences and enhancing our users' confidence in us.

Battery swapping and BaaS

Since our introduction of the ES8 in 2017, all of our smart electric vehicles have been equipped with proprietary battery swapping technologies, providing our users with a "chargeable, swappable, upgradable" experience. In 2020, we launched the industry's first Battery as a Service, or BaaS, an innovative model which allows users to purchase electric vehicles and subscribe for the usage of batteries separately. BaaS enables our users to benefit from lower vehicle purchase prices, flexible battery upgrade options and greater assurance of battery performance.

- **Battery swapping.** Supported by over 1,200 patented technologies, all of our vehicles support battery swapping. It provides our users with convenient "recharging" experiences by simply swapping the user's battery for another one within minutes. In addition, it enables users to enjoy the benefits of battery technology advancements with upgrade options. Our Power Swap station 2.0, which began deployment in April 2021, significantly increases our service capacity by shortening the battery swapping time to under three minutes and carrying up to 13 batteries. As of 31 December 2021, we had 777 Power Swap stations covering urban areas and expressways across 183 cities in China, through which we had completed over 5.5 million battery swaps cumulatively.

- **BaaS.** Enabled by vehicle-battery separation and battery subscription, BaaS decouples the battery price from the purchase price of a vehicle. Under the BaaS, we sell the battery to the Battery Asset Company, and the user subscribes for the usage of the battery from the Battery Asset Company. If users opt to purchase a NIO vehicle and subscribe for the battery under BaaS, they can enjoy a deduction off the original vehicle purchase price while paying a monthly subscription fee for the battery. NIO users are able to enjoy permanent or flexible upgrades to batteries with higher capacities or other future battery options with an additional fee as the battery technologies evolve. For the year ended 31 December 2021, over half of the users to whom we delivered vehicles chose BaaS subscription.

Autonomous driving and ADaaS

We believe that autonomous driving is the core of smart electric vehicles and it has been our focus from day one. We are one of the first companies in China to offer enhanced ADAS capabilities. NIO Pilot, our proprietary enhanced ADAS, is now equipped with Navigate on Pilot, or NOP. NOP is able to guide a vehicle on and off ramps, overtake, merge lanes and cruise according to planned routes in highways and urban expressways, and is one of the most advanced ADAS features on any volume-manufactured vehicle, according to Frost & Sullivan. In January 2021, we announced NIO Autonomous Driving, or NAD, our next generation, proprietary full stack autonomous driving technology. We have built up the NAD capability with in-house developed perception algorithms, localization, control strategy and platform software. The technology comprises a super computing platform called NIO Adam and a super sensing system called NIO Aquila. NAD is expected to gradually cover use cases from expressways, urban roads, parking, battery swapping to other domains to deliver a safer and more relaxing autonomous driving experience for our users and is first available on the ET7. We plan to roll out NAD through a monthly subscription under Autonomous Driving as a Service, or ADaaS, in the future.

OUR USER COMMUNITY

We strive to build an integrated online and offline user community by providing holistic services and a joyful lifestyle, under which users interact with us and with each other. Our direct sales model allows us to build direct relationships with users and engage with them online through NIO app and offline through NIO Houses and NIO Spaces. We further engage our user community through NIO Day and NIO Events, as well as our lifestyle brand NIO Life.

Our in-house developed NIO app is designed to be a portal not only for selling vehicles where users can place orders for and configure all NIO vehicles, but also for vehicle control, service access and NIO Life product purchases. NIO Houses have showroom functions while serving as clubhouses for our users and their friends. NIO Spaces are mainly showrooms for our brand, vehicles and services. As of 31 December 2021, we operated 37 NIO Houses, and 321 NIO Spaces across 143 cities in China.

We have fostered a NIO community with users being involved in planning, organizing, and participating in company- and user-organized events, including our annual NIO Day. As a result of strong user engagement, our users are more willing to refer friends and family to our vehicles and services. For the year ended 31 December 2021, we reached a high user referral rate of over 60%.

OUR SUPPLY CHAIN AND MANUFACTURING

Our position as a pioneer in the market has attracted many global leaders and innovative companies in the industry to work with us, creating an extensive industry alliance network that is mutually beneficial to NIO and our partners. We continuously innovate in our supply chain in order to establish a more effective and diverse supply chain system. We actively cultivate partnerships with suppliers that have innovative technological capabilities and cost advantages, thereby increasing the competitiveness and innovativeness of our supply chain. Our key supplier for the

75kWh and 100kWh batteries that we currently offer is CATL. We had in the past sourced the battery cells from CATL and assembled the battery cells into 70kWh battery packs through XPT, a wholly-owned PRC subsidiary of our Company, and its affiliate. We no longer offer the 70kWh battery option, and no longer conduct the pack assembly in-house. Our key suppliers for the semiconductor chips are Mobileye and Nvidia. We have also added Qualcomm as a semiconductor chip supplier for our vehicle models.

We manufacture our vehicles through a strategic alliance with JAC at its Hefei manufacturing facility, which currently has an annual vehicle and component production capacity of 120,000 units and will be expanded to 240,000 units around the middle of 2022. Our alliance with JAC has given us great flexibility and scalability, enabling our vehicles to reach market quickly with high quality assurance.

To further support the production of NIO's future models, together with our partners, in April 2021, we kicked off the construction of the second manufacturing plant in Hefei Xinqiao Industrial Park with a designed annual production capacity of up to 300,000 units and expect to start our vehicle production in the new manufacturing plant in the third quarter of 2022. Our estimated expenditure in constructing our second manufacturing plant is not above US$600 million, and we have incurred approximately US$200 million as of 28 February 2022. We intend to finance the expenditure using proceeds from equity fund raising, borrowings and/or cash flow from business activities.

We plan to manufacture ES8, ES6, EC6, ET7 at the JAC-NIO manufacturing plant, and ET5 and potential future products at the Xinqiao manufacturing plant. However, we are able to dynamically adjust the above arrangements to suit the manufacturing volume required for the different products. While we have not started production at the Xinqiao manufacturing plant yet, we do not expect material differences between the production costs of the two plants at similar utilisation rates.

OUR COMPETITIVE STRENGTHS

We believe the following strengths contribute to our success.

Leading brand in the premium smart electric vehicle market

We are a pioneer in the smart electric vehicle market and have cultivated our NIO (蔚来) brand as a leading premium smart electric vehicle brand. Our premium brand continues to be one of our key differentiators and has contributed to our leading position in the premium smart electric vehicle market.

Our brand has enabled us to foster a loyal and vibrant user community starting with smart electric vehicles where we share joy and grow together with our users:

- We have built a loyal and interactive user community with the seamless integrated online and offline platforms, consisting of over 176,000 users, their family and friends, and our brand followers as of 31 January 2022.

- We organized over 26,000 offline events for users, their family and friends in 2021.

- Driven by their passion towards the brand and the NIO user community, through our volunteer initiatives, users volunteer to promote the brand and assist with vehicle delivery in our showrooms, auto shows, delivery centers and other events. Approximately 6,000 users had participated in our volunteer initiatives as of 31 December 2021.

- We have achieved a high user referral rate of over 60% in 2021.

We believe our NIO user community not only leads to a more joyful life for our users and their families, but also helps create a strong network effect for our business. Our online channels, including NIO app, social networks and live broadcasts and short videos on social media platforms, and offline channels, including our NIO Houses and NIO Spaces, continue to broaden and deepen our brand appeal, and solidify our leading market position.

Well positioned products in the premium smart electric vehicle market

We are strategically positioned in China's attractive and fast-growing premium smart electric vehicle segment, in which we have launched several highly successful products. According to Frost & Sullivan, China's battery electric vehicle market had reached sales of approximately one million units in 2020 and is expected to grow to approximately 6.2 million units by 2025, at a CAGR of 43.9%. Within China's electric vehicle market, the premium smart electric vehicle segment is expected to achieve the highest growth during the period from 2020 to 2025 at a CAGR of 48.1%.

As the first-to-market domestic premium smart electric vehicle brand in China, we believe we have a multi-year lead-time in product delivery, innovation, and infrastructure over our domestic and international competitors in China. Our volume manufactured vehicles, including the ES8, ES6, EC6, ET7 and ET5, are well positioned at the intersection of China's fastest-growing premium and electric vehicle segments. In 2021, the NIO ES6, EC6 and ES8 were the top, second and fourth best-selling premium battery electric SUVs as measured by sales volume in China respectively according to Frost & Sullivan. As of 30 April 2022, cumulative deliveries of our vehicles reached 197,912 vehicles.

We have significant in-house vehicle design and engineering capabilities, which cover all major areas of vehicle development starting from concept to completion. Our vehicles speak a distinctive design language that is consistently embodied in all products in the NIO family. Our ES8 was the first electric vehicle in China to have an all-aluminum alloy body and chassis, featuring aerospace grade aluminum alloy, enhancing the strength, safety and performance of the vehicle. Our ES6 ranked first for vehicle design in the 2020 Automotive Brand Contest in the Exterior Premium Brand category.

We aim to deliver safe and high-quality products to our users in line with our core values and commitments. According to J.D. Power's[(1)] 2019 China New Energy Vehicle Experience Index Study published in July 2019, NIO ranked the highest in quality among all electric vehicle brands, and the ES8 ranked the highest in quality among all mid-large battery electric vehicles. According to J.D. Power's[(1)] 2020 China New Energy Vehicle Experience Index Study published in September 2020, NIO ranked the highest in quality among all battery electric vehicle brands, and the ES6 ranked the highest in quality among all mid-size battery electric vehicles. Based on the results released by C-IASI (China Insurance Automotive Safety Index)[(2)] in January 2021, the EC6 achieved the best safety rating among all models tested by C-IASI in 2020. According to the reports published by J.D. Power[(1)] in July 2021, the ES6 ranked the highest in the luxury battery electric vehicle segment in China New Energy Vehicle Initial Quality Study (NEV-IQS), while the ES8 ranked the highest in the luxury battery electric vehicle segment in China New Energy Vehicle – Automotive Performance, Execution and Layout (NEV-APEAL) Study.

Notes:

(1) Source: J.D. Power has not provided its consent to the inclusion of the information extracted from its database, and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that the information from J.D. Power's database has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

(2) Source: China Insurance Research Institute has not provided its consent to the inclusion of the information cited to it, and is therefore not liable for such information. While our Company and the Joint Issue Managers have taken reasonable actions to ensure that such information has been reproduced in its proper form and context, and that such information is extracted accurately and fairly in this Introductory Document, neither our Company, our directors, the Joint Issue Managers nor any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

Proven capabilities in proprietary software and hardware technological innovations

We have strategically focused on building in-house capabilities in software and hardware development which provide us with the flexibility to enhance our products and services on an ongoing basis and allow us to update and launch new products more rapidly.

Autonomous driving

We are one of the first companies in China to offer enhanced ADAS capabilities. Our in-house developed NIO Pilot offers enhanced ADAS and features Navigate on Pilot, or NOP, which is able to guide the vehicles on and off ramps, overtake, merge lanes and cruise according to planned routes in highways and urban expressways. According to Frost & Sullivan, NOP is one of the most advanced ADAS features equipped on any volume-manufactured vehicles. With in-house capabilities, we are able to frequently upgrade our autonomous driving capability over-the-air throughout the product lifecycle.

In January 2021, we announced our new NIO Autonomous Driving, or NAD, our next generation, proprietary full stack autonomous driving technology. We have built up the NAD capability with in-house developed perception algorithms, localization, control strategy and platform software. The technology comprises a super computing platform called NIO Adam and a super sensing system called NIO Aquila. NIO Adam's core is made up of four NVIDIA Orin SoCs, while NIO Aquila features 33 high-performance sensing units, including 11 high-resolution cameras, one ultra-long-range high-resolution LiDAR, five millimeter-wave radars and 12 ultrasonic sensors. NAD is expected to gradually cover use cases from expressways, urban roads, parking and battery swapping to other domains to deliver a safer and more relaxing autonomous driving experience for our users. We plan to gradually roll out NAD for subscription under ADaaS in the future.

Digital technologies

Our in-house developed digital cockpit has an AI-driven, scalable and flexible architecture that presents the user with an intelligent and immersive digital experience. Our in-car digital cockpit enables a unified user experience across all interior displays and advanced user interaction through our digital AI companion, NOMI, which is one of the most advanced in-car AI systems in the world, according to Frost & Sullivan. To further enhance the experience of the second living room, we plan to deliver PanoCinema, a panoramic digital cockpit featuring AR and VR technologies, to users in the future. Digital system is the foundation for us to achieve continuous upgrade, the digital platform for building our own proprietary software and algorithms and the security system for deep reassurance. We are one of the first auto companies in China that have both FOTA and SOTA capabilities.

Electric powertrain and battery

We have designed, developed and manufactured our own proprietary electric powertrains in-house. Our ES6 is the first SUV in the world equipped with a combination of a permanent magnet motor and an induction motor. Empowered by our continuous in-house innovations, we have developed different generations of electric powertrains with a suite of electric motors by applying advanced technologies, including a silicon-carbide power module.

We are committed to the research, development and innovations in battery technologies. Our battery is based on high energy density battery cells, advanced battery management system and proprietary swapping mechanism. Currently, we offer two battery options: Standard Range Battery and Long Range Battery. We jointly designed and developed the batteries with our partners. The Standard Range Battery currently on offer is a 75 kWh battery, which is equipped with advanced software and hardware systems of thermal management and SoC (State of Charge) estimation. With proprietary patents, our 100 kWh Long Range Battery features the cell-to-pack technology,

realizing higher energy density. In January 2021, we announced the introduction of the 150 kWh Ultra-Long Range Battery, a next generation battery technology. We expect to release the 150 kWh battery in the fourth quarter of 2022, which is expected to deliver a CLTC range of up to 1,000 km on a single charge for certain configurations of ET7 and ET5.

Innovative Battery-as-a-Service and comprehensive power solutions

We strive to make electric vehicle experience easy, joyful and holistic, and try to address all of our users' power needs. Our comprehensive suite of power solutions makes the battery in our vehicles conveniently chargeable, swappable and upgradeable.

We differentiate ourselves through our innovations with our advanced battery swapping technologies and our industry-first BaaS model.

- Our award-winning Power Swap solution is at the core of our "chargeable, swappable, upgradable" user experience, enabled by over 1,200 patented technologies. Our Power Swap station 2.0 began deployment in April 2021. This new generation Power Swap station shortens swapping time to under three minutes and carrying up to 13 batteries, which significantly increases our service capacity. As of 31 December 2021, we had 777 Power Swap stations covering urban areas and expressways across 183 cities in China, through which we have completed over 5.5 million battery swaps cumulatively.

- In August 2020, we launched our industry-first BaaS model. BaaS decouples the battery from the vehicle and allows users to subscribe for battery usage separately. BaaS enables our users to benefit from lower initial purchase prices, flexible battery upgrade options and assurance of battery performance. All users who purchase NIO vehicles can subscribe for BaaS, while continuing to enjoy existing favourable policies such as purchase tax exemptions and government subsidies for electric vehicles. For the year ended 31 December 2021, over half of the users to whom we delivered vehicles chose BaaS subscription.

We offer a comprehensive and innovative suite of power solutions to address the charging and swapping needs of our users. Our power solutions include home charging called Power Home, battery swapping called Power Swap, supercharging piles called Power Charger, and mobile charging called Power Mobile, all of which are connected to cloud-enabled Power Cloud, which synchronizes users' power consumption information and our power network, and intelligently suggests the appropriate services, according to the users' locations and power consumption patterns. We have continued building out our swapping and charging infrastructure. As of 31 December 2021, we operated 777 Power Swap stations in 183 cities and our charging network had approximately 3,404 Power Charger piles in operation, covering 163 cities in China. In addition to our own swapping and charging network, our users had access to a network of over 450,000 public chargers as of 31 December 2021. Users can also access the real-time availability of the stations and chargers in our own network and the public network through the Power Map on our NIO app. In addition, we offer our users our One Click for Power valet service where we pick up, charge and then return the vehicle. We plan to deploy more Power Swap stations and expand our charging network to ensure consistent and optimal user experience.

User enterprise advocating a worry-free and holistic user experience

We offer a unique and holistic experience for our users and make ownership joyful and worry-free throughout the vehicle lifecycle. Through one click on NIO app, our users can access a full suite of services, including vehicle insurance through third-party insurers, repair and routine maintenance services, courtesy vehicle, nationwide roadside assistance, as well as an enhanced data package. As of 31 December 2021, we offered services through 54 NIO service centers across 35 cities and 181 authorized third-party service centers in 139 cities in China.

We have built an integrated online and offline community and created a holistic experience that goes beyond the smart electric vehicle and a joyful lifestyle under which users can interact with us and with each other. Our NIO House, NIO Space and NIO app are important domains and touchpoints integral to this community. Not only serving as showrooms, but also as clubhouses providing our users with social functions, NIO House is where we continue to engage with our users after their vehicle purchase, and extend our relationships to other parts of their daily lives. NIO Space functions as an efficient sales, marketing and service outlet. As of 31 December 2021, we operated 37 NIO Houses, and 321 NIO Spaces across 143 cities in China.

Working in tandem with the NIO House and NIO Space, our in-house developed NIO app houses the online venue for our community. Through our NIO app, users receive real-time information relating to their vehicles, socialize with other users and have access to NIO Life. NIO Life is our lifestyle brand, which has an online store on NIO app where users can purchase lifestyle products.

We believe the combination of NIO House, NIO Space and NIO app have enabled us to build a strong base of loyal users and reinforce our vision of building a community together with our diverse pool of users around the NIO brand and our shared values and culture. The user enterprise is reinforced further by company and user-organized events, including our annual NIO Day, where many users choose to get involved in the planning and organizing of the event.

World-class management and global talent pool

Our success is led by a visionary management team with a unique combination of technology, internet and automotive experiences. Our founder, chairman and chief executive officer, Mr. Bin Li, is an experienced serial entrepreneur with a proven track record of building innovative businesses in the mobility and internet spaces.

Our position as a pioneer in the market and our proven track record have attracted global talent carrying expertise across many technological areas such as autonomous driving, digital technologies, vehicle design and engineering, creating a world class team. Our global footprint echoes our proposition and commitment for premium products, and enables us to deliver best-in-class results in a wide range of areas.

OUR STRATEGIES

We are pursuing the following strategies to achieve our mission:

Successfully launch future models and accelerate product iteration

The successful launches of future models are critical in capitalizing on our first mover advantage in China and capturing electric vehicle market opportunities globally. We plan to continue to launch new models in upcoming years to broaden our customer base and expand our product lineup. We intend to accelerate our product iteration process to meet the latest user preferences and to continue to drive innovation.

Continue to focus on technological innovations

We plan to continue to develop NAD to provide our users with a safer and more relaxing autonomous driving experience in more scenarios. We intend to continue to develop next-generation digital technologies and user interface to offer an immersive mobile living experience.

We plan to continue to develop new battery technologies to reduce costs, increase the driving range of and shorten charging time for our vehicles. We also plan to further develop battery swapping technologies to enhance the service capacity and efficiency of our current systems. We are also developing our next generation electric powertrains with a higher output.

Continue to develop our power infrastructure and expand sales and service coverage

We plan to continue to develop our power infrastructure, including the expansion of our swapping and charging network. We plan to offer real-time data on the availability of more swapping stations and charging piles by uploading and synchronizing data from our own and third-party charging networks to our cloud. We plan to expand our sales and service coverage networks by building more NIO Spaces, NIO Houses, service centers and delivery centers, supported by our logistics network, to meet increasing demand from prospective users.

Create more recurring revenues during the lifetime ownership

We offer a suite of services, including ADaaS, flexible battery upgrades and after-sale services to provide more convenient and holistic experience during the lifetime ownership. These services allow us to generate recurring revenues beyond the initial vehicle purchase. Moreover, we plan to continue to strengthen user engagement through our lifestyle brand, NIO Life.

Expand internationally to benefit from rising global demand

We intend to enter international markets, starting with Europe, that offer identified growth opportunities and favourable government policies. With local consumers' preferences in mind, we plan to leverage the expertise we have developed from our operations in China to replicate our success internationally.

OUR VEHICLES

We design, develop, jointly manufacture and sell our vehicles in the premium smart electric vehicle market. We currently sell our diversified product offerings in China and Norway and plan to expand into more global markets in the near future to capture the fast-growing EV demand.

ES8

The ES8 is a flagship mid-large smart electric SUV.

In December 2017, we launched the ES8, which is equipped with our proprietary electric powertrain. The ES8 can accelerate from zero to 100 kph in 4.4 seconds and brake from 100 kph to a complete stop in 33.8 meters. The ES8 offers six-seater and seven-seater configurations.

In December 2019, we launched the all-new ES8 with more than 180 product improvements. With a combination of a 160 kW permanent magnet motor and a 240 kW induction motor, it can accelerate from zero to 100 kph in 4.9 seconds. With the Standard Range Battery, Long Range Battery and Ultra-Long Range Battery, the all-new ES8's NEDC range reaches up to 450 km, 580 km and 850km, respectively. The all-new ES8 was awarded the five-star safety rating by C-NCAP (Chinese New Car Assessment Program) and Euro-NCAP (European New Car Assessment Program).

ES6

The ES6 is a mid-size smart electric SUV.

The ES6 is the world's first SUV equipped with a combination of a permanent magnet motor (160 kW) and an induction motor (240 kW). It can accelerate from zero to 100 kph in 4.7 seconds and brake from 100 kph to a complete stop in 33.9 meters. With the Standard Range Battery, Long Range Battery and Ultra-Long Range Battery, the ES6's NEDC range reaches up to 465 km, 610 km and 900 km, respectively.

EC6

The EC6 is a mid-size smart electric coupe SUV.

Powered by an electric powertrain of a 160 kW permanent magnet motor and a 240 kW induction motor and a 0.26 drag coefficient driven by its dynamic fastback silhouette, the EC6 is capable of accelerating from zero to 100 kph in 4.5 seconds. It also features a 2.1 square meter panoramic all-glass roof. With the Standard Range Battery, Long Range Battery and Ultra-Long Range Battery, the EC6's NEDC range reaches up to 475 km, 615 km and 910 km, respectively.

ET7

The ET7 is a flagship mid-large smart electric sedan.

Boasting a high-efficiency electric powertrain featuring a front 180 kW permanent magnet motor with SiC power module and a rear 300 kW induction motor, together with a 0.208 ultra-low drag coefficient, the ET7 is designed to further improve its energy efficiency and accelerate from zero to 100 kph in 3.8 seconds and brake from 100 kph to a complete stop in 33.5 meters. The ET7 is engineered to meet both five-star Chinese and European New Car Assessment Program safety standards. It applies Karuun® renewable rattan for a green and natural experience. The ET7 features NIO's latest NAD including NIO Adam, our super computing platform, and NIO Aquila, our super sensing system. With the Standard Range Battery, the Long Range Battery and the Ultra-Long Range battery, the ET7's a CLTC range reaches up to 550 km, 705 km and 1,000 km, respectively. We have started delivery of the ET7 in March 2022.

ET5

The ET5 is a mid-size smart electric sedan.

With a 0.24 drag coefficient and a high-efficiency electric powertrain, featuring a front 150 kW induction motor and a rear 210 kW permanent magnet motor with SiC power module, the ET5 accelerates from 0 to 100 km/h in 4.3 seconds, and brakes from 100km/h to a complete stop in 33.9 meters. It is engineered for five-star Chinese and European New Car Assessment Program safety standards. The ET5 explores state-of-the-art material technologies and low-carbon and recycling materials, including Clean+ innovative sustainable materials. In addition to our latest NAD, it comes with PanoCinema with AR/VR-native design. With the Standard Range Battery, Long Range Battery, and Ultra-Long Range Battery, the ET5's CLTC range is expected to reach up to 550 km, 700 km and 1,000 km, respectively. We estimate to start delivery of the ET5 in September 2022.

RESEARCH AND DEVELOPMENT

We have strategically focused on building in-house capabilities in software and hardware development to control the design and development of the vehicle software and hardware architecture and the critical components that go into our products and services to deliver an optimal experience for our users. Our proprietary technologies, including battery swapping, autonomous driving, digital technologies, electric powertrain, battery and software-driven technologies, among others, differentiate us from our competitors. Our capabilities have given us greater flexibility to continually improve our current products and allow us to launch new products more rapidly. By integrating these industry-leading technologies, all our vehicles can create a relaxing, interactive, intelligent and immersive experience for our users.

Autonomous Driving

We believe that autonomous driving is the core of smart electric vehicles and it has been our focus from day one. We have gradually built up our full stack in-house autonomous driving capabilities and successfully delivered competitive products including NIO Pilot, our enhanced ADAS. We are also about to roll out our industry-leading NIO Autonomous Driving, or NAD, to our users.

We are one of the first companies in China to offer enhanced ADAS capabilities. The NIO Pilot hardware consists of 23 sensors, including a front-facing trifocal camera, four exterior surround cameras, five millimeter-wave radars, 12 ultrasonic sensors, and an interior driver monitoring camera. NIO Pilot has a built-in algorithm that leverages data across the entire vehicle fleet for fleet learning and crowd AI analysis, and runs new features under the shadow mode without materially impacting driver safety or vehicle operation. This allows us to fully test and validate the features before releasing them to the users. Our smart data management system can enable us to validate and improve algorithms using millions of miles of empirical data.

As of 31 December 2021, we have successfully rolled out many industry-leading features for NIO Pilot, including NOP (Navigate on Pilot), shiftless automatic parking assist with fusion, nearby summon, forward collision warning, automatic emergency braking, automatic high beam, auto lane change, lane departure warning, blind spot detection, front and rear cross-traffic alert, side door opening warning, and side distance indication. We plan to improve the existing features and roll out more features of the NIO Pilot going forward.

In January 2021, we announced NIO Autonomous Driving, or NAD, our next generation, proprietary full stack autonomous driving technology. We have built up the NAD capability with in-house developed perception algorithms, localization, control strategy and platform software. The technology comprises a super computing platform called NIO Adam and a super sensing system called NIO Aquila. NIO Adam's core is made up of four NVIDIA DRIVE Orin SoCs, while NIO Aquila features 33 high-performance sensing units, including 11 high-resolution cameras, one ultra-long-range high-resolution LiDAR, five millimeter-wave radars and 12 ultrasonic sensors. NAD is expected to gradually cover use cases from expressways, urban roads, parking, battery swapping to other domains to deliver a safer and more relaxing autonomous driving experience for our users. We plan to roll out NAD through a monthly subscription under ADaaS in the future.

Digital Technologies

Digital Cockpit

Our digital cockpit has an AI-driven, scalable and flexible architecture that presents users with an intelligent and immersive digital experience. The ES8, ES6 and EC6 adopt NVIDIA PARKER SoC while the ET7 and the ET5 use the 3rd Generation Qualcomm® Snapdragon™ Automotive Cockpit Platform for in-car digital cockpit. Inside our digital cockpit, NOMI, our in-car AI companion, can listen to, communicate and interact with users to build a strong emotional connection between vehicles and users. Inspired by the concept of mobile living space, we plan to deliver PanoCinema, a panoramic digital cockpit with AR and VR capabilities, to our users in the future. We have built flexibility into our digital cockpit, so that we can continue to update the NIO Operating System, or NIO OS, with new features and applications through software-over-the-air, or SOTA, updates.

At our third NIO Day, we launched our second-generation NOMI with an AMOLED full-circular display. At our fourth NIO Day, we launched our second-generation smart cockpit, boosting capabilities such as AI computing and image and media processing by a large margin. At our fifth NIO Day, we launched PanoCinema with AR and VR capabilities to further improve the in-cabin experience.

We also introduced NIO OS for European users in the second half of 2021, which provides customizations and upgrades appropriate for a broader user base.

Digital System

Digital system is the foundation for us to achieve continuous upgrade, the digital platform for building our own proprietary software and algorithms and the security system for deep reassurance.

We are one of the first auto companies in China that have both FOTA and SOTA capabilities. FOTA updates enable us to upgrade the operating firmware down to the individual programmable Electronic Control Unit level across the vehicle's core systems, such as digital cockpit, autonomous driving domain controller and electric powertrain. FOTA and SOTA technologies allow us to fix bugs and remotely install new features and services after a vehicle has already been delivered to users, reduce the cost and time of marketing new feature roll-outs and continuously improve the user experience throughout the lifecycle.

On top of our proprietary software architecture and cloud data platform, NVOS (NIO Vehicle Operating System), our vehicle digital system, has what we believe to be the industry-leading connectivity and remote service capabilities with an end-to-end security framework. It features comprehensive connectivity capabilities, including smart antenna, 5G, UWB (ultra-wideband), Wi-Fi 6, 5.2 Bluetooth and V2X (vehicle-to-everything), and offers 360-degree and multi-dimensional cyber security capabilities to protect user privacy and safety. It enables a superior driver and passenger experience by syncing vehicle settings, user preferences and user accounts and offering instant remote vehicle diagnostics with respect to faults, alerts and logs to our service and maintenance team. In addition, we have been dedicated to safeguarding vehicle cybersecurity. In January 2022, we were certified under UN Regulation No. 155 (UN-R155) on the cybersecurity management system (CSMS), which makes us the first company in China and one of the first in the world to be certified as compliant with this regulation.

Utilizing our NIO Technology Platform 2.0, the NVOS will boast a common SOA (service-oriented architecture) middleware across multiple MCUs (micro-controller unit) and the gateway, providing flexibility and efficiency for vehicle software development and achieving great feature competitiveness and AI-driven user experiences.

With our globalization efforts to expand to more markets, we plan to localize connectivity services in line with different laws and regulations in various regions, including the GDPR.

Electric Powertrain and Battery

Electric Powertrain

Starting from our first product, we have designed, developed and manufactured our own proprietary electric powertrains in-house.

Our electric powertrains are designed specifically for NIO's vehicles, and through FOTA, we are able to continue to improve and update, and adjust according to our users' driving behavior. Enabled by in-house R&D capabilities, our dual-motor configuration offers a variety of electric motors, including 240 kW induction motor, 160 kW permanent magnet motor, 180 kW permanent magnet motor, 300 kW induction motor, 150 kW induction motor and 210 kW permanent magnet motor.

The new-generation electric powertrain will feature Silicon Carbide power modules which can minimize the switching loss compared with Insulated Gate Bipolar Transistor. It can improve supply efficiency with simpler cooling measures and reduce the size of peripheral components due to higher frequency operation.

Battery

We are committed to the research, development and innovations in battery technologies. Our batteries are based on high energy density battery cells, advanced battery management system and proprietary swapping mechanism. In particular, our battery management system provides real-time monitoring of the vehicle insulation status and features a comprehensive fault diagnosis mechanism to ensure the safety and reliability of battery use.

Currently, we offer two battery options: Standard Range Battery and Long Range Battery. The Standard Range Battery currently on offer is a 75 kWh cell-to-pack battery with hybrid LFP/NCM cells, which was launched on 23 September 2021 and is equipped with advanced software and hardware systems of thermal management and SoC (State of Charge) estimation. It can achieve better range performance in low temperature and more accurate SoC (State of Charge) estimation compared to the traditional LFP battery. We started the delivery of the 75 kWh battery to users in November 2021. With proprietary patents, the 100 kWh long range cell-to-pack battery features thermal propagation prevention, highly integrated design, all-climate thermal management and bi-directional cloud BMS. In January 2021, we announced the 150 kWh Ultra-Long Range Battery with the next generation battery technology. We plan to start delivering the 150 kWh Ultra-Long Range Battery in the fourth quarter of 2022.

Battery Swapping

Supported by over 1,200 patented technologies, all of our vehicles support battery swapping. It provides our users with best-in-class "recharging" convenience by simply swapping the user's battery for another one. In addition, it enables users to enjoy the benefits of battery technology advancements with upgrade options. Our battery swap stations are also developed in-house, which use chassis replacement technology and apply our patented technologies to provide precise positioning, rapid disassembly, compact integration, and flexible deployment, allowing battery swap within minutes. Our Power Swap station 2.0, which began deployment in April 2021, has significantly increased our service capacity by shortening the battery swapping time to under three minutes and carrying up to 13 batteries. As of 31 December 2021, we had 777 Power Swap stations covering urban areas and expressways across 183 cities in China, through which we have completed over 5.5 million battery swaps cumulatively.

Design Capabilities and Software-driven Vehicle Technologies

We have significant in-house vehicle design and engineering capabilities, which cover all major areas of vehicle development starting from concept to completion with a special focus on software-driven technologies.

Our global design team has comprehensive design capabilities across the board, from brand, vehicles, user interface/user experience, lifestyle products to accessories. Besides having best-in-class engineering capabilities in the field of aerodynamics, handling, comfort and efficient thermal management, our team has also developed in-house software-driven vehicle technologies, such as the NIO 4D Dynamics. Utilizing NAD, HD mapping and vehicle sensing system, NIO 4D Dynamics, which is an advanced smart suspension application, achieves uncompromised comfort by proactively orchestrating the response of vehicle actuators (springs, dampers, steering and brakes) to road events and smoothening the primary and secondary body motions.

WORLDWIDE RESEARCH AND DEVELOPMENT FOOTPRINT

We have strategically located our offices in locations where we believe we will have access to the best talent. Our global R&D center for production models is located in Shanghai, our global design center is in Munich and our global R&D center for autonomous driving is located in San Jose.

Shanghai

We have vehicle engineering, smart hardware, autonomous driving, digital cockpit, digital system, product planning, NIO app, design, electric powertrain and battery teams in Shanghai. They coordinate our global R&D efforts across different regions and integrate all the technologies into our products. More than half of the patents obtained globally by us originated from our teams in Shanghai.

Beijing

We have digital cockpit, digital system, digital development and autonomous driving teams in Beijing. The focus of our Beijing research and development teams is on full stack AI technologies to power NOMI and engineering efforts to enable continuous upgrade of digital experience through FOTA. The teams are also responsible for the Internet of Vehicles including design, implementation, maintenance and support of the system.

Hefei

Our teams in Hefei mainly focus on vehicle engineering, manufacturing engineering, test and quality.

Silicon Valley

Our teams in San Jose focus on innovations in the areas of autonomous driving, smart hardware, digital cockpit, and digital system, including vehicle operating system and digital security.

Munich

Our Munich office is primarily responsible for our product and brand design, focusing on vehicle interior and exterior design, user interface design, brand design and other product design.

United Kingdom

Our engineering teams in Oxford focus on computer-aided engineering and advanced vehicle engineering.

USER DEVELOPMENT AND USER COMMUNITY

We reach out to and engage with our users directly through our own online and offline platforms, including NIO app, NIO Houses and NIO Spaces, and aim to build a community where we share joy and grow together with our users.

NIO App

NIO app, our mobile application, is designed to be a portal not only for selling vehicles where users can place orders for and configure all NIO vehicles, but also for vehicle control, service access and NIO Life product purchase, and most importantly, an online platform for our user community.

NIO House and NIO Space

NIO Houses and NIO Spaces serve as the offline channels for us to reach out to and serve our users, as well as the offline platforms for NIO user community.

NIO Houses have showroom functions while serving as a clubhouse for our users and their friends. We opened our first NIO House in Beijing in November 2017. As of 31 December 2021, we had 37 NIO Houses in total, mainly in tier-one and tier-two cities in China.

NIO Spaces are mainly showrooms for our brand, vehicles and services. Compared with NIO Houses, NIO Spaces are generally smaller in scale, more delicate and sales-focused. We opened our first NIO Space in Shanghai in August 2019. As of 31 December 2021, we had 321 NIO Spaces in 142 cities in China.

NIO Day and NIO Events

Our annual NIO Day is an event jointly hosted by NIO and our users where we launch our new products and technologies and celebrate the user community.

In December 2017 in Beijing, we held our first NIO Day and launched the ES8. In December 2018 in Shanghai, we held our second NIO Day and launched the ES6. In December 2019 in Shenzhen, we held the third NIO Day and launched the EC6 and the all-new ES8. In January 2021 in Chengdu, we held the fourth NIO Day and launched the ET7. On 18 December 2021, we held the fifth NIO Day and launched the ET5 in Suzhou. Our users have taken the lead in the planning and organization of the recent NIO Days. We believe that NIO Day gives us an opportunity to interact with our current and prospective users while providing us with more publicity and brand awareness. In addition, we organized various online and offline activities in the NIO user community, such as EP Club, NIO Summer, NIO User Volunteers and NIO User Clubs.

Formula E

We sponsor a Formula E team currently named as NIO 333, which is a racing team that competes in the Fédération Internationale de l'Automobile, or FIA, Formula E championship electric racing series. The team, previously operated by us under other names, has participated in the FIA Formula E Championship ever since its inaugural season (2014) and had won the inaugural FIA Formula E Drivers Championship title. NIO 333 Formula E team currently competes in the 2021-22 FIA Formula E World Championship with our Company as its primary sponsor.

NIO Life

We have established our lifestyle brand NIO Life, which has an online store on NIO app where users can purchase NIO lifestyle products. The product categories include apparels, home and living, travel and bags, consumer electronics, car life, food and wines. Since we launched our online store in December 2016, over 5 million NIO Life items have been delivered to our users through online and offline channels as of 31 December 2021.

NIO Points

We provide users with NIO Points to encourage user engagement and positive user behavior, such as to keep a safe driving record. NIO Points are earned, among other things, through the welcome packages upon the purchase of NIO vehicles, referrals for test drives and vehicle purchases, and active engagement in the user community. NIO Points can be used, both at our online store and at our NIO Houses and some of the NIO Spaces. In addition, we have set up the Blue Point Plan, under which we help users to certify emission reductions and trade carbon credits and reward them with NIO Points in return.

NIO Users Trust

In conjunction with our pursuit of being a user enterprise and with the goal of building a deeper connection between NIO and our users, Mr. Bin Li, our founder, chairman of the board of directors and chief executive officer, transferred a certain amount of his ordinary shares to NIO Users Trust in January 2019. For more details of the powers, rights and obligations and the mechanisms for the appointment and change of, and the relationships between, the various roles under the NIO Users Trust, please refer to "Holders of our Class C ordinary shares – NIO Users Trust".

In 2019, our user community adopted the NIO Users Trust Charter by way of voting, and established a user council (the "**NIO User Council**") to discuss and give advice on the management and the operation of NIO Users Trust. The NIO Users Trust Charter has subsequently been amended in December 2021 and certain amendments to the NIO Users Trust Charter which are clarificatory in nature will also be put forth before the Listing to capture the prevailing operations of the NIO User Council. NIO Users Trust Charter (as amended from time to time) provides certain governance mechanisms for the NIO User Council to discuss the management and supervision of the operations of NIO Users Trust, including the establishment of asset management committee, proceeds management committee, and supervision and administration committee. The NIO User Council holds meetings at least twice annually to discuss the proposed utilization of the trust assets with inputs from the dedicated committees. After deliberation, well-thought-through proposals representing the concerted effort of the representative of NIO users, are submitted to the Protector for consideration and giving instructions to the trustee. Mr. Li, as the Protector of the trust, has the power to make the final decisions after considering the recommendations from the NIO User Council.

According to the charter, the NIO User Council shall consist of nine NIO User Council members including the Protector of the Users Trust and eight NIO User Council members elected by the user community through the nomination platform established in the NIO app. These members are themselves NIO users that come from diverse backgrounds, including information technology, supply chain, intellectual property, automobile, travel, manufacturing, marketing, property, human resources, legal, accounting, finance and entrepreneurs, and the members are elected by the NIO users to serve as their representatives. Each of the NIO User Council members shall have a two-year term, and the composition of the NIO User Council will vary from time to time. The NIO User Council helps coordinate user activities in our community and our users have the opportunity to discuss and propose the use of the economic benefits from the shares in NIO Users Trust, which is intended to be composed mainly of the dividends from the shares that it holds, future interests accrued from and investment returns generated by cash assets to be held under the trust, and proceeds from the pledging of such shares from time to time, through the NIO User Council. According to the articles of association of NIO Users Trust, incomes and proceeds derived from the trust assets shall be mainly used for the following purposes: (i) environmental protection and sustainable development, (ii) NIO Users community care projects, (iii) community activities promoting common growth of Users and other necessary projects, and (iv) operational expenses of the Users Trust.

Furthermore, according to the Articles of Association of the Company, NIO Users Trust is entitled to nominate one director to the board of the Company, subject to the NYSE rules and the Hong Kong Listing Rules, and the review and recommendation by the nominating and corporate governance committee of the Company for election by the Shareholders or appointment by the board. As at the date of this Introductory Document, U.S. securities laws and NYSE corporate governance rules do not have specific requirements for shareholders' approval as a pre-requisite to director appointment. We will put forth certain amendments to the Articles of the Company at the First AGM so that such director nomination right of NIO Users Trust shall cease to be effective, and shall only be restored when the Company is no longer listed on the Hong Kong Stock Exchange. For further details, please refer to "Appendix B – Proposed Articles Amendments".

BAAS

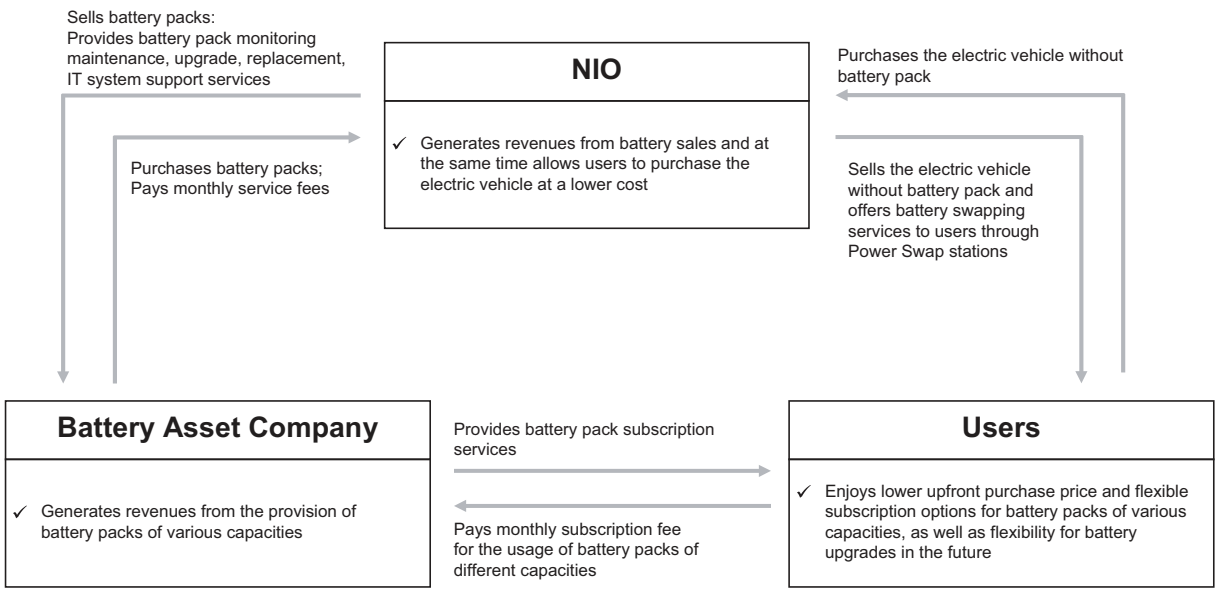
We provide our users with the Battery as a Service, or BaaS, which decouples the battery from the vehicle and allows users to subscribe for battery usage separately.

Under the BaaS, we sell the battery to the Battery Asset Company, in which we currently hold approximately 19.8% of the equity interests, and the user subscribes for the usage of the battery from the Battery Asset Company. This is a non-exclusive arrangement and we would be able to provide the BaaS through other parties and sell the batteries to other companies. If users opt to purchase a NIO vehicle and subscribe for a battery under BaaS, they can enjoy a deduction off the original vehicle purchase price while paying a monthly subscription fee. In January 2021, we launched our 150 kWh Ultra-Long Range Battery with advanced technologies. NIO users are able to enjoy permanent or flexible upgrades to batteries with higher capacities or other future battery options with an additional fee as the battery technologies evolve. The subscription fee is determined through a holistic evaluation with the consideration of main factors including: (i) production cost of the battery, (ii) users' price acceptance, considering cost of alternative options to users and (iii) other financial considerations.

Our directors are of the view that the pricing of batteries sourced from CATL and the pricing of batteries sold to the Battery Asset Company are both commercially reasonable, given that both pricings are determined on an arm's length basis through customary commercial negotiations, and to the best of our knowledge, we, CATL and the Battery Asset Company have distinct sets of employees negotiating and/or determining the pricing of the batteries. The pricing of batteries sold to the Battery Asset Company is based on various factors, such as the level of investment return the Battery Asset Company can generate by cooperating with our Company, taking into consideration the level of monthly BaaS subscription fee it is able to receive from our users. In addition, procurement cost of the batteries is another factor considered. The Battery Asset Company only purchases batteries from us on a back-to-back basis in accordance with the number of BaaS. In practice, we generally provide new batteries, with an expected useful life of at least eight years, on new vehicles delivered to both BaaS users and non-BaaS users.

Together with the launch of the BaaS, we entered into service agreements with the Battery Asset Company, pursuant to which we provide services to the Battery Asset Company including batteries monitoring, maintenance, upgrade, replacement, IT system support and others, with monthly service charges. Additionally, in case of any default in payment of subscription fees from users, the Battery Asset Company would require our support to track and lock down the battery subscribed by users to limit their usage. When purchasing the batteries from us, the Battery Asset Company gets to secure long-term subscribers of the BaaS model, which in turn generates stable returns over an extended period of time for the Battery Asset Company. Based on mutual agreement between our Company and the Battery Asset Company, batteries owned by the Battery Asset Company and batteries owned by users are both available for swapping to all users, whether subscribed for the BaaS or not. We are capable of identifying and tracking each battery pack through our cloud system. We ensure the quality of battery swapping and subscription experience under the BaaS by providing battery operation services directly to our users. In addition, we appointed one of our management team members as the chairman of the Battery Asset Company to participate and provide guidance in the critical operational matters, and gather feedback as a shareholder through customary information rights.

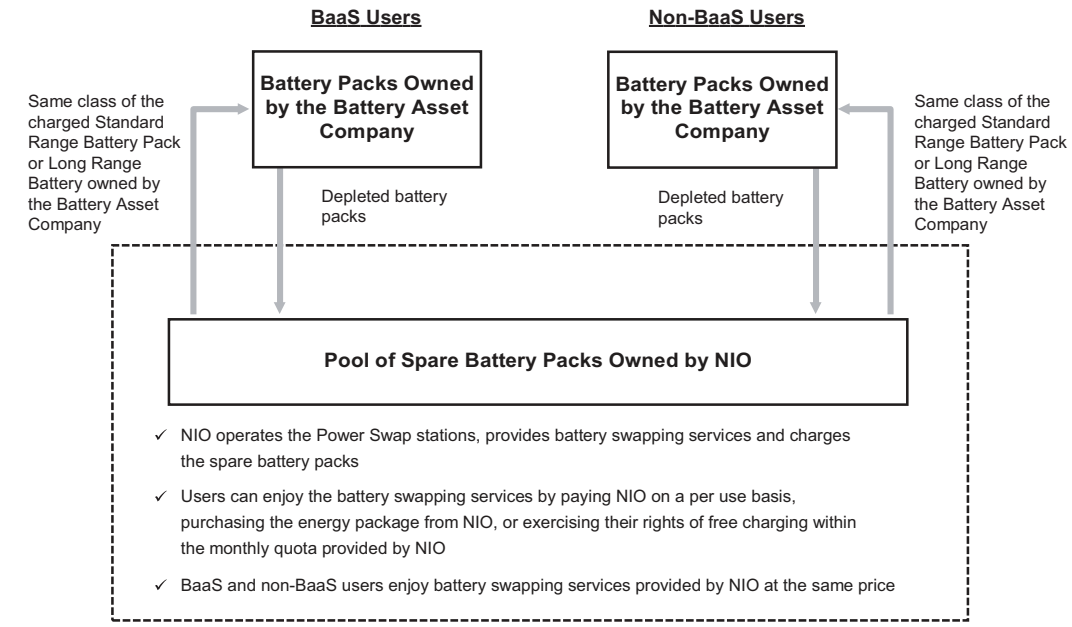
The below chart sets forth how battery sales operate under the BaaS model.



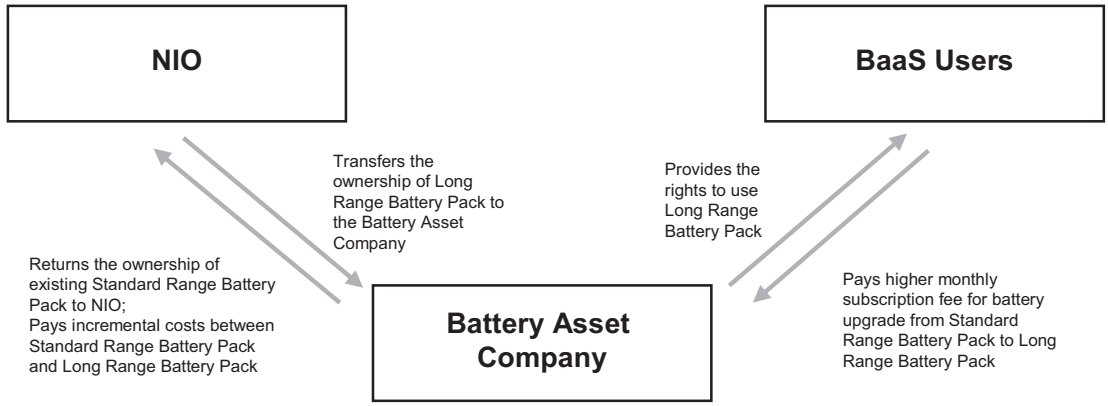
Enabled by vehicle-battery separation and battery subscription, our users enjoy a chargeable, swappable, upgradable battery usage experience. Both BaaS users and non-BaaS users are able to enjoy battery swapping services at the Power Swap stations owned and operated by us. We own and operate the Power Swap stations and establish a battery pool by contributing the battery packs in this pool. The "depleted" batteries swapped out of users' vehicles will be kept physically in the Power Swap station to be charged until they are swapped on to another vehicle. As set out in our contracts with users (under non-BaaS model) and the Battery Asset Company (under BaaS model) and in order to facilitate the battery swapping arrangement, the user or the Battery Asset Company (as the case may be) is entitled to the battery pack(s) without identifying any specific battery pack in the battery pool. The contracts also provide that, during the period when this particular battery pack remains in the Power Swap station as part of our spare batteries pool, its title is deemed to be held by our Company. After completing battery swaps, the charged batteries swapped on to BaaS users' vehicles are deemed to be owned by the Battery Asset Company, while those swapped on to non-BaaS users' vehicles are deemed to be owned by the respective users themselves. In other words, when a battery swap occurs, the deemed title of the battery pack transfers between parties accordingly. BaaS users enjoy a lower upfront purchase price and flexible subscription options for batteries of various capacities according to their needs on a monthly or yearly basis, as well as flexibility of battery upgrades in the future. For the year ended 31 December 2021, over half of the users to whom we delivered vehicles chose BaaS subscription.

For the battery swapping services, we consider the battery swapping in substance a battery charging service instead of battery exchange. Therefore, we recognise revenue for battery swapping service at the amount of consideration paid by users for swapping. The related recognition policy is as set out under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies – Revenue Recognition".

The below chart sets forth how battery swapping operates in practice.



The below chart sets forth how battery upgrade operates in practice.



By decoupling the battery from the sale of the vehicle, we are able to enhance the competitiveness of our products with lower upfront purchase cost and flexible battery subscription experience, and recognise revenue for both the sales of vehicles without batteries as well as the sales of batteries to the Battery Asset Company at the time of vehicle deliveries.

As the owner of the battery assets under the BaaS, the Battery Asset Company purchases the batteries at a lump-sum payment on a monthly basis and receives operation services from NIO, and offers battery subscription services to BaaS users. The Battery Asset Company makes payment to NIO on a monthly basis based on the number of battery backs purchased during the month. In case of any default in payment of subscription fees from users, the Battery Asset Company has right to request us to track and lock down the battery subscribed by users to limit its usage, and we agreed to provide guarantee to the Battery Asset Company for the default. The maximum amount of guarantee that can be claimed by the Battery Asset Company for the users' payment default shall not be higher than the accumulated service fees we receive from the Battery Asset Company. During the Track Record Period, both service revenue and guarantee liability were immaterial. Through the arrangements under the BaaS, the Battery Asset Company can generate revenue through subscription fees and has achieved profitability. The Battery Asset Company purchases the batteries from us at the time when the vehicles are sold, and receives monthly payments from our users. The Battery Asset Company is able to achieve profitability and generate net profit when the monthly subscription fees paid by our users are larger than the cost incurred, including

depreciation of battery assets, other operating costs and interest expenses, if any. For the year ended 31 December 2021, the Battery Asset Company generated revenue of RMB352.9 million and net profit of RMB57.3 million. In addition, the Battery Asset Company is exploring new ways to increase the residual value of the batteries with the support of its investors, including NIO. When the batteries are deemed to be at the end of their useful life for uses on electric vehicles, the Battery Asset Company would seek to generate additional revenue by maximizing the residual value of such batteries. For example, battery cells of such batteries could be used for other purposes such as energy storage at wind or solar power stations to mitigate the intermittent nature of renewable power generation, or to be recycled to recover valuable chemical materials and be reused during the manufacturing process for batteries. Such uses would create additional revenue for the Battery Asset Company.

OUR POWER SOLUTIONS

We offer a comprehensive and innovative suite of power solutions to address the charging and swapping needs of our users. Our power solutions include home charging called Power Home, battery swapping called Power Swap, supercharging piles called Power Charger, and mobile charging called Power Mobile, all of which are connected to cloud-enabled Power Cloud, which synchronizes users' power consumption information and our power network, and intelligently suggests the appropriate services, according to the users' locations and power consumption patterns. Our users not only get to check the availability of charging and swapping resources of NIO's own network, but also have access to a network of public chargers and their real-time information through the Power Map on our NIO app. In addition, we offer our users our One Click for Power valet service where we pick up, charge and then return the vehicle. Our goal is to provide the most convenient power solutions to our users.

On 15 April 2021, we entered into a framework agreement with China Petroleum & Chemical Corporation, or Sinopec, the Chinese state-owned oil producer. Pursuant to the agreement, we and Sinopec will work together on building battery charging and swapping infrastructure in gas stations in China. Sinopec and us will collectively select appropriate gas stations from its nationwide network for collaboration, and we will pay Sinopec rental fees as part of the arrangement. We believe this strategic collaboration will enhance efficiency of site selection for our charging and swapping facilities, provide better user experiences and help convert more gasoline car users to electric vehicles. As of 31 December 2021, we had built 126 battery charging and swapping facilities under our cooperation with Sinopec, including 50 Power Swap stations, 47 Power Charger stations and 29 charging stations through publicly accessible charging infrastructure.

Power Home

Through Power Home, we install home chargers at our users' homes whenever the installation is feasible. Currently, we are offering our users standard home chargers and high-speed smart home chargers.

Power Swap

All of our vehicles support battery swapping. Our Power Swap station 1.0 has a typical size of approximately three parking spaces and accommodates five batteries. Once a vehicle is parked in the swap station and the swap function is activated, battery swapping will take place within minutes. The Power Swap station 2.0, which began deployment in April 2021, is designed to accommodate up to 13 batteries to substantially boost the daily service capacity of the battery swap stations.

We plan to further enhance the efficiency of the battery swap stations and strategically deploy more swap stations in selected geographical areas to ensure consistent optimal battery swap experience for our users as the number of our vehicles sold grows.

Power Charger

Through Power Charger, our supercharging piles, we provide our users a fast and reliable power solution. Users are able to locate, use and pay for the charging through our NIO app. Our Power Chargers are of a slim design and are located in parking lots and other locations easily accessible to our users.

As of 31 December 2021, we had 3,404 Power Chargers in operation, covering 163 major cities in China. We plan to further enhance the efficiency and expand the deployment of our Power Chargers to cater to the growing user demand.

We generally rent premises to build Power Swap stations and Power Charger stations. Meanwhile, we sell Power Chargers and provide installation services to some selected third parties. In these cases, the third parties own and operate the Power Charger stations, and own or rent the premises for the Power Charger stations. We connect them to our network for our users to apply.

Power Mobile

Through Power Mobile, we provide charging services through fast charging vans with our proprietary fast-charging technologies, supplementing our swapping and charging network. Users are able to book Power Mobile services in advance through our NIO app.

As of 31 December 2021, we had 318 Power Mobile vans in operation. We regularly adjust the deployment of Power Mobile vans in China based on our user distribution and user needs and plan to improve the efficiency of these NIO Power Mobile vans to create better experiences for users.

Power Map

In addition to our own swapping and charging network, our users have access to a network of public chargers and their real-time information through the Power Map on our NIO app, which consisted of over 450,000 publicly accessible charging piles as of 31 December 2021. In order to further improve user experience, we have been working to increase the number of chargers with data synchronized to our Power Cloud.

One Click for Power

We offer our users our One Click for Power valet service. Through our NIO app, a user can have our team pick up his or her vehicle at the user's designated parking location for valet charging or swapping. The vehicle is driven to a nearby charging station or battery swap station, or a charging van is driven to the parking location. The vehicle is returned to the user once battery charging or swapping is completed. Users are able to select "immediate service" which provides the fastest charging option to meet a more urgent charging demand or "reservation service" for scheduled charging services. We aim to provide users with the most convenient charging experience by identifying the most appropriate charging solution based on the user's travel habits through cloud-based smart scheduling.

We offer our users our worry-free energy package, including 15 times of One Click for Power valet services and 1,000 kWh power quota every month, for a fixed monthly fee. Users who do not purchase our energy package are able to access our One Click for Power and other power services on a pay-per-use basis.

SERVICE AND WARRANTY

Our users can access a full suite of innovative services on our NIO app, as part of our strategy of redefining the user experience. In addition to our battery swapping services, BaaS and NIO Power solutions described above, we offer our users NIO Service, primarily through our worry-free service package and worry-free insurance package. We believe our service capability is among the core competitiveness we possess.

Service

Service Network

We currently provide servicing both through NIO service centers and authorized third-party service centers, both of which provide repair, maintenance and bodywork services.

For our NIO service centers, we have dedicated qualified technicians who receive regular professional trainings and skill tests, which ensures high-quality user services. As of 31 December 2021, we had 54 NIO service centers across 35 cities in China. For authorized third-party service centers, we have a devoted management team to carefully select and bring authorized service centers into our network, most with experience servicing high-end branded vehicles. As of 31 December 2021, we had 181 authorized service centers across 139 cities in China.

In addition to our service centers, we have deployed 220 service vans serving users' needs in different regions as of 31 December 2021.

Service Package

We offer our users a worry-free service package, which provides statutory and third-party liability and vehicle damage insurance through third-party insurers, repair and routine maintenance services, courtesy vehicles, roadside assistances and enhanced data packages, among other services.

Users are able to arrange for vehicle services using our NIO app. At the user's request, we pick up the vehicle, arrange for maintenance and repair services, and then return the vehicle to the user once the services are done. We will also assist the user in engaging with the insurance company and provide necessary support when it is needed.

In addition to the worry-free service package, we have also started to offer a worry-free insurance package since 1 March 2020. Users can supplement their insurance with designated insurance providers, and pay an annual fee for NIO's competitive maintenance and paint-repair services, courtesy vehicles, roadside assistances, enhanced data packages and other additional services.

Auto Financing

We currently have agreements with several commercial banks in China, pursuant to which we assist users across China in acquiring financing when they purchase our vehicles. We also offer auto financing arrangements to users directly through our subsidiaries.

NIO Certified (Used Vehicle Service)

In January 2021, we launched NIO Certified, our used vehicle service, to provide high-quality services for used NIO vehicle transactions. We have developed the capabilities in the major cities in China to cover services including used vehicle inspection, evaluation, acquisition and sales. If users are interested in purchasing used NIO vehicles, they can directly find the product information and place orders on our NIO app.

Warranty Policy

For an initial retail purchaser of a new NIO vehicle, we provide an extended warranty in China subject to certain conditions, including, among others, that the extended warranty only applies for the initial retail purchaser of the new vehicle and not for any subsequent buyers of the vehicle; the user must service the vehicle only with us or one of our authorized service centers; and the vehicle must not have experienced any major accident. As required under relevant PRC law, we also provide (i) a bumper-to-bumper three-year or 120,000-km warranty, (ii) for critical EV components (batteries, electric motors, power electric units and vehicle control units), an eight-year or 120,000-km warranty, and (iii) a two-year or 50,000-km warranty covering vehicle repair, replacement and refund. See "Risk Factors – Risks Related to Our Business and Industry – Our warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance.".

SUPPLY CHAIN, MANUFACTURING AND QUALITY ASSURANCE

We view the suppliers and manufacturers we work with as key partners in our vehicle development process. We aim to leverage our partners' industry expertise to ensure that each vehicle we produce meets our strict quality standards.

Supply Chain

We work with global and local supply chain partners while the majority of our supply base is located in China, which enables us to acquire supplies more quickly and reduces the overall logistics-related cost.

We obtain systems, components, raw materials, parts, manufacturing equipment and other supplies and services from suppliers which we believe to be reputable and reliable. We follow our internal process to source suppliers taking into account quality, cost and timing. We continuously innovate our supply chain in order to establish a more effective and diverse supply chain system. We actively cultivate partnerships with suppliers that have innovative technological capabilities and cost advantages, thereby increasing the competitiveness and innovativeness of our supply chain.

Many of the components used in our vehicles are purchased from a single source. We choose to work with the limited number of key component suppliers, because we believe the key components we apply are supported by the most advanced and reliable technologies, which are supplied by a limited number of leading players in the industry, according to Frost & Sullivan. Our key components include batteries and semiconductor chips. All of our batteries are sourced from CATL. In addition, our key suppliers for the autonomous driving and digital cockpit semiconductor chips for the vehicle models delivered during the Track Record Period include Mobileye and Nvidia. We have also added Qualcomm as a semiconductor chip supplier for our vehicle models. Eventually we plan to implement a multi-source volume purchasing strategy in order to reduce our reliance on sole source suppliers. According to Frost & Sullivan, CATL is the largest battery supplier in China. Qualcomm is one of the leading semiconductor chip companies in the world. Mobileye and Nvidia are among the top players of autonomous driving and digital cockpit chipsets in the world. We have been building up our in-house R&D capabilities and diversifying our supply sources in the strategic areas. In terms of battery, we set up an in-house Battery System Department early in the development of our Company. The Battery System Department is responsible for battery design and battery management system design and development. It has successfully developed the cell-to-pack 75kWh and 100kWh battery jointly with CATL while exploring other advanced battery technologies and other potential cooperation opportunities with players in the industry. Our directors and senior management are aware of the supply chain risks resulted from the concentration of our key component suppliers. With regard to semiconductor chip supply, we classify all the chipsets used in our vehicles into various groups. For the ones we do not believe we face major supply risks given that our component suppliers are able to procure sufficient volume of such chipsets, we work closely with our component suppliers to ensure sufficient supply in an

efficient manner, learning from the industry's best practices. For the ones that we have identified supply chain risks, we actively work with our component suppliers or directly with the semiconductor chip manufacturers to secure as many supplies as possible. Meanwhile, we scan the market to build up a network of potential suppliers for these semiconductor chips. Given that we primarily choose to work with credible suppliers with global coverage, and have been able to maintain good cooperative relationship with our suppliers, our directors and senior management currently believe the likelihood of the suppliers' termination of cooperation with us or any material adverse change to our cooperative relationship with our suppliers is relatively low.

We usually enter into our standard form of agreements with our suppliers. Suppliers shall provide to us the goods and services at terms and conditions as provided under the agreements according to the pre-determined schedule. We typically pay suppliers with respect to the goods provided after receipt of goods and within 90 days upon receipt of invoices issued by suppliers. The suppliers provide quality warranty for the goods sold to us. Neither we nor the suppliers are allowed to subcontract or assign any obligations under the agreements. We typically have the right to terminate the agreement with suppliers due to our strategy or business concern by giving a six-month prior written notice to supplier. In addition, either party has the right to terminate the agreement upon a material default by the other party. We hold our suppliers to high ethical standards of code of conducts in areas such as human rights, labor conventions such as prohibition of forced labour and child labour, environmental protection and anti-corruption, and incorporate these standards in our cooperation agreements with our suppliers.

Manufacturing

Vehicle Manufacturing

Since 2016, Jianghuai Automobile Group Ltd., or JAC, a major state-owned automobile manufacturer in China, has been our partner for the joint manufacturing of our vehicles. JAC is an automobile enterprise with a 50-year history in automotive manufacturing of passenger and commercial vehicles that integrates R&D, production and sales of a full range of commercial vehicles, passenger vehicles and powertrains, and covers many fields such as ride hailing/sharing and financial services. JAC has in-house development, manufacturing, and testing capabilities for new energy vehicles, and is an established player in China's new energy vehicle market. We entered into an arrangement with JAC for manufacturing the ES8 for five years starting from May 2016. In April 2019 and March 2020, we entered into manufacturing cooperation agreements with JAC for the manufacturing of the ES6 and the EC6, respectively. In March 2021, we entered into definitive agreements with JAC to establish a joint venture for manufacturing management and operations, Jianglai Advanced Manufacturing Technology (Anhui) Co., Ltd., or Jianglai. As of the date of this Introductory Document, we hold 50% equity interest in Jianglai. In May 2021, we entered into renewed manufacturing agreements regarding the joint manufacturing of our vehicles, including ET7 and other future models, and related fee arrangements with JAC and Jianglai.

JAC currently manufactures the NIO vehicles in delivery, including the ES8, ES6, EC6 and ET7, in the Hefei JAC-NIO manufacturing plant designed and constructed for NIO vehicles. For the years ended 31 December 2019, 2020 and 2021 and up to the Latest Practicable Date, all of our vehicles were manufactured in the JAC-NIO manufacturing plant. However, this is a non-exclusive arrangement and we are able to undertake the manufacturing of our vehicles on our own or through other third parties. Pursuant to our original agreements with JAC with respect to the ES8, ES6 and EC6, we paid JAC for each vehicle produced on a per-vehicle basis monthly for the first three years. In addition, at the beginning of our cooperation with JAC when JAC made upfront capital expenditures, there was no guarantee provided to JAC on the number of vehicles that the plant would produce, and JAC bore considerable uncertainty as to its revenues from the manufacturing cooperation with us. Taking into consideration of the risks JAC bore, we agreed that, for the first 36 months after the start of production, which commenced on April 2018, to the extent the Hefei manufacturing plant incurred any operating losses, we would compensate JAC for such operating

losses. The amount of indemnification shall be determined based on the audit results of operating losses of the JAC-NIO manufacturing plant prepared by an accounting firm engaged by JAC, subject to our confirmation. For the years ended 31 December 2019, 2020 and 2021, we recorded RMB206.7 million, RMB65.4 million and nil, respectively, in cost of sales for compensation of losses, and RMB234.1 million, RMB466.2 million, RMB715.1 million (US$112.2 million), respectively, in cost of sales for manufacturing and processing fees and relevant expenses.

In May 2021, we entered into renewed manufacturing agreements regarding the joint manufacturing of our vehicles, including ET7 and other future models, and related fee arrangements with JAC and Jianglai. Pursuant to the renewed joint manufacturing arrangements, from May 2021 to May 2024, JAC will continue to manufacture the ES8, ES6, EC6, ET7 and potentially other NIO models in the pipeline. In addition, JAC will expand its vehicle and component annual production capacity to 240,000 units (calculated based on 4,000 work hours per year) in order to meet the growing demand for our vehicles, which we expect to be achieved around the middle of 2022. We will be in charge of vehicle development and engineering, supply chain management, manufacturing techniques, and quality management and assurance. We will also invest in specialized equipment, such as molds and inspection tools, for the mass production of our vehicles. Jianglai will be responsible for parts assembly and operation management. Under both the original and renewed joint manufacturing arrangements, we are in charge of vehicle development and engineering. A major difference between the original and renewed arrangements is the fee arrangement. Under the original arrangements, we paid JAC for each vehicle produced on a per-vehicle basis, and for the first 36 months after the start of production, which commenced on April 2018, to the extent the Hefei manufacturing plant incurred any operating losses, we agreed to compensate JAC for such operating losses. The fee arrangements under the renewed arrangements consist of the following: (i) asset depreciation and amortization with regard to the assets JAC invested and to invest for the manufacture of NIO models as actually incurred, payable monthly and subject to adjustment annually; (ii) vehicle production and processing fees recorded on a per-vehicle basis, payable monthly and subject to adjustment annually; (iii) certain compensatory arrangement up to a capped amount for JAC's investment into the JAC-NIO manufacturing plant, including for the land, factory and equipment; (iv) relevant tax; and (v) purchase amount of certain production materials.

Pursuant to the renewed joint manufacturing arrangements, we pay JAC for the manufacturing of NIO vehicles, while JAC pays Jianglai for the part assembly services provided by Jianglai separately. In the first, second, third and fourth quarter of 2021, we delivered 20,060, 21,896, 24,439 and 25,034 vehicles and recorded RMB175.3 million, RMB178.3 million, RMB177.7 million and RMB183.8 million, respectively, in cost of sales for manufacturing and processing fees and relevant expenses. The JAC related manufacturing and processing fees and relevant expenses and compensation for losses on a per-vehicle basis declined substantially in the third quarter compared with that in the first and second quarter due to the lower per-vehicle cost charged under the renewed agreement with JAC. The term of this renewed manufacturing agreement is three years, while all parties agree in principal with a total of ten-year cooperation, from May 2021 to May 2031, relating to the manufacturing of NIO vehicles. The parties will re-negotiate business terms of the manufacturing agreements every three years and enter into renewed agreements. The renewed manufacturing agreement can be terminated at the request of us or JAC upon written consent of the other parties. We believe the new agreements allow us to benefit from economies of scale and manufacturing efficiency improvement in the future. In the meantime, despite the lower per-vehicle cost charged under the new agreements, the new agreements allow JAC to generate increased revenue from its cooperation with our Company in light of the increasing vehicle delivery volume, which we believe promotes our long-term mutually beneficial cooperative relationship with JAC. To meet the growing user demand, we decided to further deepen our cooperation and jointly expand the capacity of JAC-NIO manufacturing plant based on our long-term partnership and our good cooperative relationship in joint manufacturing over the past few years. We believe that the JAC-NIO manufacturing plant is well-suited to manufacture our existing and future models, including the ES8, ES6, EC6, ET7 and potentially other NIO models in the pipeline.

Our directors are aware of the concentration risk of our manufacturing arrangement, and the Company is actively working to mitigate the risk. According to Frost & Sullivan, joint manufacturing is common in the automotive industry. With such arrangement, OEMs can focus on certain key aspects, such as vehicle development and engineering, supply chain management, manufacturing techniques and quality management, while the manufacturing partners can focus on parts assembly and operation management. We believe the joint manufacturing arrangement with JAC helps us, as an early-stage company, draw manufacturing experience from JAC, quickly build up the production capacity, achieve successful mass production and fast ramp up with high quality products. Our employees are part of the management team of the JAC-NIO manufacturing plant. We exercise significant control in the manufacturing partnership with JAC in order to ensure high quality standards. We conduct product development, provide supply chain systems, set production technique standards, and put in place quality management systems. We developed a manufacturing process development and simulation platform to reduce defects in process development to the extent possible. We apply the NIO lean manufacturing system in the JAC-NIO manufacturing plant to improve execution efficiency and quality. The factory is designed according to our specific requirements, process and quality standards, and currently can only support the manufacturing of NIO vehicles. In order to ensure stable manufacturing capabilities, we continue to strengthen our cooperation with JAC.

The JAC-NIO manufacturing plant has modern production facilities and techniques, and also applies environmentally friendly techniques and uses renewable energy. We place great emphasis on the environment, health and safety, or EHS, management of the factory at JAC. We have worked with JAC to establish a set of factory safety guidelines and provide EHS trainings to ensure that the factory is operating in accordance with safety regulations. In addition, we are partnering with various suppliers and academic institutions to standardize the scrap and recycle process at the factory, aiming to maximize the lifetime value of all used vehicle components and parts.

In order to meet the rapidly growing demand for our vehicles and to support the manufacturing of our future models, in addition to expanding the annual production capacity of the JAC-NIO manufacturing plant, together with our partners, we are building a new manufacturing plant in Xinqiao Industrial Park with a designed annual production capacity of up to 300,000 units (calculated based on 5,000 work hours per year). We expect to start our vehicle production in the new manufacturing plant in the third quarter of 2022. According to Frost & Sullivan, global battery electric vehicle, or BEV, market is expected to grow at a CAGR of 42% from 2020 to 2025. China's BEV sales are expected to grow at a CAGR of 44% from 2020 to 2025, reaching 6.2 million units. Within China's electric vehicle market, the premium smart electric vehicle segment is expected to achieve the highest growth during the period from 2020 to 2025 at a CAGR of 48%. Furthermore, we plan to continue to launch new models in the upcoming years to expand our product lineup and broaden our user base. We have started to deliver the ET7, our flagship premium smart electric sedan, in March 2022, and expect to start delivery of the ET5, our mid-size premium smart electric sedan, in September 2022. We also plan to continue to expand internationally to capture the growing EV demand overseas.

Our estimated expenditure in constructing our second manufacturing plant is not above US$600 million, and we have incurred approximately US$200 million as of 28 February 2022. We intend to finance the expenditure using proceeds from equity fund raising, borrowings and/or cash flow from business activities.

Electric Powertrain Manufacturing

We have established our Advanced Manufacturing Technology and Engineering Center, or AMTEC, in Nanjing for the production of electric powertrains, which mainly serve as a key component for our vehicles. The plant and ancillary facilities of Nanjing AMTEC Phase I have a building area of 64,133.13 square meters and mainly produce electric motors and electric drive components. The Nanjing AMTEC Phase II has a building area of 49,665.46 square meters and production facilities for electric motors. Its production lines are highly automated and flexible with advanced MES systems and AGVs, and were put into operation in June 2019. See "Business – Properties" for further details.

The production capacity and utilization rates for our Advanced Manufacturing Technology and Engineering Center is as follows:

Products produced	Number of production lines	Estimated technical capacity			Actual production			Utilisation Rate		
		FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021
Electric powertrains	3	180,000	200,000	225,000	41,764	91,944	193,316	23%	46%	86%

Quality Assurance

We aim to deliver high-quality products and services to our users in line with our core values and commitments. We believe that our quality assurance systems are the key to ensuring the delivery of high-quality products and services, and to minimize waste and to maximize efficiency. We have established a quality committee for the overall quality management of our Company. The quality committee is chaired by our executive vice president, and is responsible for formulating the group-level quality assurance policies, strategies, goals and initiatives and reviewing the progress of quality goals. We strongly emphasize quality management across all business functions, including product development, manufacturing, partner quality management, procurement, power solutions, user experience, service and logistics. Our quality management groups are responsible for our overall quality strategy, quality systems and processes, quality culture, and general quality management implementation.

In the research and development stage, we have established an FMA (Failure Mode Analysis) sub-committee and a reliability working group to continuously improve the awareness, knowledge and ability of problem prevention in product design, process design, service design and other aspects. We have built an NPDP (NIO Product Development Platform) to manage the entire product development process, efficiently integrating the workflows of various business departments, and achieving high-quality management of vehicles to be delivered.

In the manufacturing stage, we implement end-to-end quality planning based on product and process characteristics, covering quality issue prevention, incoming material inspection, in-process inspection, customer review, pre-shipment inspection and rapid problem resolution. In the meantime, we actively promote the digitalisation of manufacturing quality management in various cases, including problem management, change point management, vehicle management, personnel management and others. Through intelligent data monitoring and analysis, we are able to timely detect abnormalities and make corrections.

In terms of supply chain, we have established the NIO Quality Premium Partner evaluation system, which comprehensively evaluates our partners from various dimensions to achieve effective quality control of the supply chain. On top of the regular audit and training of our supply chain partners, we organize expert resources of different fields and functions to work together with the supply chain partners in need of capability enhancement to quickly improve their process assurance and quality control capabilities.

In addition, we collect users' feedbacks through various channels, such as hotline, NIO App, NIO Fellow, user service group and NOMI in our vehicles, and direct these feedback to our product experience, service and quality assurance team so as to drive the fast iteration and improvement in terms of product development, manufacturing and supply chain. We have obtained the ISO9001 quality management system certification across our group, including our offices in Europe and the United States, as well as the JAC-NIO manufacturing facility, which provides a strong guarantee for the systematic efficiency of the company's operations.

CERTAIN OTHER COOPERATION ARRANGEMENTS

Hefei Strategic Investors

On 29 April 2020, we entered into an investment agreement, or the initial investment agreement, and a shareholder's agreement, or the initial shareholders' agreement (collectively, the "**initial agreements**"), for investments into NIO Holding Co., Ltd. (previously known as NIO (Anhui) Holding Co., Ltd.), or NIO China, a legal entity wholly owned by us pre-investment, with Hefei Construction Co., CMG-SDIC Capital Co., Ltd. ("**SDIC**") and Anhui High-tech Co..

Pursuant to the initial agreements, each investor may designate a fund managed by it or a third party, as applicable, to perform the investment obligations and assume other rights and obligations under the initial agreements. Accordingly, on 5 June 2020, we entered into respective supplemental agreements I to the initial agreements with the investors and their respective designated funds, Jianheng New Energy Fund, Advanced Manufacturing Industry Investment Fund and New Energy Automobile Fund. Under the supplemental agreements I, (i) Hefei Construction Co. designated Jianheng New Energy Fund to assume all of its rights and obligations under the initial agreements, (ii) SDIC designated Advanced Manufacturing Industry Investment Fund to assume all of its rights and obligations under the initial agreements, (iii) Anhui High-tech Co. designated New Energy Automobile Fund to perform a portion of its investment obligations under the investment agreement and assume the corresponding rights and obligations under the initial agreements, and (iv) Anhui High-tech Co. will continue to perform the remaining of its investment and other obligations not assigned to New Energy Automobile Fund and enjoy its rights under the initial agreements. On 5 June 2020, NIO China updated its industrial and commercial registration with the local branch of the SAMR to reflect, among others, Jianheng New Energy Fund, Advanced Manufacturing Industry Investment Fund, Anhui High-tech Co. and New Energy Automobile Fund as NIO China's investors. On 18 June 2020, we entered into respective supplemental agreements II with the parties to the supplemental agreements I and Anhui Provincial Sanzhong Yichuang Industry Development Fund Co., Ltd., another designated fund of Anhui High-tech Co. Under the supplemental agreements II, Anhui High-tech Co. designated Anhui Provincial Sanzhong Yichuang Industry Development Fund Co., Ltd. to assume its remaining rights and obligations under the initial agreements that had not been assigned to New Energy Automobile Fund pursuant to the supplemental agreements I.

The initial investment agreement, as amended and supplemented, is referred to as the Hefei Investment Agreement, and the initial shareholders agreement, as amended and supplemented, is referred to as the Hefei Shareholders Agreement in this Introductory Document. The Hefei Investment Agreement and the Hefei Shareholders Agreement are collectively referred to as Hefei Agreements in this Introductory Document, and the group of investors with whom we entered into the Hefei Agreements are referred to as the Hefei Strategic Investors in this Introductory Document.

Under the Hefei Investment Agreement, the Hefei Strategic Investors agreed to invest an aggregate of RMB7 billion in cash into NIO China. We agreed to inject our core businesses and assets in China, including vehicle research and development, supply chain, sales and services and NIO Power, or together as the Asset Consideration, into NIO China. The Asset Consideration is valued at RMB17.77 billion, as calculated based on 85% of the market value of our Company (calculated based on our average ADS trading price over the thirty (30) public trading days preceding 21 April 2020). As of the Latest Practicable Date, the injection of our core businesses and assets into NIO China has been completed. Further, we agreed to invest RMB4.26 billion in cash into NIO China. Pursuant to the Hefei Shareholders Agreement, upon the completion of the investments, we held 75.885% of controlling equity interests in NIO China, and the Hefei Strategic Investors collectively held the remaining 24.115%. In September 2020, February 2021 and September 2021, we, through one of our wholly-owned subsidiaries, purchased from certain Hefei Strategic Investors equity interests in NIO China and subscribed for newly increased registered

capital of NIO China to increase our shareholding. After the completion of these transactions, as of the Latest Practicable Date, we held 92.114% controlling equity interests in NIO China.

Pursuant to the Hefei Investment Agreement, the Hefei Strategic Investors and we agreed to each inject cash into NIO China in five installments, of which we agreed to pay the last installment on or before 31 March 2021, which has been completed. Moreover, the Asset Consideration will be injected into NIO China in several phases, with the last phase to be injected within one year of closing, subject to certain post-closing price adjustment mechanisms.

Pursuant to the Hefei Agreements, NIO China will establish its headquarters in the Hefei Economic and Technological Development Area, or the HETA, where our main manufacturing hub is located, for its business operation, research and development, sales and services, supply chain and manufacturing functions. We will collaborate with the Hefei Strategic Investors and HETA to develop NIO China's business and to support the accelerated development of the smart electric vehicle sectors in Hefei in the future. In addition, NIO China could enjoy a series of subsidies and support from HETA, including rent subsidies, financial support and preferential tax treatment, when NIO China meets certain performance criteria, such as targets for manufacturing capacity, procurement amount and vehicle sales.

Pursuant to the Hefei Shareholders Agreement, the Hefei Strategic Investors have certain minority shareholder rights, including, among others, the right of first refusal, co-sale right, preemptive right, anti-dilution right, redemption right, liquidation preference and conditional drag-along right. In particular, the following rights, among others, directly relate to obligations of NIO Inc.

Hefei Investment Agreement

Waiver of Pre-emptive Right and Termination provisions. We, amongst others, agreed to waive the pre-emptive right, the right of first refusal and any other priority rights relating to the cash injection into NIO China and payment of the Asset Consideration pursuant to the Hefei Investment Agreement (this "**Transaction**") available under applicable PRC laws, the articles of association of NIO China, and any previous agreements entered into among the direct/indirect shareholders of NIO China. We, amongst others, agreed to warrant that no third party or indirect shareholder shall have the pre-emptive right, the right of first refusal or any other prior or pre-emptive rights with respect to this Transaction.

The Hefei Investment Agreement may be terminated by, among others, the following means:

(a) The Parties agree to terminate the Hefei Investment Agreement in writing and determine the termination effective date;

(b) Prior to the Closing Date (as defined at Article 3.5 of the Hefei Investment Agreement), the Hefei Strategic Investors shall have the right to terminate the Hefei Investment Agreement by giving a written notice to the other Parties in the event of the occurrence of any of the following circumstances and shall specify the effective date of such termination in the notice:

    (1) The statements, representations or warranties of NIO China or the Company, amongst others, are untrue or have omission in material aspects;

    (2) NIO China or the Company, amongst others, breaches any covenant, statement, representation, warranty, covenant or any other obligation hereunder, and fails to take effective remedies satisfactory to the Investors within twenty (20) business days after the Hefei Strategic Investor gives a written notice of such breach.

Redemption right. The Hefei Strategic Investors may require us or our Hong Kong holding vehicles, the immediate holding companies of NIO China, to redeem all or a portion of the equity interests in

NIO China held by the Hefei Strategic Investors at a redemption price of the total amount of the investment price equal to the Hefei Strategic Investors plus an investment income calculated at a compound rate of 8.5% per annum upon the occurrence of certain events. The events leading to Hefei Strategic Investors' exercise of their redemption rights include, but are not limited to, the following: (A) NIO China's failure to submit an application for the qualified initial public offering within 48 months, or failure to complete the qualified initial public offering within 60 months, following receipt of the first instalment of investment; (B) significant concealment, misleading, false statement or suspected fraud of NIO China in the process of information disclosure for the Hefei investment; (C) false or fraudulent capital contribution or withdrawal of our capital contribution to NIO China; (D) material integrity problems of the core management team of NIO China; (E) major changes in the main business of NIO China; (F) resignation of more than half of the core management team within two years prior to the date of submission of the application for the qualified initial public offering; and (G) change of control in NIO China. If any of the triggering events of redemption occurs, we will need substantial capital to redeem the equity interests in NIO China held by the Hefei Strategic Investors. In particular, if NIO China fails to apply for the qualified initial public offering by July 2024, which is 48 months following the Hefei Strategic Investors' payment of the first installment, or if NIO China fails to complete the qualified initial public offering by July 2025, which is 60 months following the Hefei Strategic Investors' payment of the first installment, the Hefei Strategic Investors may request us to redeem the equity interest in NIO China then held by them. Assuming we still hold 92.114% controlling equity interests in NIO China in July 2024 or July 2025, the amount of redemption consideration, calculated based on a compound rate of 8.5% per annum, will be approximately RMB4,019.0 million or RMB4,360.6 million, respectively. As the deadline for NIO China to file for a qualified initial public offering is in July 2024, we do not have specific plans for the initial public offering of NIO China as of the date of this document. In order to proceed with the initial public offering of NIO China, we are subject to various requirements under the Listing Rules of the Hong Kong Stock Exchange and relevant practice notes, including, among others, the requirement in the level of operations and assets of the remaining business in our Company following the spin-off to maintain listing status, the approval of the relevant stock exchange and shareholder approval. Our directors are of the view that in the case where the triggering events for redemption such as failure to file an application for or complete the qualified initial public offering of NIO China occur and we are required to redeem all or a portion of the equity interests in NIO China then held by the Hefei Strategic Investors, considering our expected cash position, we believe the redemption will not have a material impact on our operations and financial condition. If we proceed with the initial public offering of NIO China, following the spin-off of NIO China, we expect to continue to operate through XPT Limited, a wholly-owned subsidiary of our Company that designs, develops and manufactures electric powertrains, battery packs and other electric drive components and also serves as the supplier of our above key components. We also expect to continue our overseas operation.

Hefei Shareholders Agreement

Duration of NIO China and Term of the Hefei Shareholders Agreement. The duration of NIO China will be fifty (50) years from its incorporation date ("**Duration of the Target Company**"). The term of the Hefei Shareholders Agreement shall be from the effective date hereof to the expiration or early termination date of the Duration of the Target Company ("**Term**"), which may be renewable upon mutual agreement of the Parties.

Events of Early Termination of the Hefei Shareholders Agreement. The Hefei Shareholders Agreement may be terminated and NIO China dissolved prior to the expiration of the Term upon the occurrence of any of the following events and in accordance with the following provisions:

(a) by either Party, if NIO China is unable to continue operation during any fiscal year due to an event of Force Majeure and such situation has existed for a period of one hundred and eighty (180) days or more;

(b) by either Party, upon approval by the shareholders' meeting, if NIO China becomes bankrupt or insolvent, or any of its major assets (including, without limitation, working capital, any operation license, permit or governmental approval) necessary for the conduct of its operation activities is not obtained, or is withdrawn, forfeited, revoked or expropriated by any governmental authority, or becomes invalid or has expired and is not renewed, as a result of which NIO China is unable to conduct normal operation activities or is unable to attain its business objectives;

(c) by the Hefei Strategic Investors in any event of any deemed liquidation event set forth in the Hefei Shareholders Agreement; and

(d) if the Parties unanimously agree that, the termination of NIO China is in the best interests of the Parties, and approved by the shareholders' meeting.

Share transfer restriction. Before NIO China completes its potential qualified initial public offering, without the prior written consent of the Hefei Strategic Investors, we may not directly or indirectly transfer, pledge or otherwise dispose of NIO China's equity interests to a third party that may result in our shareholding in NIO China falling below 60%. Without the prior written consent of the Hefei Strategic Investors, we have the right to directly or indirectly transfer, pledge or otherwise dispose of no more than 15% of NIO China's equity interests. A qualified initial public offering refers to an initial public offering approved, registered or filed with the China Securities Regulatory Commission, Shanghai Stock Exchange, Shenzhen Stock Exchange or other overseas securities issuance review agencies jointly approved by all shareholders of NIO China, and NIO China's equity interests are issued and listed on the stock exchange market recognised by all shareholders of NIO China.

Liquidation preference. In the event that NIO China is liquidated, the Hefei Strategic Investors are guaranteed a minimum investment return equal to the sum of their capital contribution in NIO China by the Hefei Strategic Investors plus an investment income calculated at a compound interest rate of 8.5% per annum on the basis of the total amount of their capital contribution. If the total consideration received by the Hefei Strategic Investors in such liquidation events is not sufficient to realize the guaranteed minimum investment return, we undertake to compensate separately the shortfall to the Hefei Strategic Investors in cash. Therefore, we could potentially be liable for the full amount of the minimum investment return under the Hefei Investment Agreement.

NIO Parties' Redemption Right. Before NIO China is converted into a company limited by shares for the purpose of its qualified initial public offering, we and/or our designated third party have the right to redeem half of the shares Jianheng New Energy Fund acquired through this investment. The redemption price will be the higher of the following (a) the amount of the total paid-in capital increase price in respect of the equity interests to be purchased by us or our designated parties, plus investment income calculated at a simple interest rate of 10% per annum; and (b) the value of the equity interests to be redeemed by us or our designated parties determined based on the valuation of NIO China in the most recent round of financing.

NIO's Capital Increase right. Before 31 December 2021, we and our affiliates designated by us have the right to unilaterally subscribe for up to US$600 million purchase price of the then newly increased registered capital of NIO China, at the same subscription price at which the Hefei Strategic Investors invested in NIO China pursuant to the Hefei Agreements.

We ensure effective control in NIO China through the following measures: (i) at the shareholder level, as of the Latest Practicable Date, we held 92.114% controlling equity interests in NIO China; (ii) at the board level, we are entitled to nominate five directors to the seven-member board of directors of NIO China; (iii) according to NIO China's shareholders' agreement, we have the power to unilaterally direct NIO China's activities that most significantly impact its economic performance, including but not limited to the rights to establish operating and financial decisions of NIO China

(including budgets) in the ordinary course of business; and (iv) the Hefei Strategic Investors are only entitled to certain veto rights such as change in NIO China's corporate structure, change of its core business and amendment to its articles of association, which were not considered as participating rights and would not overcome the presumption of consolidation by us with a majority voting rights.

As a result, we are the controlling shareholder of NIO China and effectively control NIO China.

Subsequent to the entry into the Hefei Agreements, the cash contribution obligations of us and the Hefei Strategic Investors have all been fulfilled and we have exercised our redemption right and capital increase right described above in September 2020. In particular, in connection with the exercise of our redemption right, we redeemed from Jianheng New Energy Fund 50% of the equity interests in NIO China then held by the Jianheng New Energy Fund in September 2020, which accounted for 8.612% equity interests in NIO China, and the total consideration we paid for such redemption was RMB511.5 million, consisting of the actual capital increase payment Jianheng New Energy Fund had made plus prorated interest accrued at an interest rate of 10% per annum. In addition, we assumed Jianheng New Energy Fund's remaining cash contribution obligation of RMB2.0 billion. In connection with our exercise of our capital increase right, we, through one of our wholly-owned subsidiaries, subscribed for newly increased registered capital of NIO China at a consideration of US$600 million. In addition, in February 2021, we, through one of our wholly-owned subsidiaries, also purchased from two of the Hefei Strategic Investors an aggregate of 3.305% equity interests in NIO China for a total consideration of RMB5.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB10.0 billion. In September 2021, we, through one of our wholly-owned subsidiaries, purchased from a minority strategic investor of NIO China an aggregate of 1.418% equity interests in NIO China for a total consideration of RMB2.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB7.5 billion.

As a result of these transactions, as of the Latest Practicable Date, the registered capital of NIO China was RMB6.429 billion, and we held 92.114% controlling equity interests in NIO China. We have fulfilled all obligations due to be fulfilled under the Hefei Agreements as of the date of this Introductory Document.

Hefei Government

On 4 February 2021, NIO China entered into a further collaboration framework agreement with the municipal government of Hefei, Anhui province, where NIO China's headquarters is located. Under the framework agreement, among other things, the Hefei government and NIO China agreed in principle to jointly build a world-class industrial campus to support the development and innovations of the smart electric vehicle industry and related supply chains led by NIO China. In addition, the Hefei government and its associated parties plan to re-invest their returns from the equity investments in NIO China to support the further cooperation in Hefei. The framework agreement is preliminary in nature, and its implementation will be subject to legally binding definitive transaction documents to be discussed and entered into further.

Battery Asset Company

In August 2020, we and Contemporary Amperex Technology Co., Limited ("**CATL**"), Hubei Science Technology Investment Group Co., Ltd. and a subsidiary of Guotai Junan International Holdings Limited (collectively, the "**Initial BaaS Investors**"), jointly established Wuhan Weineng Battery Asset Co., Ltd., or the Battery Asset Company. CATL is a Chinese battery manufacturer and technology company that specializes in the manufacturing of lithium-ion batteries for electric vehicles and energy storage systems, as well as battery management systems. Hubei Science Technology Investment Group Co., Ltd. is an investment company focusing on science and technology development. Guotai Junan International Holdings Limited is a financial service

company listed on the Main Board of the Hong Kong Stock Exchange that provides diversified integrated financial services. We and the Initial BaaS Investors each invested RMB200 million and held 25% equity interests in the Battery Asset Company at its establishment. In December 2020, FutureX Innovation SPC, Future ICT Opportunity Fund II LP, Qingdao Ziming Hexing Equity Investment Partnership (Limited Partnership) (青岛自明和兴股权投资合伙企业(有限合伙)), Shandong Weida Machinery Co., Ltd. (山东威达机械股份有限公司) and Taiping E-Commerce Service Co., Ltd. (太平金融服务有限公司) (together, the "**Series A+ Capital Increase**") entered into an Investment Agreement with the Battery Asset Company and the Initial BaaS Investors, pursuant to which Series A+ Investors shall subscribe an aggregate of 44.44% equity interest in the Battery Asset Company at a total consideration of RMB640.0 million. Upon completion of the Series A+ Capital Increase, the shareholding structure of the Battery Asset Company was as follows:

Shareholder	**Percentage of Equity Interest (%)**	**Background of Shareholder**
NIO Holding Co., Ltd. (蔚来控股有限公司)	13.89	A PRC subsidiary of our Company; a strategic investor that specializes in the development, manufacturing and sales of NEVs
Guotai Junan Financial Product Co., Ltd. (国泰君安金融产品有限公司)	13.89	A Hong Kong limited company; a financial investor with rich experience in private investment and capital market investment
Hubei Science & Technology Investment Group Co., Ltd. (湖北省科技投资集团有限公司)	13.89	A PRC company; a strategic investor with investment experience in technology industry
Contemporary Amperex Technology Co., Limited (宁德时代新能源科技股份有限公司)	13.89	A PRC company; a strategic investor that specializes in the manufacturing of batteries
FutureX Innovation SPC	9.26	A Cayman Islands limited company; financial investor
Future ICT Opportunity Fund II LP	4.63	A Hong Kong limited company; financial investor
Qingdao Ziming Hexing Equity Investment Partnership (Limited Partnership) (青岛自明和兴股权投资合伙企业(有限合伙))	13.89	A PRC limited partnership; financial investor
Shandong Weida Machinery Co., Ltd. (山东威达机械股份有限公司)	10.41	A PRC company; financial investor
Taiping E-Commerce Service Co., Ltd. (太平金融服务有限公司)	6.25	A PRC company; financial investor

In April 2021, FutureX Innovation SPC transferred a portion of its interest in the Battery Asset Company that equals 1.85% of the total equity interest of the Battery Asset Company to Suzhou Yuanxi III Venture Capital Investment Partnership (Limited Partnership) (苏州元晰三号创业投资合伙企业 (有限合伙)) ("**Jiangsu Yuanxi**"). Furthermore, FutureX ICT Opportunity Fund II LP transferred a portion of its interest in the Battery Asset Company that equals 1.62% of the total equity interest of the Battery Asset Company to Jiangsu Yuanxi, and transferred the remaining 3.00% equity interest in the Battery Asset Company to FutureX Investment I Company Limited. Meanwhile, Wuhan Qianlong Wuyong Enterprise Management Consulting Partnership (Limited Partnership) (武汉市潜龙勿用企业管理咨询合伙企业(有限合伙)) entered into an Investment Agreement with the Battery Asset Company, the Initial BaaS Investors, Jiangsu Yuanxi, FutureX Investment I Company Limited and the Series A+ Investors, pursuant to which Wuhan Qianlong Wuyong Enterprise Management Consulting Co., Ltd. shall subscribe for 4.76% equity interests in the Battery Asset Company at a consideration of RMB72.0 million ("**ESOP Capital Increase**"). Upon completion of the aforementioned share transfers and the ESOP Capital Increase, the shareholding structure of the Battery Asset Company was as follows:

Shareholder	**Percentage of Equity Interest (%)**	**Background of Shareholder**
NIO Holding Co., Ltd. (蔚来控股有限公司)	13.23	A PRC subsidiary of our Company; a strategic investor that specializes in the development, manufacturing and sales of NEVs
Guotai Junan Financial Product Co., Ltd. (国泰君安金融产品有限公司)	13.23	A Hong Kong limited company; a financial investor with rich experience in private investment and capital market investment
Hubei Science & Technology Investment Group Co., Ltd. (湖北省科技投资集团有限公司)	13.23	A PRC company; a strategic investor with investment experience in technology industry
Contemporary Amperex Technology Co., Limited (宁德时代新能源科技股份有限公司)	13.23	A PRC company; a strategic investor that specializes in the manufacturing of batteries
FutureX Innovation SPC (for and on behalf of Special Opportunity Fund X SP)	7.06	A Cayman Islands limited company; financial investor
FutureX Investment I Company Limited	2.86	A Hong Kong limited company; financial investor
Suzhou Yuanxi III Venture Capital Investment Partnership (Limited Partnership) (苏州元晰三号创业投资合伙企业(有限合伙))	3.31	A PRC limited partnership; financial investor
Qingdao Ziming Hexing Equity Investment Partnership (Limited Partnership) (青岛自明和兴股权投资合伙企业(有限合伙))	13.23	A PRC limited partnership; financial investor

Shareholder	Percentage of Equity Interest (%)	Background of Shareholder
Shandong Weida Machinery Co., Ltd. (山东威达机械股份有限公司)	9.92	A PRC company; financial investor
Taiping E-Commerce Service Co., Ltd. (太平金融服务有限公司)	5.95	A PRC company; financial investor
Wuhan Qianlong Wuyong Enterprise Management Consulting Partnership (Limited Partnership) (武汉市潜龙勿用企业管理谘询合伙企业(有限合伙))	4.76	A PRC limited partnership; ESOP platform of the Battery Asset Company

In August 2021, the Battery Asset Company conducted Series B financing with an aggregate amount of RMB530.5 million. A few more financial investors invested in the Battery Asset Company, and Guotai Junan Financial Product Co., Ltd. exited. We invested an additional RMB270 million in the Battery Asset Company in connection with its Series B financing. Upon the completion of the Series B financing and as of the date of this document, the shareholding structure of the Battery Asset Company is as follows:

Shareholder	Percentage of Equity Interest (%)	Background of Shareholder
NIO Holding Co., Ltd. (蔚来控股有限公司)	19.84	A PRC subsidiary of our Company; a strategic investor that specializes in the development, manufacturing and sales of NEVs
Angel Prosperity Investment HK I Limited	13.02	A Hong Kong limited company; a financial investor
Hubei Science & Technology Investment Group Co., Ltd. (湖北省科技投资集团有限公司)	10.91	A PRC company; a strategic investor with investment experience in technology industry
Contemporary Amperex Technology Co., Limited (宁德时代新能源科技股份有限公司)	10.91	A PRC company; a strategic investor that specializes in the manufacturing of batteries
FutureX Innovation SPC (for and on behalf of Special Opportunity Fund X SP)	5.82	A Cayman Islands limited company; financial investor
FutureX Investment I Company Limited	3.35	A Hong Kong limited company; financial investor
Suzhou Yuanxi III Venture Capital Investment Partnership (Limited Partnership) (苏州元晰三号创业投资合伙企业(有限合伙))	2.73	A PRC limited partnership; financial investor

Shareholder	Percentage of Equity Interest (%)	Background of Shareholder
Qingdao Ziming Hexing Equity Investment Partnership (Limited Partnership) (青岛自明和兴股权投资合伙企业(有限合伙))	10.91	A PRC limited partnership; financial investor
Shandong Weida Machinery Co., Ltd. (山东威达机械股份有限公司)	8.18	A PRC company; financial investor
Taiping E-Commerce Service Co., Ltd. (太平金融服务有限公司)	4.91	A PRC company; financial investor
Wuhan Qianlong Wuyong Enterprise Management Consulting Partnership (Limited Partnership) (武汉市潜龙勿用企业管理谘询合伙企业(有限合伙))	3.93	A PRC limited partnership; ESOP platform of the Battery Asset Company
FutureX Phi Limited	0.21	A BVI limited company; financial investor
Xiamen International Trade Industry Development Equity Investment Fund Partnership (Limited Partnership) (厦门国贸产业发展股权投资基金合伙企业(有限合伙))	1.65	A PRC limited partnership; financial investor
Wuhan Paradise Silicon Valley Hengxin Venture Capital Fund Partnership (Limited Partnership) (武汉天堂硅谷恒新创业投资基金合伙企业(有限合伙))	0.58	A PRC limited partnership; financial investor
Hefei Paradise Silicon Valley Anbotong Hetai Equity Investment Partnership (Limited Partnership) (合肥天堂硅谷安博通和泰股权投资合伙企业(有限合伙))	0.66	A PRC limited partnership; financial investor
Hangzhou Paradise Silicon Valley Yunpei Equity Investment Partnership (Limited Partnership) (杭州天堂硅谷云沛股权投资合伙企(有限合伙))	0.74	A PRC limited partnership; financial investor
Shaoxing Keqiao Paradise Silicon Valley Lingxin Equity Investment Partnership (Limited Partnership) (绍兴柯桥天堂硅谷领新股权投资合伙企业(有限合伙))	0.66	A PRC limited partnership; financial investor
Changjiang Guanggu New Energy Industry Investment Fund (Hubei) Partnership (Limited Partnership) (长江光谷新能产业投资基金(湖北)合伙企业(有限合伙))	0.99	A PRC limited partnership; financial investor

To the best of our knowledge, the Battery Asset Company is currently dedicated to purchasing and owning the assets of batteries which are subscribed by users under the BaaS, and is also conducting research and development of battery-related materials and recycling technologies, and seeking to develop business opportunities with other auto companies. We and the Battery Asset Company Investors jointly provide comprehensive support to the development of the Battery Asset Company in user operations, technologies, funding and infrastructure. Given that we have a good cooperative relationship with the Battery Asset Company and its other shareholders, the reasonable internal rate of return and manageable risks to the Battery Asset Company from the current arrangement under the BaaS, our directors believe the likelihood of the termination of our cooperation or material adverse change to our cooperative relationship with the Battery Asset Company is relatively low.

For the year ended 31 December 2020, the Battery Asset Company generated revenue of RMB5.1 million and net profit of RMB4.2 million. For the year ended 31 December 2021, the Battery Asset Company generated revenue of RMB352.9 million and net profit of RMB57.3 million.

COMPETITION

Competition in the automotive industry is intense and evolving. We believe the impact of shifting user needs and expectations, favourable government policies towards new energy vehicles, expanding charging infrastructure, and technological advances in electric components are causing the industry to evolve in the direction of electric-based vehicles. We believe the primary competitive factors in our markets are:

- pricing;
- technological innovation;
- vehicle performance, quality and safety;
- service and charging options;
- user experience;
- design and styling; and
- manufacturing efficiency.

The automotive market is generally competitive. We have strategically entered into this market in the premium smart EV segment in which there is limited competition relative to other segments. However, we expect this segment will become more competitive in the future. Our vehicles also compete with ICE vehicles in the premium segment. Given the quality and performance of our vehicles and their attractive pricing, we believe that we are strategically positioned in the premium smart electric vehicle market.

INTELLECTUAL PROPERTY

We have significant capabilities in the areas of vehicle engineering, development and design. We have developed a number of proprietary systems and technologies. We designed and developed electric powertrain in-house, which consists primarily of an electric drive system and an intelligent vehicle control system. Regarding batteries, we jointly designed and developed the 75 kWh battery and the 100 kWh NCM battery with our proprietary battery management system. As a result, our success depends, at least in part, on our ability to protect our core technology and intellectual property, including our registered patents for electric powertrain and battery technologies. To accomplish this, we rely on a combination of patents, patent applications and trade secrets,

including employee and third-party nondisclosure agreements, copyright laws, trademarks, intellectual property licenses and other contractual rights to establish and protect our proprietary rights in our technology. We will actively monitor and pursue claims against unauthorized use of our intellectual property.

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on copyright, trademark and patent law and confidentiality, invention assignment and non- compete agreements with our employees and others to protect our proprietary rights. As of 31 December 2021, we had 2,843 issued patents, 1,801 pending patent applications, 3,625 registered trademarks and 1,592 pending trademark applications in the United States, China, Europe and other jurisdictions. As of 31 December 2021, we also held or otherwise had the legal right to use 152 registered copyrights for software or works of art and approximately 700 registered domain names, including www.nio.io. We intend to continue to file additional patent applications with respect to our technology.

CUSTOMERS AND SUPPLIERS

We have a broad base of customers, and our top five customers, including the Battery Asset Company, accounted for less than 15% of our total revenues for each of the years ended 31 December 2019, 2020 and 2021, respectively. The Company's five largest suppliers accounted for less than 35% of its purchases for each of the years ended 31 December 2019, 2020 and 2021, and none of them individually accounted for more than 25% of its purchases for the year ended 31 December 2020 or 2021. As of the Latest Practicable Date, based on publicly available information, none of our directors or their associates (as defined in the Listing Manual) held a 5% or more shareholding interest in our top five suppliers.

CORPORATE SOCIAL RESPONSIBILITY

With the mission of shaping a joyful lifestyle for our users, we are committed to being a force for good in the aspects of environmental, social and governance ("**ESG**"). With the guidelines of the United Nations Global Compact Sustainable Development Goals, Global Reporting Initiative, and Greenhouse Gas Protocol, we have identified the following three important pillars in our ESG initiatives, which have been integrated into our business operations and corporate governance.

Environmental Sustainability

Global climate change has already had observable effects on the world. We therefore commit to playing our part by implementing the low carbon strategy. To respond to the impact of climate change and examine the corresponding risks and opportunities, we align with the Task Force on Climate-related Financial Disclosure (TCFD) framework to identify the strategy for tackling the risks.

With the growing focus on climate change, the world is gradually shifting away from fossil fuels to renewable energy. To contribute to this transition, we leverage our technology, infrastructure and relationships with users and suppliers to reduce the environmental impacts of transportation. To make a positive contribution to better protect the planet, we have taken a series of measures in decarbonization, recycling, and sustainable product design and development. We actively carry out product lifecycle carbon emission evaluation, develop analysis models based on industry standards (ISO 14067 and PAS 2050), collect and monitor all vehicle material information based on CAMDS (China Automotive Material Data System), and establish NIO's internal material database-Material WorX, which studies and calculates the carbon emission of the entire vehicle lifecycle from raw material sourcing, production, utilization and recycling.

At the product design and development stage, based on the philosophy of design for recyclability, we conduct comprehensive research on the availability and application of sustainable materials on

our products, including PCR (post-consumer recycling) materials. For instance, we apply Karuun® renewable rattan on ET7 and Clean+ sustainable material on ET5. In the meantime, we are constantly improving our technologies and material application to reduce the carbon emission and energy consumption of our product portfolio. For example, we had successfully reduced our product energy consumption by over 25% in the past few years. During the manufacturing process, we actively leverage clean energy both in our plant and our partners' facilities, including applying photovoltaic technology and ground-source heat pump system. In March 2022, we reached a strategic cooperation agreement with Chinalco to join forces on new material research and carbon reduction efforts. In addition, we implemented water, aluminum and other scrap material recycling in our plant and aim to further expand our recycling efforts throughout the product lifecycle. For example, NIO Life launched a green-thinking product line, Blue Sky Lab, to create eco-friendly fashion products by reusing the scrap materials during the manufacturing process, including leather, fabric and others.

Moreover, we have initiated a series of activities together with different stakeholders to protect the environment and support the broader community. In 2021, we launched Blue Points Plan to help users certify emission reductions and trade carbon credits. We have also launched Clean Parks, an ecosystem co-construction initiative. As of now, we have rolled out the initiative in six ecologically sensitive areas in China. We aim to contribute to ecosystem building, support the adoption of smart electric vehicles and clean energy infrastructure in the nature reserves, and establish a clean and low-carbon energy circulation to protect the authenticity and integrity of ecosystem. In April 2022, we joined hands with WWF China (World Wide Fund for Nature) in the Clean Parks initiative and expect to work with more partners to build a more sustainable environment. Our environmental protection efforts also extend to our partners and employees. We have obtained ISO14001 certification on Environmental Management System, established a self-regulation mechanism for environmental management based on PDCA (Plan, Do, Check and Action) of ISO14001, and asked everyone in our Company to pay attention to environmental protection in our daily activities and business operations. We select business partners based on various parameters, including quality, technical capabilities, cost and carbon emission commitment. We provide comprehensive trainings to our partners in terms of quality, technology, sustainability, digitalization, intellectual property protection and others.

Social Sustainability

At NIO, we are fully committed to be socially responsible and make a positive impact on the society. By putting our users' interests first, we set high quality, safety and privacy standards for and make continuous improvements on our products and services, and aim to shape a joyful lifestyle for our users through our deep user engagement in different touch points and user activities, including NIO Day, NIO Summer, Seeds and user workshops. Based on global safety and quality standards (Euro-NCAP, China-NCAP and CIASI) and internal quality management system, we conduct vigorous tests on our products during the development and manufacturing phases and cascade all the requirements to the subsystems and components, including crash load case, occupant protection, pedestrian protection, high voltage safety, prototype validation, system integration and functional safety. In terms of manufacturing, we have obtained ISO9001 and IATF16949 certifications. Internally, we have set up a quality committee to coordinate cross-functional resources to solve quality issues, while our quality control team tracks, monitors and analyses potential quality issues through daily operations. Users can provide their feedback and complaints to us through various touch points, including our NIO debug system, NIO app, NIO fellows and service hotlines.

Based on our values of honesty, care, vision and action, we offer a series of training and employee engagement activities and implement comprehensive safety measures to create a positive, safe and caring working environment, and provide diversified career development paths for our employees. In addition to complying with relevant laws and regulations in respect of occupational health and safety, we have adopted a series of policies and measures, provided relevant safety,

compliance and security trainings, and received ISO45001 certification on Occupational Health and Safety Management System. Based on the characteristics of our Company, we have developed our comprehensive NIO Career Path, covering nine job sectors, 40 job categories and over 130 positions, to enable employees to choose suitable professional or management career path. To better support the career development of our employees, we offer around 64 online and offline courses, including general courses, technical courses and leadership courses in addition to compulsory trainings on corporate values, compliance, information security, environment health and safety and others. In 2021, our employees received around 43 hours of training on average. On top of our employee stock ownership plan and compulsory benefits and insurances covering all employees, we also offer our employees various supplementary insurance such as medical insurance, critical illness insurance, accident insurance and life insurance, housing provident fund and other benefits. We have conducted annual employee satisfaction survey in our regional companies and received positive feedback from our employees regarding the work environment, corporate culture, teamwork and internal communication.

We have established various corporate social responsibility initiatives to comprehensively give back to the communities and to create value for the society. We are the sponsor of the Formula E Student China, a competition event where college students design and race electric racing vehicles, allowing us to nurture the young talent for the future of the automotive industry. At the beginning of the COVID-19 pandemic in China, in January 2020, NIO Users Trust set aside and applied RMB5.0 million special funds for the fight against the pandemic. During the flood in Henan in July 2021, our Company donated RMB15.0 million in support of the emergency rescue operation in Henan. Our users have also been actively and regularly organizing and participating in various social benefit projects. They played and taught music in various rural primary schools, bringing the joy of music and art to children in rural areas. Our users also set up Operation Smile to help children with cleft lip and palate regain their smiles. In the face of the COVID-19 resurgence in some parts of China in April 2022, we delivered Power Up Food Boxes to our users and employees to support those in need.

Governance

We strictly abide by all laws and regulations and aim to protect the rights and interests of shareholders, enhance corporate value, guide the formulation of business strategies and policies and increase corporate transparency. To promote our sustainable development and strengthen the effectiveness of governance, we appropriately balance the diversity among board members and management team. As a vital part of our Company, our management and board members contribute their insights into the strategic decision-making process by drawing on their gender perspective and diversified industry and technical background, including automotive, internet, real estate, consulting, etc. We also aim to develop a pipeline of potential female successors to the Board to increase the percentage of female Board representatives in the coming years.

As a responsible company, we serve the long-term value of our business and act with integrity and ethics. We established comprehensive internal ethics and compliance system and polices to manage our business behaviour and prohibit corruption, bribery, extortion, fraud, money laundering, monopoly and unfair competition, and insider trading. To enable comprehensive supervision of ethics, we set up the reporting mechanism and conduct the protection of whistle-blowers.

To support our mission and advance our ESG and sustainability initiatives, we established a cross-functional working group focusing on sustainability and ESG related topics and initiatives, which is led by our senior management team consisting of the chief financial officer and one of our executive vice presidents. The working group has established an environmental, social and governance communication and management mechanism, involving both internal teams and external partners, to comprehensively protect the environment, improve our corporate governance and benefit society.

We have been continuously improving our environmental, social and governance initiatives under the guidance of our sustainability framework. We actively engage relevant stakeholders in our ESG and sustainability endeavours and appreciate the oversight, guidance and feedback from different parties and are committed to collaborating closely with domestic and international organizations to support broader industry-wide ESG practices, to explore multi-dimensional use cases for our technologies, to empower traditional industries with our capabilities and to promote a healthier and joyful lifestyle and the long-term sustainability of our society.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. We continually review the implementation of our risk management and internal control policies and procedures to enhance their effectiveness and sufficiency.

Financial reporting risk management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policy and treasury management policy. Our finance department reviews our management accounts based on such policies. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Internal control risk management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our internal control team works closely with our legal, finance and business departments to: (a) perform risk assessments and advise risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our Company.

We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our internal control team conducts regular reviews to monitor the status and effectiveness of those licenses and approvals. Our in-house legal department works with relevant business departments to obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

In connection with the preparation and external audit of our consolidated financial statements as of and for the year ended 31 December 2019, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting and concluded that our internal control over financial reporting was ineffective as of 31 December 2019. The material weakness was that we did not have sufficient competent financial reporting and accounting personnel with an appropriate understanding of U.S. GAAP to (i) design and implement formal period-end financial reporting policies and procedures to address complex U.S. GAAP

technical accounting issues and (ii) prepare and review our consolidated financial statements and related disclosures in accordance with U.S. GAAP and the financial reporting requirements set forth by the SEC.

We have implemented a number of remedial measures to address the material weakness, including (i) establishing clear roles and responsibilities for accounting and financial reporting staff to address accounting and financial reporting issues; (ii) strengthening our financial reporting team by hiring additional personnel with experience in U.S. GAAP and SEC reporting from reputable accounting firms; (iii) further increasing the accounting and SEC reporting acumen and accountability of our finance organization employees through training programs designed to enhance these employees' competency with respect to U.S. GAAP and SEC reporting; (iv) enhancing our monitoring controls over financial reporting, including additional review by our chief financial officer, financial vice president, and other senior finance staff over the application of U.S. GAAP accounting requirements, the selection and evaluation of U.S. GAAP accounting policies, critical accounting judgments and estimates, reporting and disclosures; (v) establishing related policies and procedures to support the operation of internal controls at the entity level and process level; and (vi) strengthening our internal audit function by hiring additional personnel with industry internal audit experience and experience in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. As a result, this material weakness had been remediated as of 31 December 2020.

Our management has concluded that our internal control over financial reporting was effective as of 31 December 2021. In addition, our independent registered public accounting firm has audited the effectiveness of our internal control over financial reporting as of 31 December 2021.

Data and technology system risk management

We mainly collect and store data relating to the usage of our vehicles, the autonomous driving system and intelligent operating system, as well as data collected through our sales and services channels. Sufficient maintenance, storage and protection of user data and other related information are critical to our business. We dedicate significant resources to developing and implementing programs designed to protect user privacy, promote a safe environment and ensure the security of user data. We have qualified for Grade III of China's Administrative Measures for the Graded Protection of Information Security.

The user privacy policy on our platform describes our data use practices and how privacy works on our platform. Specifically, we collect personal information and data from users only with their prior consent, and we provide users with adequate notice as to the data being collected, undertake to manage and use the data collected in accordance with applicable laws and make reasonable efforts to prevent the unauthorized use, loss or leak of user data. We only collect data that is relevant to our business and take measures to de-sensitize user data according to the laws and regulations in the jurisdictions we operate. We then analyze such information to improve our technologies, products and services.

In addition, we use a variety of technologies to protect the data with which we are entrusted and have a team of privacy professionals dedicated to the ongoing review and monitoring of data security practices. For example, we store all user data in encrypted format and strictly limit the number of personnel who can access those servers that store user data. We generally do not share user data with our business partners. In the limited cases where absolutely necessary, we only share minimum amount of user data, and include in our agreements with business partners a strict personal data privacy and security clause. In addition, we encrypt our data transmission, especially user data transmission, using sophisticated security protocols and algorithms to ensure confidentiality. For our external interfaces, we also utilize firewalls to protect against potential attacks or unauthorized access. We segregate our internal databases and operating systems from our external-facing services and intercept unauthorized access. We back up our user data and

operating data on a regular basis in separate back-up systems to minimize the risk of customer data loss or leakage. Whenever an issue is discovered, we take prompt actions to upgrade our system and mitigate any potential problems that may undermine the security of our system. We provide regular company-wide training to ensure that not only our technology, research and development employees, but also employees in business, legal and other departments of our Company are well aware of the significance of and the measures we adopt for data security. We have complied with the applicable laws and regulations on data privacy and security in all jurisdictions that we operate in all material respects during the Track Record Period and up to the date of this Introductory Document.

Human resources risk management

We provide regular and specialized training tailored to the needs of our employees in different departments and compliance policies. We regularly organize internal training sessions conducted by senior employees or outside consultants.

We have in place an employee handbook and a code of business conduct and ethics approved by our board of directors which is distributed to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with resources to explain the guidelines contained in the employee handbook.

We have in place an anti-bribery and corruption policy to safeguard against any corruption within our Company. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. We make our internal reporting channel open and available for our staff to report any bribery and corruption acts. Any reported incidents and personnel will be investigated and appropriate measures will be taken.

Investment risk management

We invest in or acquire businesses that are complementary to our business, such as businesses that can expand our product offerings and strengthen our R&D capabilities. In order to control the risks associated with our investments, we generally request our investee companies to grant us customary investor protective rights.

Our investment department is responsible for reviewing investment proposals made by relevant business units, and making recommendations to the board. Our finance and legal departments cooperate with the deal team on deal analysis, communication, execution, risk control and reporting. After investing in a company, our investment department monitors the deal performance on a regular basis.

Audit committee oversight

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

Our audit committee consists of Denny Ting Bun Lee, Hai Wu and Yu Long, all of whom are independent non-executive directors. Denny Ting Bun Lee is the chairman of our audit committee. For the professional qualifications and experiences of the members of our audit committee, see “Directors and Senior Management”.

EMPLOYEES

We had 7,442, 7,763 and 15,204 full-time employees as of 31 December 2019, 31 December 2020 and 31 December 2021 respectively. We do not employ a significant number of temporary employees. The following table sets forth the numbers of our employees categorized by function and region as of 31 December 2019, 2020 and 2021.

	As of 31 December 2019	As of 31 December 2020	As of 31 December 2021
China:			
User experience (sales and marketing and service)	3,632	4,141	7,977
Product and software development	2,176	1,954	4,516
Manufacturing	520	650	991
General administration	571	695	1,283
North America:			
Product and software development	357	149	153
Manufacturing	–	–	5
General administration	20	2	47
Europe:			
User experience (sales and marketing and service)	101	75	55
Product and software development	34	35-	140
General administration	31	22	37
Total number of employees	7,442	7,763	15,204

The increase in full-time employees from 31 December 2020 to 31 December 2021 was due to the expansion of our business, in particular in relation to the user experience (sales and marketing and service) function as well as product and software development functions.

Our employees have set up a labour union in China according to the related Chinese labor law. To date, we have not experienced any labor strikes, and we consider our relationship with our employees to be good.

We provide competitive level of salary and other employee benefits to our employees. Every employee beneficially owns shares in our Company. We provide employees with a wide range of benefits, including but not limited to employees' commercial insurance, physical examinations, vocational training and holiday benefits. We aim to create a warm, safe and secure working environment for everyone.

PROPERTIES

Currently, we own land use rights with respect to a parcel of land in Nanjing, where our Advanced Manufacturing Technology and Engineering Centre is located, of approximately 325,217.57 square meters and the ownership with respect to the plant thereon for a term ending on 10 March 2063, which are used for the manufacture of our electric powertrains.

As of 31 December 2021, we also leased a number of our facilities in various cities in China, mainly for user centers, warehouses, power management centers and sales, marketing and customer service with an aggregated floor area of approximately 2,219,565 square meters. As of 31 December 2021, we leased property in North America for our North American headquarters and global software development center, and sales, marketing, light assembly, research and development center with an aggregate floor area of 386,341 square feet; we leased properties in Europe for management, engineering and storage and design headquarters with an aggregate floor area of 124,570 square feet. We also lease the properties which we use as our NIO Houses and NIO Space locations office space, service and logistics centres and small areas for battery swap stations in China. Our leased properties are not material leaseholds as the locations can be replaced easily without any material adverse impact on our business and operations.

We intend to add new facilities or expand our existing facilities as we add employees and expand our production organization. We believe that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate our foreseeable future expansion.

SEASONALITY

Demand for new cars in the automotive industry in general typically declines over the summer season, while sales are generally higher in the fourth quarter and spring time, especially from October to December and from March to April each year. Our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business. Also, any unusually severe weather conditions in some markets may impact demand for our vehicles.

INSURANCE

We maintain various insurance policies required by PRC laws and regulations to safeguard against risks and unexpected events. As of the Latest Practicable Date, we maintained all the insurance policies required by PRC laws and regulations. We consider that the coverage from the insurance policies maintained by us is in line with the industry norm. We do not have any business liability or disruption insurance to cover our operations. See "Risk Factors – Risks Related to Our Business and Industry – We have limited insurance coverage, which could expose us to significant costs and business disruption.". During the Track Record Period and up to the Latest Practicable Date, we have not made, nor been the subject of, any material insurance claim.

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may be involved in legal proceedings in the ordinary course of our business. Between March and July 2019, several securities class action lawsuits were filed against us, certain of our directors and officers, our underwriters in the IPO and our process agent. Some of these actions have been withdrawn, transferred or consolidated. Currently, three securities class actions remain pending in the U.S. District Court for the Eastern District of New York (E.D.N.Y.), Supreme Court of the State of New York, New York County (N.Y. County), and Supreme Court of the State of New York, County of Kings (Kings County), respectively. In the E.D.N.Y. action, *In re NIO, Inc. Securities Litigation*, 1:19-cv-01424, the Company and other defendants filed their Motion to Dismiss on 19 October 2020. Briefing on the Motion to Dismiss was completed on 4 December 2020. Certain of the Company's directors and officers (including Bin Li, Lihong Qin, Yaqin Zhang, Tian Cheng, Hai Wu, Xiang Li, Zhaohui Li, Xiangping Zhong), who were named as defendants in this action, joined the Company's Motion. On 12 August 2021, the Court denied the Motion to Dismiss. The Company and other defendants submitted their respective Answers to Plaintiffs' Complaint on 25 October 2021. The action has proceeded to the discovery stage. We have been coordinating with plaintiff's counsel to produce discovery pursuant to the court's order and in compliance with applicable PRC laws. In the New York county action, *In re NIO Inc. Securities Litigation*, Index No. 653422/2019, by an order dated 23 March 2021, the Court granted the

plaintiffs' motion to lift the stay in favour of the federal action. Plaintiffs subsequently filed an amended complaint on 2 April 2021. The Company and other defendants subsequently filed a Motion to Dismiss the complaint, along with a notice of appeal of the Court's decision to lift the stay. On 4 October 2021, the Court granted the Company and other defendants' Motion to Dismiss. Plaintiffs subsequently filed a notice of appeal to the Appellate Division of the New York State Court. Briefing has not yet commenced in either of the above appeals. In the Kings County action, Sumit Agarwal v. NIO Inc. et al., Index No. 505647/2019, the complaint was filed on 14 March 2019. The judge has yet to be assigned and there has not been any material development. The plaintiffs in these cases allege, in sum and substance, that our statements in the Registration Statement and/or other public statements were false or misleading and in violation of the U.S. federal securities laws. Specifically, plaintiffs in these actions variously allege that NIO's Offering Documents in connection with the IPO contain false or misleading statements regarding (i) the Company's plan to build a plant in Shanghai; (ii) the quality and design of the Company's electric vehicles; (iii) the impact of reductions in government subsidies for electric vehicles on the Company's competitive advantage. We believe these claims are without merit because plaintiffs' liability theory is based on post-IPO developments that the Company did not and could not have predicted before the IPO. Moreover, the Company's Offering Documents warned investors of the precise risks that are alleged to have materialized later. These actions remain in their preliminary stages. We are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuits. We are defending the actions vigorously. See "Risk Factors – Risks related to our Business and Industry – We and certain of our directors and officers have been named as defendants in several shareholder class action lawsuits, which could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation." for further details.

Nonetheless, to the best of our knowledge and belief, having made all reasonable enquiries, our Group is not involved in any legal or arbitration proceedings, including those which are pending or known to be contemplated which may have or have had, in the 12 months immediately preceding the date of this Introductory Document, a material effect on the financial position or profitability of our Group.

Our PRC Legal Adviser is of the opinion that during the Track Record Period, our Major Subsidiaries incorporated under PRC laws have complied with relevant PRC laws and regulations currently in effect in all material respects, and obtained all material requisite licenses and approvals from relevant governmental authorities for their main business operations in the PRC, and that as at the Latest Practicable Date, these licenses and approvals remained valid and in effect to the extent required for their main business operations and that no material legal impediment to the renewal of such material licenses and approvals existed. We comply in all material respects with all the applicable laws and regulations that would materially affect its business operations, and has obtained all requisite approvals that would materially affect its business operations.

We were in compliance with the applicable laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not have any material accidents, complaints, safety issues and warranty claims relating to our vehicles.

This section sets forth a summary of the most significant laws and regulations that affect our business activities in China, the United States, the United Kingdom and Germany.

REGULATIONS IN CHINA

REGULATIONS AND APPROVALS COVERING THE MANUFACTURING OF NEW ENERGY VEHICLES

The NDRC promulgated the Provisions on Administration of Investment in Automobile Industry (《汽车产业投资管理规定》) (the "**Investment Provisions**"), which became effective on 10 January 2019. According to the Investment Provisions, enterprises are encouraged to, through equity investment and cooperation in production capacity, enter into strategic cooperation relationships, carry out joint research and development of products, organise manufacturing activities jointly and increase industrial concentration. The advantageous resources in production, high learning, research, application and other areas shall be integrated and core enterprises in the automobile industry shall be propelled to form industrial alliance and industrial consortium.

According to the Regulations on the Administration of Newly Established Pure Electric Passenger Vehicle Enterprises (《新建纯电动乘用车企业管理规定》) (the "**New Electric Passenger Vehicle Enterprise Regulations**"), which became effective on 10 July 2015, before our vehicles (including our current vehicles manufactured in cooperation with JAC) could be added to the Announcement of Vehicle Manufacturers and Products (《道路机动车辆生产企业及产品公告》) (the "**Manufacturers and Products Announcement**") issued by the MIIT, a procedure that is required in order for our vehicles to be approved for manufacture and sale in China, our vehicles must meet the applicable requirements set forth in relevant laws and regulations. Such relevant laws and regulations include, among others, the Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products (《新能源汽车生产企业及产品准入管理规定》) (the "**MIIT Admission Rules**"), which became effective on 1 July 2017 and was amended on 24 July 2020, and the Administrative Rules on the Admission of Passenger Vehicles Manufacturer and Products (《乘用车生产企业及产品准入管理规则》), which became effective on 1 January 2012, and pass the review by the MIIT. NEVs that have entered into the Manufacturers and Products Announcement are required to undergo regular inspections every three years by the MIIT so that the MIIT may determine whether the vehicles remain qualified to stay in the Manufacturers and Products Announcement.

According to the MIIT Admission Rules, in order for our vehicles to enter into the Manufacturers and Products Announcement, our vehicles must satisfy certain conditions, including, among others, meeting certain standards set out therein, meeting other safety and technical requirements specified by the MIIT, and passing inspections conducted by a state-recognised testing institution. Once such conditions for vehicles are met and the application has been approved by the MIIT, the qualified vehicles are published in the Manufacturers and Products Announcement by the MIIT. Where any new energy vehicle manufacturer manufactures or sells any model of a new energy vehicle without the prior approval of the competent authorities, including being published in the Manufacturers and Products Announcement by the MIIT, it may be subject to penalties, including fines, forfeiture of any illegally manufactured and sold vehicles and spare parts and revocation of its business licenses.

REGULATIONS ON COMPULSORY PRODUCT CERTIFICATION

Under the Administrative Regulations on Compulsory Product Certification (《强制性产品认证管理规定》) which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine (the "**QSIQ**", which has been merged into the SAMR), on 3 July 2009 and became effective on 1 September 2009, and the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批实施强制性产品认证的产品目录》) which was promulgated by the QSIQ in association with the State Certification and Accreditation Administration Committee on 3 December 2001 and became effective on 1 May 2002, SAMR, as the successor of QSIQ, is responsible for the regulation and quality certification of automobiles. Automobiles and parts and components must not be sold, exported or used in operating activities until they are certified by designated certification authorities of the PRC as qualified products and granted certification marks.

REGULATIONS RELATING TO PARALLEL CREDITS POLICY ON VEHICLE MANUFACTURERS AND IMPORTERS

On 27 September 2017, the MIIT, the MOF, the MOFCOM, the General Administration of Customs of PRC and the SAMR jointly promulgated the Measure for the Parallel Administration of the Corporate Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprises (《乘用车企业平均燃料消耗量与新能源汽车积分并行管理办法》) (the "**Parallel Credits Measure**"), which was most recently amended on 15 June 2020 and took effect on 1 January 2021. Under the Parallel Credits Measure, each of the vehicle manufacturers and vehicle importers above a certain scale is required to, among other things, maintain its new energy vehicles credits, or the NEV credits, and corporate average fuel consumption credits, above zero, regardless of whether NEVs or ICE vehicles are manufactured or imported by it, and NEV credits can be earned only by manufacturing or importing NEVs. Therefore, NEV manufacturers will enjoy preferences in obtaining and calculating NEV credits.

NEV credits are equal to the aggregate actual scores of a vehicle manufacturer or a vehicle importer minus its aggregate targeted scores. According to the Parallel Credits Measure, the actual scores shall be calculated by multiplying the score of each new energy vehicle model, which depends on various metrics such as the driving range, battery energy efficiency and the rated power of fuel cell systems, and is calculated based on formula published by the MIIT (in the case of battery electric vehicle, the NEV credit of each vehicle is equal to (0.0056 x Vehicle Mileage + 0.4) x Mileage Adjustment Coefficient x Battery Energy Density Adjustment Coefficient x Electricity Consumption Coefficient), by the respective production or import volume, while the targeted scores shall be calculated by multiplying the annual production or import volume of traditional ICEs of a vehicle manufacturer or importer by the NEV credit ratio set by the MIIT. The NEV credit ratios are 14%, 16% and 18% for the years of 2021, 2022 and 2023, respectively, increasing from 10% and 12% for 2019 and 2020, respectively. Excess positive NEV credits are tradable and may be sold to other enterprises through a credit management system established by the MIIT while excess positive corporate average fuel consumption credits can only be carried forward or transferred among related parties. Negative NEV credits can be offset by purchasing excess positive NEV credits from other manufacturers or importers.

According to these measures, the requirements on the NEV credits shall be considered for the entry approval of passenger vehicle manufacturers and products by the regulators. If a passenger vehicle enterprise fails to offset its negative credits, its new products, if the fuel consumption of which does not reach the target fuel consumption value for a certain vehicle models as specified in the Evaluation Methods and Indicators for the Fuel Consumption of Passenger Vehicles (《乘用车燃料消耗量评价方法及指标》), will not be listed in the Announcement of the Vehicle Manufacturers and Products (《道路机动车辆生产企业及产品》) issued by the MIIT, or will not be granted the compulsory product certification, and the vehicle enterprises may be subject to penalties according to the relevant rules and regulations.

REGULATIONS ON ELECTRIC VEHICLE CHARGING INFRASTRUCTURE

Pursuant to the Guidance Opinions of the General Office of the State Council on Accelerating the Promotion and Application of the New Energy Vehicles (《国务院办公厅关于加快新能源汽车推广应用的指导意见》), which became effective on 14 July 2014, the Guidance Opinions of the General Office of the State Council on Accelerating the Development of Charging Infrastructures of the Electric Vehicle (《国务院办公厅关于加快电动汽车充电基础设施建设的指导意见》), which became effective on 29 September 2015, the Guidance on the Development of Electric Vehicle Charging Infrastructure (2015-2020) (《电动汽车充电基础设施发展指南(2015–2020年)》), which became effective on 9 October 2015, and the Development Plan for the New-energy Vehicle Industry (2021-2035) (《新能源汽车产业发展规划(2021–2035年)》), which became effective on 20 October 2020, the PRC government encourages the construction and development of charging infrastructure for electric vehicles, such as charging stations and battery swap stations, and only centralised charging and battery replacement power stations are required to obtain approvals for construction and permits from the relevant authorities.

The Circular on Accelerating the Development of Electrical Vehicle Charging Infrastructures in Residential Areas (《关于加快居民区电动汽车充电基础设施建设的通知》) promulgated on 25 July 2016 provides that the operators of electrical vehicle charging and battery swap infrastructure are required to be covered under liability insurance policies to protect the purchasers of electric vehicles, covering the safety of electric vehicle charging.

REGULATIONS ON AUTOMOBILE SALES

Pursuant to the Administrative Measures on Automobile Sales (《汽车销售管理办法》) promulgated by the MOFCOM on 5 April 2017, which became effective on 1 July 2017, automobile suppliers and dealers are required to file with relevant authorities through the information system for the national automobile circulation operated by the competent commerce department within 90 days after the receipt of a business license. Where there is any change to the information concerned, automobile suppliers and dealers must update such information within 30 days after such change.

REGULATIONS ON THE RECALL OF DEFECTIVE AUTOMOBILES

On 22 October 2012, the State Council promulgated the Administrative Provisions on Defective Automotive Product Recalls (《缺陷汽车产品召回管理条例》), which became effective on 1 January 2013 and were amended on 2 March 2019. The product quality supervision department of the State Council is responsible for the supervision and administration of recalls of defective automotive products nationwide. Pursuant to the administrative provisions, manufacturers of automobile products are required to take measures to eliminate defects in products they sell. A manufacturer must recall all defective automobile products. Failure to recall such products may result in an order to recall the defective products from the quality supervisory authority of the State Council. If any operator conducting sales, leasing, or repair of vehicles discovers any defect in automobile products, it must cease to sell, lease or use the defective products and must assist manufacturers in the recall of those products. Manufacturers must recall their products through publicly available channels and publicly announce the defects. Manufacturers must take measures to eliminate or cure defects, including rectification, identification, modification, replacement or return of the products. Manufacturers that attempt to conceal defects or do not recall defective automobile products in accordance with relevant regulations will be subject to penalties, including fines, forfeiture of any income earned in violation of law and revocation of licenses.

Pursuant to the Implementation Rules on the Administrative Provisions on Defective Automotive Product Recalls (《缺陷汽车产品召回管理条例实施办法》), which became effective on 1 January 2016 and was latest amended on 23 October 2020, if a manufacturer is aware of any potential defect in its automobiles, it must investigate in a timely manner and report the results of such investigation to the SAMR. Where any defect is found during the investigations, the manufacturer must cease to manufacture, sell, or import the relevant automobile products and recall such products in accordance with applicable laws and regulations.

On 23 November 2020, the SAMR issued the Circular on Further Improving the Regulation of Recall of Automobile with Over-the-Air (OTA) Technology (《关于进一步加强汽车远程升级 (OTA)技术召回监管的通知》), pursuant to which automobiles manufacturers that provide technical services through OTA are required to complete filing with the SAMR and those who have provided such services through OTA must complete such filing before 31 December 2020. In addition, if an automaker uses OTA technology to eliminate defects and recalls its defective products, it must make a recall plan and complete a filing with the SAMR.

REGULATIONS ON PRODUCT LIABILITY

Pursuant to the Product Quality Law of the PRC (《中华人民共和国产品质量法》), promulgated on 22 February 1993 and latest amended on 29 December 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines. Earnings from sales in contravention of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

FAVOURABLE GOVERNMENT POLICIES RELATING TO NEW ENERGY VEHICLES IN THE PRC

On 2 November 2020, the State Council issued the Development Plan for the New-energy Vehicle Industry (2021-2035) (《新能源汽车产业发展规划(2021-2035年)》), in order to boost the high-quality development of NEVs from 2021 to 2035. The development plan is implemented with a view to achieve the following goals: (i) by 2025, the average power consumption of NEVs will drop to 12.0 kWh per 100 kilometres. The sales volume of NEVs will reach around 20% of the total sales volume of new vehicles, and highly autonomous vehicles will achieve commercial applications in limited areas and specific scenarios; (ii) by 2035, pure electric vehicles shall become the mainstream of new vehicles for sale. Vehicle use in public areas shall achieve full electrification, fuel cell vehicles shall achieve commercialised application, and highly autonomous vehicles shall achieve large-scale application, in order to effectively promote the improvement of energy saving and emission reduction level and social operation efficiency.

Government Subsidies for Purchasers of New Energy Vehicles

On 22 April 2015, the Ministry of Finance (the "**MOF**"), the Ministry of Science and Technology (the "**MOST**"), the MIIT and the NDRC jointly issued the Circular on the Financial Support Policies on the Promotion and Application of New Energy Vehicles in 2016-2020 (《关于2016–2020年新能源汽车推广应用财政支持政策的通知》) (the "**Financial Support Circular**"), which took effect on the same day. The Financial Support Circular provides that those who purchase new energy vehicles specified in the Catalogue of Recommended New Energy Vehicle Models for Promotion and Application (《新能源汽车推广应用工程推荐车型目录》) by the MIIT (the "**Recommended NEV Catalogue**") may obtain subsidies from the PRC national government. Pursuant to the Financial Support Circular, a purchaser may purchase a new energy vehicle from a seller by paying the original price minus the subsidy amount, and the seller may obtain the subsidy amount from the government after such new energy vehicle is sold to the purchaser. The Financial Support Circular also provided a preliminary phase-out schedule for the provision of subsidies.

On 29 December 2016, the MOF, the MOST, the MIIT and the NDRC jointly issued the Circular on Adjusting the Subsidy Policy for the Promotion and Application of New Energy Vehicles (《关于调整新能源汽车推广应用财政补贴政策的通知》) (the "**Circular on Adjusting the Subsidy Policy**"), which took effect on 1 January 2017, to adjust the existing subsidy standard for purchasers of new energy vehicles. The Circular on Adjusting the Subsidy Policy capped the local subsidies at 50% of the national subsidy amount, and further specified that national subsidies for purchasers purchasing certain new energy vehicles (except for fuel cell vehicles) from 2019 to 2020 would be reduced by 20% as compared to 2017 subsidy standards.

The subsidy standard is reviewed and updated on an annual basis. The 2020 subsidy standard, effective from 23 April 2020, was provided in the Circular on Improving the Subsidy Policies for the Promotion and Application of New Energy Vehicles (《关于完善新能源汽车推广应用财政补贴政策的通知》) jointly promulgated by the MOF, the MOST, the MIIT and the NDRC on the same day. The 2020 subsidy standard reduces the base subsidy amount by 10% for each NEV, sets subsidies for 2 million vehicles as the upper limit of annual subsidy scale, and provides that national subsidy shall only apply to an NEV that is either (i) with the sale price under RMB300,000 or (ii) equipped with battery swapping mechanism. Given all of our vehicles are equipped with battery swapping mechanism, as advised by our PRC Legal Adviser, purchasers of all of our vehicles, regardless of sales price, are eligible to enjoy the subsidies provided by the PRC government to purchasers of new energy vehicles. The 2021 subsidy standard, effective from 1 January 2021, was provided in the Circular on Further Improving the Subsidy Policies for the Promotion and Application of New Energy Vehicles (《关于进一步完善新能源汽车推广应用财政补贴政策的通知》) jointly promulgated by the MOF, the MOST, the MIIT and the NDRC on 31 December 2020. The 2021 subsidy standard reduces the base subsidy amount by 20% for each NEV on the basis of that for the previous year. Further, the current 2022 subsidy standard, effective from 1 January 2022, was provided in the Circular on Financial Subsidy Policies for the Promotion and Application of New Energy Vehicles in Year 2022 (《关于2022年新能源汽车推广应用财政补贴政策的通知》) jointly promulgated by the MOF, the MOST, the MIIT and the NDRC on 31 December 2021. The current 2022 subsidy standard reduces the base subsidy amount by 30% for each NEV from that for the previous year. The new energy vehicles subsidy policy will be terminated on 31 December 2022.

Exemption of Vehicle Purchase Tax

On 26 December 2017, the MOF, the SAT, the MIIT and the MOST jointly issued the Announcement on Exemption of Vehicle Purchase Tax for New Energy Vehicle (《关于免征新能源汽车车辆购置税的公告》) (the "**Announcement on Exemption of Vehicle Purchase Tax**"). On 28 June 2019, the MOF and the STA jointly issued the Renewal of Preferential Policies on Vehicle Purchase Tax (《继续执行的车辆购置税优惠政策》) (the "**Renewal Announcement**"). Pursuant to the two announcements, from 1 January 2018 to 31 December 2020, the vehicle purchase tax which is applicable for ICE vehicles was not imposed on purchases of qualified new energy vehicles listed in the Catalogue of New Energy Vehicle Models Exempt from Vehicle Purchase Tax (《免征车辆购置税的新能源汽车车型目录》) (the "**NEV Catalogue**") issued by the MIIT. Such announcement provides that the policy on exemption of vehicle purchase tax is also applicable to new energy vehicles added to the NEV Catalogue prior to 31 December 2017. On 16 April 2020, the MOF, the STA and the MIIT jointly issued the Announcement on Exemption of Vehicle Purchase Tax for New Energy Vehicle (《关于新能源汽车免征车辆购置税有关政策的公告》), with effect from 1 January 2021, which extends the vehicle purchase tax exemption period provided under the above two announcements till 31 December 2022.

Non-imposition of Vehicle and Vessel Tax

Notice on Preferential Vehicle and Vessel Tax Policies for Energy-saving and New-energy Vehicles and Vessels (《关于节能新能源车船享受车船税优惠政策的通知》), which was jointly promulgated by the MOF, the Ministry of Transport, the STA and the MIIT on 10 July 2018, clarifies that NEVs are not subject to vehicle and vessel tax.

New Energy Vehicle License Plate

In recent years, in order to control the number of motor vehicles on the road, certain local governments have issued restrictions on the issuance of vehicle license plates. These restrictions generally do not apply to the issuance of license plates for new energy vehicles, which makes it easier for purchasers of new energy vehicles to obtain automobile license plates. For example, pursuant to the Implementation Measures on Encouraging Purchase and Use of New Energy Vehicles in Shanghai (《上海市鼓励购买和使用新能源汽车实施办法》), local authorities will issue new automobile license plates to qualified purchasers of new energy vehicles without requiring such qualified purchasers to go through certain license-plate bidding processes and to pay license-plate purchase fees as compared with purchasers of ICE vehicles.

Regulations on Value-added Telecommunications Services

In 2000, the State Council promulgated the Telecommunications Regulations of the PRC (《中华人民共和国电信条例》) (the "**Telecommunications Regulations**"), which was most recently amended in February 2016 and provides a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations categorise all telecommunications businesses in China as either basic or value-added. Value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructure. Pursuant to the Classified Catalogue of Telecommunications Services (《电信业务分类目录》), an attachment to the Telecommunications Regulations, which was most recently updated in June 2019 by the MIIT, internet information services, or ICP services, are classified as value-added telecommunications services. Under the Telecommunications Regulations and relevant administrative measures, commercial operators of value-added telecommunications services must first obtain a license for conducting Internet content provision services, or an ICP license, from the MIIT or its provincial level counterparts. Otherwise, such operator might be subject to sanctions, including corrective orders and warnings, imposition of fines and confiscation of illegal gains and, in the case of significant infringement, orders to close the website.

Pursuant to the Administrative Measures on Internet Information Services (《互联网信息服务管理办法》), promulgated by the State Council in 2000 and amended in 2011, "internet information services" refer to the provision of information through the internet to online users, and are divided into "commercial internet information services" and "non-commercial internet information services". A commercial ICP service operator must obtain an ICP license before engaging in any commercial ICP service within China, while the ICP license is not required if the operator will only provide internet information on a non-commercial basis.

In addition to the regulations and measures above, the provision of commercial internet information services on mobile internet applications are regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (《移动互联网应用程序信息服务管理规定》), promulgated by the State Internet Information Office in June 2016. Information services providers of mobile internet applications are subject to these provisions, including acquiring relevant qualifications and being responsible for management of information security.

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, promulgated by the State Council on 11 December 2001 and last amended with immediate effect on 7 April 2022, requires that foreign investors shall not acquire more than 50% of the equity interest of such an enterprise unless otherwise required by the state. In addition, the telecommunications enterprises must obtain approval from the MIIT, or its authorised local counterparts, before launching the value-added telecommunications business in China.

REGULATIONS ON AUTONOMOUS DRIVING

On 27 July 2021, the Ministry of Public Security and the Ministry of Transport issued Administration of Road Testing and Demonstration Application of Intelligent Connected Vehicles (Trial Implementation) (《智能网联汽车道路测试与示范应用管理规范(试行)》) (the "**Circular No. 97**"), which became effective on 1 September 2021, and is the primary regulation governing protocol of road testing and demonstration application of intelligent connected vehicles in the PRC. Pursuant to the Circular No. 97, any entity intending to conduct the road testing and demonstration application of intelligent connected vehicles must apply for and obtain a temporary license plate for each tested vehicle. To qualify for such temporary license plate, an applicant entity must satisfy, among others, the following requirements: (i) it must be an independent legal person registered under PRC law with the capacity to conduct manufacturing, technological research or testing of automobiles and automobile parts, which has established protocols to test and assess the performance of autonomous driving functionalities of intelligent connected vehicles and is capable of conducting real-time remote monitor of the tested vehicles, and has the ability to ensure the

network security of tested vehicles and remote monitoring platform; (ii) the tested vehicle must be equipped with a driving system that can switch between autonomous driving mode and human driving mode in a safe, quick and simple manner and ensures that the human driver can take control of the tested vehicle any time immediately when necessary; (iii) the tested vehicle must be equipped with the function of recording, storing and real-time monitoring the condition of the tested vehicle and is able to transmit real-time data of the tested vehicle, such as the control mode, location and speed; (iv) it must sign an employment contract or a labour service contract with the driver of the tested vehicle, who must be a licensed driver of corresponding vehicle types with more than three years' driving experience and a track record of safe driving and is familiar with the testing protocol or application scheme for autonomous driving system and proficient in operating the system; and (v) it must provide the safety self-declaration, the result of risk assessment on network security, the proof of corresponding measures taken against such risk and other materials to the competent department, and insure each tested vehicle for at least RMB5 million against vehicle accidents or provide a letter of guarantee covering the same. In addition, as to the demonstration application, the applicant entity could also be a consortium of several independent legal persons and has the operational capability of demonstration application and relevant scheme.

During the road testing and demonstration application, the tested vehicle shall be marked with the words such as "自动驾驶道路测试" or "自动驾驶示范应用" ("autonomous driving road test" or "for autonomous driving demonstration purposes") in a noticeable manner and the autonomous driving mode shall not be used unless in the permitted areas specified in the safety self-declaration, and the entity shall not make any changes of software and hardware that may affect the function and performance of the tested vehicle without providing the relevant safety description materials to the competent department in advance. In addition, the entity is required to submit to the competent department a periodic report every six months and a final report within one month after the completion of road testing and demonstration application. In the case of a vehicle accident which causes severe injury or death of personnel or vehicle damage, the entity must report such accident to the competent department within 24 hours and submit a comprehensive analysis report in writing covering cause analysis, final liability allocation results, etc. within five working days after the traffic enforcement agency determines the liability for the accident.

On 24 March 2021, the Ministry of Public Security issued the *Draft Proposed Amendments of the Road Traffic Safety Law* (《道路交通安全法(修订建议稿)》) (the "**MPS Proposed Amendments**"). The MPS Proposed Amendments clarify, among others, the requirements related to road testing of, and access by, vehicles equipped with autonomous driving functions, as well as regulating how liability for traffic violations and accidents will be allocated. The MPS Proposed Amendments stipulate that vehicles equipped with autonomous driving functions should first pass tests in closed roads and venues and obtain temporary license plates before embarking on road testing. Such road testing should be conducted at designated times, areas and routes in accordance with the law. After passing the road test, vehicles equipped with autonomous driving functions can be manufactured, imported and sold in accordance with the relevant laws and regulations, and those needing access to the road must apply for motor vehicle number plates. The MPS Proposed Amendments provide that when vehicles equipped with autonomous driving functions and human driving modes are involved in road traffic violations or accidents, the responsibility of the driver or the autonomous driving system developer shall be determined in accordance with laws, as well as the liability for damage. For vehicles on the road that are equipped with autonomous driving functions without human driving modes, this liability issue should be separately dealt with by relevant departments of the State Council.

REGULATIONS ON CONSUMER RIGHTS PROTECTION

Our business is subject to a variety of consumer protection laws, including the PRC Consumer Rights and Interests Protection Law (《中华人民共和国消费者权益保护法》) as amended in 2013 and became effective on 15 March 2014, which imposes stringent requirements and obligations on business operators. Failure to comply with these consumer protection laws could subject us to administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of fines, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

In December 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection, or the Network Information Protection Decision, to enhance the legal protection of information security and privacy on the internet. The Network Information Protection Decision also requires internet operators to take measures to ensure confidentiality of information of users.

In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users to regulate the collection and use of users' personal information in the provision of telecommunication service and internet information service in China.

On 1 July 2015, the SCNPC promulgated the PRC National Security Law, which came into effect on the same day. The PRC National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

In August 2015, the SCNPC promulgated the Ninth Amendment to the Criminal Law, which became effective in November 2015 and amended the standards of crime of infringing citizens' personal information and reinforced the criminal culpability of unlawful collection, transaction, and provision of personal information. It further provides that any ICP provider that fails to fulfil the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders will be subject to criminal liability.

In November 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中华人民共和国网络安全法》) (the "**Cyber Security Law**"), which became effective on 1 June 2017. The Cyber Security Law requires that a network operator, which includes, among others, internet information services providers, take technical measures and other necessary measures in accordance with applicable laws and regulations and the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of its networks. We are subject to such requirements as we are operating a website and mobile application and providing certain internet services mainly through our mobile application. The Cyber Security Law further requires internet information services providers to formulate contingency plans for network security incidents, report to the competent departments immediately upon the occurrence of any incident endangering cyber security and take corresponding remedial measures.

Internet information services providers are also required to maintain the integrity, confidentiality and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage and disclosure of personal data, and internet information services providers being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged or lost. Any violation of the Cyber Security Law may subject the internet information services provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of websites or criminal liabilities.

The General Administration of Quality Supervision, Inspection and Quarantine and Standardization Administration issued the Standard of Information Security Technology – Personal Information Security Specification (2017 edition) (《信息安全技术–个人信息安全规范(2017版)》), which took effect in May 2018, and the Standard of Information Security Technology – Personal Information Security Specification (2020 edition) (《信息安全技术–个人信息安全规范(2020版)》), which took effect in October 2020. Pursuant to these standards, any entity or person who has the authority or right to determine the purposes for and methods of using or processing personal information is considered as a personal data controller. Such personal data controller is required to collect information in accordance with applicable laws, and prior to collecting such data, the information provider's consent is required.

On 28 November 2019, the Secretary Bureau of the CAC, the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the SAMR jointly issued the Notice on the Measures for Determining the Illegal Collection and Use of Personal Information through Mobile Applications (《App违法违规收集使用个人信息行为认定方法》), which aims to provide reference for supervision and administration departments and provide guidance for mobile applications operators' self-examination and self-correction and social supervision by netizens, and further elaborates on the forms of behaviour constituting illegal collection and use of the personal information through mobile applications including: (i) failing to publish the rules on the collection and use of personal information; (ii) failing to explicitly explain the purposes, methods and scope of the collection and use of personal information; (iii) collecting and using personal information without the users' consent; (iv) collecting personal information unrelated to the services they provide and beyond the necessary principle; (v) providing personal information to others without the users' consent; (vi) failing to provide the function of deleting or correcting the personal information according to the laws or failing to publish information such as ways of filing complaints and reports.

In addition, on 28 May 2020, the NPC approved the PRC Civil Code, which came into effect on 1 January 2021. Pursuant to the PRC Civil Code, the collection, storage, use, process, transmission, provision and disclosure of personal information should follow the principles of legitimacy, properness and necessity.

On 12 May 2021, the CAC issued the Several Provisions on Automobile Data Security Management (Draft for Comment) (汽车数据安全管理若干规定(征求意见稿)), which further elaborates on the principles and requirements for the protection of personal information and important data in the automobile industry scenarios, and defines enterprise or institution engaged in the automobile design, manufacture, and service as an operator. Such operator is required to process personal information or important data in accordance with applicable laws and regulations during the process of design, production, sales, operation, maintenance, and management of automobile. On 16 August 2021, the CAC, the NDRC, the MPS, the MIIT and the Ministry of Transport jointly promulgated the Several Provisions on Automobile Data Security Management (Trial Implementation) (《汽车数据安全管理若干规定(试行)》) ("**Provisions on Automobile Data Security**") which took effect from 1 October 2021 and aims to regulate the collection, analysis, storage, utilisation, provision, publication, and cross-border transmission of personal information and critical data generated throughout the lifecycle of automobiles by automobile designers, producers and service providers. Relevant automobile data processor including automobile manufacturers, compartment and software providers, dealers, maintenance providers are required to process personal information and critical data in accordance with applicable laws during the automobile design, manufacture, sales, operation, maintenance and management. To process personal information, automobile data processors shall obtain the consent of the individual or conform to other circumstances stipulated by laws and regulations. Pursuant to the Provisions on Automobile Data Security, personal information and critical data related to automobiles shall in principle be stored within the PRC and a cross-border data security assessment shall be conducted by the national cyberspace administration authority in concert with relevant departments under the State Council if there is a need to transmit such data overseas. To process critical data, automobile data processors shall conduct risk assessments in accordance with regulations and submit risk assessment reports to related departments at provincial levels.

On 10 June 2021, the SCNPC promulgated the Data Security Law (the "**Data Security Law**"), which took effect in September 2021. The Data Security Law sets forth data security and privacy related compliance obligations on entities and individuals carrying out data related activities. The Data Security Law also introduces a data classification and layered protection system based on the importance of data and the degree of impact on national security, public interests or legitimate rights and interests of individuals or organisations when such data is tampered with, destroyed, leaked or illegally acquired or used. In addition, the Data Security Law provides a national security review procedure for those data activities that may affect national security, and imposes export

restrictions on certain data and information. According to the PRC National Security Law, the State shall establish institutions and mechanisms for national security review and regulation, and conduct national security review on certain matters that affect or may affect PRC national security, such as key technologies and IT products and services. Furthermore, the Data Security Law also provides that any organisation or individual within the territory of the PRC shall not provide any foreign judicial body or law enforcement body with any data without the approval of the competent PRC governmental authorities. In early July 2021, regulatory authorities in China launched cybersecurity investigations with regard to several China-based companies that are listed in the United States.

In July 2021, General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Severely Cracking Down on Illegal Securities Activities According to Law (《关于依法从严打击证券违法活动的意见》) (the "**Opinions**"), which were made available to the public on 6 July 2021. The Opinions emphasised the need to strengthen the administration over illegal securities activities, and the need to strengthen the supervision over overseas listings by Chinese companies. Effective measures, such as promoting the construction of relevant regulatory systems, will be taken to deal with the risks and incidents of China-concept overseas listed companies. As of the date of this Introductory Document, we have not received any inquiry, notice, warning, or sanctions from PRC governmental authorities in connection with the above contents of Opinions. Based on the foregoing and the currently effective PRC laws, our PRC Legal Adviser is of the view that, as of the date of this Introductory Document, the Opinions do not materially and adversely affect our disclosure, including our PRC Legal Adviser's opinions, taken as a whole, as stated in "Risk Factors – Risks Related to Doing Business in China – If the PRC government deems that our Contractual Arrangements with the variable interest entity do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations." and "Risk Factors – Risks Related to Doing Business in China – Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.".

On 10 July 2021, the CAC released the Cybersecurity Review Measures (Revised Draft for Solicitation of Comments) (《网络安全审查办法(修订草案征求意见稿)》). On 28 December 2021, the CAC, the NDRC, the MIIT, the MPS, the Ministry of National Security, the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration jointly released the Cybersecurity Review Measures, which took effect on 15 February 2022. Pursuant to the Cybersecurity Review Measures, network platform operators with personal information of over one million users shall declare cybersecurity review before listing abroad (国外上市). The cybersecurity review will evaluate, among others, the risk of critical information infrastructure, core data, important data, the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk. As of the date of this Introductory Document, as advised by our PRC Legal Adviser, we have gone through all necessary procedures as required under applicable PRC laws and regulations for the Listing.

On 12 August 2021, the MIIT issued the Opinion on Strengthening the Access Administration of Intelligent Connected Vehicles Manufacturing Enterprises and Their Products (《关于加强智能网联汽车生产企业及产品准入管理的意见》), or the Access Administration Opinion, which provided responsibilities of intelligent connected vehicles manufacturing enterprises, and required such enterprises to strengthen the management of vehicle data security, cyber security, software updates, function safety and intended function safety. Furthermore, the Access Administration Opinion stated that vehicles manufacturing enterprises shall conduct cybersecurity reviews prior to transmitting data abroad.

On 17 August 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《关键信息基础设施安全保护条例》), or the Regulations, which took effect in September 2021. The Regulations supplement and specify the provisions on the security of critical information infrastructure as stated in the Cyber Security Law. The Regulations provide, among others, that protection department of certain industries or sectors shall notify the operator of the critical information infrastructure in time after the identification of certain critical information infrastructure. According to the Regulations, operators of certain industries or sectors that may endanger national security, people's livelihood or public interest in case of damage, function loss or data leakage may be identified as critical information infrastructure operators by the CAC or the respective industrial regulatory authorities once they meet the identification standards promulgated by the authorities.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中华人民共和国个人信息保护法》), or the Personal Information Protection Law, which took effect in November 2021. As the first systematic and comprehensive law specifically for the protection of personal information in the PRC, the Personal Information Protection Law provides, among others, that (i) an individual's separate consent shall be obtained before operation of such individual's sensitive personal information, e.g., biometric characteristics and individual location tracking, (ii) personal information operators operating sensitive personal information shall notify individuals of the necessity of such operations and the influence on the individuals' rights, (iii) if personal information operators reject individuals' requests to exercise their rights, individuals may file a lawsuit with a People's Court. On 20 August 2021, the CAC promulgated the Provisions on the Administration of Automobile Data Security (for Trial Implementation), or the Provisions on Automobile Data Security, which took effect in October 2021. The Provisions on Automobile Data Security clearly define the definition of "automobile data", "automobile data operating", "automobile data operator", "personal information", "sensitive personal information" and "important data", and further elaborate on the principles of and requirements for the automobile data operating activities within the PRC. Furthermore, the Provisions on Automobile Data Security also prescribe the implementation of classified protection of cybersecurity, the obligations of automobile data operators to inform, anonymise and obtain individuals' consents, and the specific requirements for operating sensitive personal information, as well as the risk assessment when operating important data and the security assessment when providing data abroad.

On 29 October 2021, the CAC issued the Measures for the Security Assessment of Data Exit (Draft for Comment), which stipulates that data processors who transmit overseas important data collected and generated during operations within the PRC and personal information that shall be subject to security assessment shall conduct a security assessment. Furthermore, if the data processor provides data overseas and meets one of the following circumstances, it shall declare the security assessment: (i) personal information and important data collected and generated by operators of critical information infrastructure; (ii) the data contains important data; (iii) personal information processors who have processed personal information of one million people provide personal information abroad; (iv) accumulatively provided personal information of more than one hundred thousand people or sensitive personal information of more than ten thousand people abroad; and (v) other circumstances as specified by the CAC. The assessment results of the data exit are valid for two years.

In addition, on 14 November 2021, the Draft Administration Regulations on Cyber Data Security was proposed by the CAC for public comments until 13 December 2021. It sets out general guidelines, protection of personal information, security of important data, security management of cross-border data transfer, obligations of internet platform operators, supervision and management, and legal liabilities. Key requirements include: data processors should be in compliance with the requirements of multi-level cybersecurity protection, strengthen the data processing system, data transmission network, data storage environment and other security protection, processing of important data systems in principle should meet the third level or above of multi-level cybersecurity protection and critical information infrastructure security protection

requirements; data processors should establish a data security emergency response mechanism, and promptly start the emergency response mechanism in the event of a data security incident; the detailed rules for data processors to apply when providing personal information to third parties, or sharing, trading or entrusting important data to third parties; the scenarios of cybersecurity review which shall be subject to Cybersecurity Review Measures; the definitions of important data and operators' security protection obligations; the detailed rules on cross-border data transfer which added missing details to the Personal Information Protection Law; data processors processing personal information of more than one million people shall also comply with the regulations for processing of important data; data processors dealing with important data or listing overseas (including Hong Kong) should carry out an annual data security assessment by themselves or by entrusting data security service agencies, and each year before 31 January data security assessment report for the previous year shall be submitted to the districted city level cyberspace administration department. The draft measures reiterate that data processors which process the personal information of at least one million users must apply for a cybersecurity review if they plan to list the companies in foreign countries, and the draft measures further require the data processors that carry out the following activities to apply for cybersecurity review in accordance with the relevant laws and regulations: (i) the merger, reorganisation or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests affects or may affect national security; (ii) the listing of the data processor in Hong Kong affects or may affect the national security; and (iii) other data processing activities that affect or may affect national security. In addition, in one of the following situations, data processors shall delete or anonymise personal information within 15 business days: (i) the purpose of processing personal information has been achieved or the purpose of processing is no longer needed; (ii) the storage term agreed with the users or specified in the personal information processing rules has expired; (iii) the service has been terminated or the account has been cancelled by the individual; or (iv) unnecessary personal information or personal information unavoidably collected due to the use of automatic data collection technology but without the consent of the individual. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. Since the revised draft has not been formally adopted as of the date of the document, the revised draft (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty.

On 10 February 2022, the MIIT published an updated the Draft Administration Measures on Data Security in the Field of Industry and Information Technology (the "**Draft Data Security Measures**") to solicit public comments. Such draft regulation requires the industrial and telecom data processors to further implement data classification and hierarchical management, take necessary measures to ensure that data remains effectively protected and being lawfully applied and conduct data security risk monitoring. Such draft regulation also provides the definitions of "core data" and "important data" in the field of industry and information technology. The Company does not expect the Draft Data Security Measures to have material adverse implication(s) on the Group's business operations and/or financials as it has not been formally adopted yet, and as advised by our Company's PRC Legal Adviser, as at the date of this Introductory Document, it is uncertain when the final provisions will be issued and take effect, how they will be enacted, interpreted and implemented, and whether or to what extent they will affect the Company.

REGULATIONS ON E-COMMERCE

On 31 August 2018, the SCNPC promulgated the E-Commerce Law of the People's Republic of China (《中华人民共和国电子商务法》) (the "**E-Commerce Law**"), which became effective as of 1 January 2019. The E-Commerce Law establishes the regulatory framework for the e-commerce sector in the PRC for the first time by laying out certain requirements on e-commerce platform operators. According to the E-Commerce Law, the e-commerce platform operators shall prepare a contingency plan for cybersecurity events and take technological measures and other measures to prevent online illegal and criminal activities. The E-Commerce Law also expressly requires

e-commerce platform operators to take necessary actions to ensure fair dealing on their platforms to safeguard the legitimate rights and interests of consumers, including to prepare platform service agreements and transaction information record-keeping and transaction rules, to prominently display such documents on the platform's website, and to keep such information for no less than three years following the completion of a transaction. Where the e-commerce platform operators conduct self-operated business on their platforms, they shall distinguish and mark their self-operated business from the businesses of the business operators using the platform in a prominent manner, and shall not mislead consumers. The e-commerce platform operators shall bear civil liability of a commodity seller or service provider for the business marked as self-operated, pursuant to the law.

REGULATIONS ON LAND AND THE DEVELOPMENT OF CONSTRUCTION PROJECTS

Regulations on Land Grants

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-owned Urban Land of PRC (《中华人民共和国城镇国有土地使用权出让和转让暂行条例》), promulgated by the State Council on 19 May 1990 and latest amended on 29 November 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user must pay land premiums to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage or otherwise commercially exploit the land within the term of use. Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-owned Urban Land of PRC (《中华人民共和国城镇国有土地使用权出让和转让暂行条例》) and the Law of the PRC on Urban Real Estate Administration (《中华人民共和国城市房地产管理法》), the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

Regulations on Planning of a Construction Project

Pursuant to the Regulations on Planning Administration regarding Assignment and Transfer of the Rights to Use of the State-Owned Land in Urban Area (《城市国有土地使用权出让转让规划管理办法》) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a construction land planning permit shall be obtained from the municipal planning authority with respect to the planning and use of land. According to the Urban and Rural Planning Law of the PRC (《中华人民共和国城乡规划法》) promulgated by the SCNPC on 28 October 2007 and latest amended on 23 April 2019, a construction work planning permit must be obtained from the competent urban and rural planning government authority for the construction of any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

After obtaining a construction work planning permit, subject to certain exceptions, a construction enterprise must apply for a construction work commencement permit from the construction authority under the local people's government at the county level or above in accordance with the Administrative Provisions on Construction Permit of Construction Projects (《建筑工程施工许可管理办法》) promulgated by the Ministry of Housing and Urban-Rural Development (the "**MOHURD**"), on 25 June 2014 and implemented on 25 October 2014 and latest amended on 30 March 2021.

Pursuant to the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建筑和市政基础设施工程竣工验收备案管理办法》) promulgated by the Ministry of Construction on 4 April 2000 and amended on 19 October 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建筑和市政基础设施工程竣工验收规定》) promulgated and

implemented by the MOHURD on 2 December 2013, upon the completion of a construction project, the construction enterprise must submit an application to the competent department in the people's government at or above county level where the project is located, for examination upon completion of building and for filing purpose; and to obtain the filing form for acceptance and examination upon completion of construction project.

REGULATIONS ON ENVIRONMENTAL PROTECTION AND WORK SAFETY REGULATIONS ON ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Protection Law of the PRC (《中华人民共和国环境保护法》) promulgated by the SCNPC, on 26 December 1989, amended on 24 April 2014 and effective on 1 January 2015, any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation and other hazards produced during such activities.

Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within the prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. Any person or entity that pollutes the environment resulting in damage could also be held liable under the PRC Civil Code (《中华人民共和国民法典》). In addition, environmental organisations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

Regulations on Work Safety

Under relevant construction safety laws and regulations, including the Work Safety Law of the PRC (《中华人民共和国安全生产法》) which was promulgated by the SCNPC on 29 June 2002 and latest amended on 10 June 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. In addition, production and operating business entities must arrange work safety training and provide the employees with protective equipment that meets the national standards or industrial standards. Furthermore, production and operating business entities shall report their major hazard sources and related safety and emergency measures to the emergency management department and other relevant departments for the record, and establish a safety risk grading control system and take corresponding control measures. Automobile and components manufacturers are subject to the above-mentioned environment protection and work safety requirements.

REGULATIONS ON FIRE CONTROL

Pursuant to the Fire Safety Law of the PRC (《中华人民共和国消防法》) promulgated by the SCNPC on 29 April 1998 and latest amended on 29 April 2021, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建设工程消防设计审查验收管理暂行规定》) promulgated on 1 April 2020 and effective on 1 June 2020, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent Law

According to the Patent Law of the PRC (《中华人民共和国专利法》) promulgated by the SCNPC on 12 March 1984 and currently effective from 1 June 2021, the State Intellectual Property Office is responsible for administering patent law in the PRC. The patent administration departments of provincial, autonomous regions or municipal governments are responsible for administering patent law within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one person files different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The protection period is twenty years for an invention patent and ten years for a utility model patent and fifteen years for a design patent, commencing from their respective application dates.

Regulations on Copyright

The Copyright Law of the PRC (《中华人民共和国著作权法》) (the "**Copyright Law**"), which took effect on 1 June 1991 and was latest amended in 2020 and came into effect on 1 June 2021, provides that Chinese citizens, legal persons, or other organisations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Centre. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologising to the copyright owners and compensating the loss of the copyright owner. Infringers of a copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Copyright Protection Regulations (《计算机软件保护条例》) promulgated by the State Council on 20 December 2001 and amended on 30 January 2013, the software copyright owner may go through the registration formalities with a software registration authority recognised by the State Council's copyright administrative department. The software copyright owner may authorise others to exercise that copyright, and is entitled to receive remuneration.

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中华人民共和国商标法》) which was adopted on 23 August 1982 and latest amended in 2019, as well as by the Implementation Regulations of the PRC Trademark Law (《中华人民共和国商标法实施条例》) adopted by the State Council in 2002 and as most recently amended on 29 April 2014. The Trademark Office under the SAMR handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. As with patents, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Regulations on Domain Names

The MIIT promulgated the Measures on Administration of Internet Domain Names (《互联网域名管理办法》) (the "**Domain Name Measures**"), on 24 August 2017, which took effect on 1 November 2017 and replaced the Administrative Measures on China Internet Domain Name (《中国互联网络域名管理办法》) promulgated by the MIIT on 5 November 2004. According to the Domain Name Measures, the MIIT is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names must provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

REGULATIONS ON FOREIGN INVESTMENT IN CHINA

Catalogue for the Guidance of Foreign Investment Industries

Investments in the PRC by foreign investors and foreign-invested enterprises were regulated by the Catalogue for the Guidance of Foreign Investment Industries (《外商投资产业指导目录》) (the "**Foreign Investment Catalogue**"), jointly promulgated by the MOFCOM and NDRC on 28 June 1995 and amended from time to time. The Foreign Investment Catalogue was last repealed by the 2021 Negative List, which was jointly promulgated by the MOFCOM and the NDRC on 27 December 2021 and came into effect on 1 January 2022, and the Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (《鼓励外商投资产业目录(2020年版)》) (the "**2020 Encouraging Catalogue**"), which was jointly promulgated by the MOFCOM and the NDRC on 27 December 2020 and became effective on 27 January 2021. The 2020 Encouraging Catalogue and the 2021 Negative List set out the industries and economic activities in which foreign investment in the PRC is encouraged, restricted or prohibited. Pursuant to the 2020 Encouraging Catalogue, the manufacture and the development of key parts and components of NEVs fall within the encouraged catalogue, and the 2021 Negative List lifts the limit on foreign ownership of automakers for ICE passenger vehicles. However, the 2021 Negative List provides that foreign investors shall hold no more than 50% of the equity interest in a service provider operating certain value-added telecommunications services (other than for e-commerce, domestic multi-parties communications, storage and forwarding categories, call centres).

The establishment, operation and management of corporate entities in the PRC is governed by the *PRC Company Law* (《中华人民共和国公司法》), which was latest amended on 26 October 2018. The *PRC Company Law* generally governs two types of companies – limited liability companies and joint stock limited companies. The *PRC Company Law* shall also apply to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail. The establishment procedures, approval or record-filing procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the Foreign Investment Law, which became effective on 1 January 2020 and replaced three laws on foreign investments in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their implementation rules and ancillary regulations.

Foreign Investment Law

On 15 March 2019, the NPC promulgated the Foreign Investment Law of PRC (《中华人民共和国外商投资法》), which has become effective on 1 January 2020 and replaced three laws on foreign investments in China, namely, the PRC Equity Joint Venture Law (《中华人民共和国中外合资经营企业法》), the PRC Cooperative Joint Venture Law (《中华人民共和国中外合作经营企业法》) and the PRC Wholly Foreign-owned Enterprise Law (《中华人民共和国外资企业法》), together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with

prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic invested enterprises in China. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition.

According to the Foreign Investment Law, "foreign investment" refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or otherwise organisations of a foreign country (collectively referred to as "**foreign investor**") within China, and the investment activities include the following situations: (i) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within China; (ii) a foreign investor acquires stock shares, equity shares, shares in assets, or other similar rights and interests of an enterprise within China; (iii) a foreign investor, individually or collectively with other investors, invests in a new project within China; and (iv) investments in other means as provided by laws, administrative regulations or the State Council.

According to the Foreign Investment Law, the State Council will publish or approve to publish a catalogue for special administrative measures, or the "negative list". The Foreign Investment Law grants national treatment to foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list". Because the "negative list" has yet been published, it is unclear whether it will differ from the current 2021 Negative List. The Foreign Investment Law provides that foreign invested entities operating in foreign restricted or prohibited industries will require market entry clearance and other approvals from relevant PRC governmental authorities.

Furthermore, the Foreign Investment Law provides that foreign invested enterprises established before the implementation of the Foreign Investment Law may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law.

In addition, the Foreign Investment Law also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors within China, may be freely remitted inward and outward in RMB or a foreign currency. Also, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements.

On 26 December 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law of PRC (《中华人民共和国外商投资法实施条例》), effective on 1 January 2020, which further requires that foreign-invested enterprises and domestic enterprises shall be treated equally with respect to policy making and implementation. Pursuant to the Implementation Regulations on the Foreign Investment Law, if the existing foreign-invested enterprises fail to change their original forms as of 1 January 2025, the relevant market regulation departments will not process other registration matters for the enterprises, and may disclose their relevant information to the public.

On 30 December 2019, the MOFCOM and the SAMR jointly issued the Measures for Reporting of Foreign Investment Information (《外商投资信息报告办法》) (the "**Foreign Investment Information Measures**"), which became effective on 1 January 2020 and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises (《外商投资企业设立及变更备案管理暂行办法》). Since 1 January 2020, for foreign investors carrying out investment activities directly or indirectly in the PRC, foreign investors or foreign-invested enterprises shall submit investment information through the Enterprise Registration System and the National Enterprise Credit Information Publicity System operated by the SAMR. Foreign investors or foreign-invested enterprises shall disclose their investment information by submitting reports for their establishments, modifications and cancellations and their annual reports in accordance with the Foreign Investment Information Measures. If a foreign-invested enterprise investing in the PRC has finished submitting its reports for its establishment, modifications and cancellation and its annual reports, the relevant information will be shared by the competent market regulation department to the competent commercial department, and such foreign-invested enterprise is not required to submit the reports to the two departments separately.

REGULATIONS ON FOREIGN EXCHANGE

General Principles of Foreign Exchange

Under the *Regulations on the Foreign Exchange System of the PRC* (《中华人民共和国外汇管理条例》) promulgated on 29 January 1996 and most recently amended on 5 August 2008 and various regulations issued by the State Administration of Foreign Exchange of the PRC (the "**SAFE**"), and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local office.

Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies may not repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local branch. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange pursuant to relevant SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

Pursuant to the *Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment* (《关于进一步改进和调整直接投资外汇管理政策的通知》) (the "**SAFE Circular No. 59**"), promulgated by SAFE on 19 November 2012, which became effective on 17 December 2012 and was further amended on 4 May 2015 and 10 October 2018, approval of SAFE is not required for opening a foreign exchange account and depositing foreign exchange into the accounts relating to the direct investments. The SAFE Circular No. 59 also simplified foreign exchange-related registration required for the foreign investors to acquire the equity interests of Chinese companies and further improve the administration on foreign exchange settlement for foreign-invested enterprises.

The Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《关于进一步简化和改进直接投资外汇管理政策的通知》) (the "**SAFE Circular No. 13**"), effective from 1 June 2015, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular No. 13, the investors shall register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《关于改革外商投资企业外汇资本金结汇管理方式的通知》) (the "**SAFE Circular No. 19**"), which was promulgated by the SAFE on 30 March 2015 and amended on 30 December 2019, provides that a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange administration has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the account). Pursuant to SAFE Circular No. 19, for the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capital on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the foreign-invested enterprise must first go through domestic re-investment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange administration or the bank at the place where it is registered.

The Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《关于改革和规范资本项目结汇管理政策的通知》) (the "**SAFE Circular No. 16**"), which was promulgated by the SAFE and became effective on 9 June 2016, provides that enterprises registered in the PRC may also convert their foreign debts from foreign currency into Renminbi on a self-discretionary basis. SAFE Circular No. 16 also provides an integrated standard for conversion of foreign exchange under capital account items (including, but not limited to, foreign currency capital and foreign debts) on a self-discretionary basis, which applies to all enterprises registered in the PRC.

According to the Administrative Rules on the Registration of Market Entities of PRC (《中华人民共和国市场主体登记管理条例》), which were promulgated by the State Council on 27 July 2021 and became effective on 1 March 2022, and other laws and regulations governing the foreign-invested enterprises and company registrations, the establishment of a foreign-invested enterprise and any capital increase and other major changes in a foreign-invested enterprise shall be registered with the SAMR or its local counterparts, and shall be filed via the foreign investment comprehensive administrative system (the "**FICMIS**"), if such foreign-invested enterprise does not involve special access administrative measures prescribed by the PRC government.

On 23 October 2019, SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《关于进一步促进跨境贸易投资便利化的通知》). This circular allows the foreign-invested enterprises without equity investment as in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investment as long as the investments are real and in compliance with the foreign investment-related laws and regulations. In addition, this circular stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the relevant banks in advance for those domestic payments. Payments for transactions that take place within the PRC must be made in RMB. Foreign currency revenues received by PRC companies may be repatriated into the PRC or retained outside of the PRC in accordance with requirements and terms specified by SAFE.

Pursuant to SAFE Circular No. 13 and other laws and regulations relating to foreign exchange, when setting up a new foreign-invested enterprise, the foreign-invested enterprise shall register with the bank located at its registered place after obtaining the business license, and if there is any change in capital or other changes relating to the basic information of the foreign-invested enterprise, including, without limitation, any increase in its registered capital or total investment, the foreign-invested enterprise must register such changes with the bank located at its registered place after obtaining approval from or completing the filing with competent authorities. Pursuant to the relevant foreign exchange laws and regulations, the above-mentioned foreign exchange registration with the banks will typically take less than four weeks upon the acceptance of the registration application.

Based on the foregoing, if we intend to provide funding to our wholly foreign-owned subsidiaries through capital injection at or after their establishment, we must register the establishment of and any follow-on capital increase in our wholly foreign-owned subsidiaries with the SAMR or its local counterparts, file such via the FICMIS and register such with the local banks for the foreign exchange related matters.

Loans by the Foreign Companies to their PRC Subsidiaries

A loan made by foreign investors as shareholders in a foreign-invested enterprise is considered to be foreign debt in China and is regulated by various laws and regulations, including the *Regulation of the People's Republic of China on Foreign Exchange Administration* (《中华人民共和国外汇管理条例》), the *Interim Provisions on the Management of Foreign Debts* (《外债管理暂行办法》), the *Statistical Monitoring of Foreign Debts Tentative Provisions (Revised in 2020)* (《外债统计监测暂行规定(2020修订)》), the *Detailed Rules for the Implementation of Provisional Regulations on Statistics and Supervision of External Debt* (《外债统计监测实施细则》), and the *Administrative Measures for Registration of Foreign Debts* (《外债登记管理办法》). Under these rules and regulations, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of the SAFE. However, such foreign debt must be registered with and recorded by the SAFE or its local branches within fifteen (15) business days after the foreign debt contract is entered into. Pursuant to these rules and regulations, the balance of the foreign debts of a foreign-invested enterprise shall not exceed the difference between the total investment and the registered capital of the foreign-invested enterprise (the "**Total Investment and Registered Capital Balance**").

On 12 January 2017, the People's Bank of China (the "**PBOC**"), promulgated the *Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing* (《中国人民银行关于全口径跨境融资宏观审慎管理有关事宜的通知》) (the "**PBOC Notice No. 9**"). Pursuant to PBOC Notice No. 9, within a transition period of one year from 12 January 2017, the foreign-invested enterprises may adopt the currently valid foreign debt management mechanism (the "**Current Foreign Debt Mechanism**"), or the mechanism as provided in PBOC Notice No. 9 (the "**Notice No. 9 Foreign Debt Mechanism**"), at their own discretions. PBOC Notice No. 9 provides that enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. Pursuant to PBOC Notice No. 9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach (the "**Risk-Weighted Approach**"), and shall not exceed certain specified upper limits. PBOC Notice No. 9 further provides that the upper limit of risk-weighted outstanding cross-border financing for enterprises shall be equal to 200% of its net assets multiplied by macro-prudential regulation parameter (the "**Net Asset Limits**"). The macro-prudential regulation parameter shall be 1. Enterprises shall file with the SAFE in its capital item information system after entering into the relevant cross-border financing contracts and prior to three business days before drawing any money from the foreign debts.

Based on the foregoing, if we provide funding to our wholly foreign-owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with the SAFE or its local branches in the event that the Current Foreign Debt Mechanism applies, or the balance of such loans shall be subject to the Risk-Weighted Approach and the Net Asset Limits and we will need to file the loans with the SAFE in its information system in the event that the Notice No. 9 Foreign Debt Mechanism applies. According to PBOC Notice No. 9, after a transition period of one year from 11 January 2017, the PBOC and the SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the date hereof, neither the PBOC nor the SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the PBOC and the SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries.

Offshore Investment

Under the Circular of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知》) (the "**SAFE Circular 37**"), issued by the SAFE and effective on 4 July 2014, PRC residents are required to register with the local SAFE branch prior to the establishment or control of an offshore special purpose vehicle (the "**SPV**"), which is defined as an offshore enterprise directly established or indirectly controlled by PRC residents for investment and financing purposes, with the enterprise assets or interests that PRC residents hold in China or overseas. The term "control" means to obtain the operation rights, right to proceeds or decision-making power of an SPV through acquisition, trust, holding shares on behalf of others, voting rights, repurchase, convertible bonds or other means. An amendment to registration or subsequent filing with the local SAFE branch by such PRC resident is also required if there is any change in basic information of the offshore company or any material change with respect to the capital of the offshore company. At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment (《返程投资外汇管理所涉业务操作指引》) regarding the procedures for SAFE registration under SAFE Circular 37, which became effective on 4 July 2014 as an attachment of SAFE Circular 37.

Under the relevant rules, failure to comply with the registration procedures set forth in the SAFE Circular 37 may result in bans on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliates, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations.

REGULATIONS ON DIVIDEND DISTRIBUTION

Wholly foreign-owned enterprises and Sino-foreign equity joint ventures in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, these foreign-invested enterprises may not pay dividends unless they set aside at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds, until such time as the accumulative amount of such fund reaches 50% of the enterprise's registered capital. In addition, these companies also may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

Regulations governing above-mentioned dividend distribution arrangements have been replaced by the Foreign Investment Law of PRC (《中华人民共和国外商投资法》) and its implantation rules, which do not provide specific dividend distribution rules for foreign invested enterprises. The Foreign Investment Law and its implementation rules also provide that after the conversion from a wholly foreign-owned enterprise or sino-foreign equity joint venture to a foreign invested enterprise under the Foreign Investment Law, distribution method of gains agreed in the joint venture agreements may continue to apply.

REGULATIONS ON TAXATION

Enterprise Income Tax

On 16 March 2007, the SCNPC promulgated the PRC Enterprise Income Tax Law (《中华人民共和国企业所得税法》) which was amended on 24 February 2017 and 29 December 2018. On 6 December 2007, the State Council enacted the Regulations for the Implementation of the Enterprise Income Tax Law (《中华人民共和国企业所得税法实施条例》) (collectively, the "**EIT Law**"). The EIT Law came into effect on 1 January 2008 and amended on 23 April 2019. Under the EIT Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organised under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Value-added Tax

The Provisional Regulations of the PRC on Value-added Tax (《中华人民共和国增值税暂行条例》) were promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994 and were subsequently amended from time to time; and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) (《中华人民共和国增值税暂行条例实施细则(2011修订)》) was promulgated by the MOF on 25 December 1993 and subsequently amended on 15 December 2008 and 28 October 2011 (collectively, the "**VAT Law**"). On 19 November 2017, the State Council promulgated the Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax (《关于废止<中华人民共和国营业税暂行条例>和修改<中华人民共和国增值税暂行条例>的决定》) (the "**Order 691**"). On 20 March 2019, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies on Deepening of the Reform of Value-added Tax (《关于深化增值税改革有关政策的公告》) (the "**Announcement 39**"). According to the VAT Law and the Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of value-added tax (the "**VAT**"). According to the Announcement 39, the VAT tax rates generally applicable are simplified as 13%, 9%, 6% and 0%, which will become effective on 1 April 2019, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

Dividend Withholding Tax

The EIT Law provides that since 1 January 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital (《内地和香港特别行政区关于对所得避免双重征税和防止偷漏税的安排》) (the "**Double Taxation Avoidance Arrangement**"), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Taxation Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《关于执行税收协定股息条款有关问题的通知》), issued on 20 February 2009 by the STA, if the relevant PRC tax authorities determine, in their discretions, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties (《关于税收协定中受益所有人有关问题的公告》), which was issued on 3 February 2018 by the STA and took effect on 1 April 2018, when determining the applicant's status as the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including, without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant any tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and such factors will be analysed according to the actual circumstances of the specific cases.

This circular further provides that an applicant who intends to prove his or her status as the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Agreements (《关于发布<非居民纳税人享受协定待遇管理办法>的公告》).

Tax on Indirect Transfer

On 3 February 2015, the STA issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (《关于非居民企业间接转让财产企业所得税若干问题的公告》) (the "**Circular 7**"). Pursuant to Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterised and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have a real commercial nature which is evidenced by their actual function and risk exposure. According to Circular 7, where the payer fails to withhold any or sufficient tax, the

transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On 17 October 2017, the STA issued the Circular on Issues of Tax Withholding regarding Non-PRC Resident Enterprise Income Tax (《关于非居民企业所得税源泉扣缴有关问题的公告》) (the "**STA Circular 37**"), which was amended by the Announcement of the State Taxation Administration on Revising Certain Taxation Normative Documents (《国家税务总局关于修改部分税收规范性文件的公告》) issued on 15 June 2018 by the STA. The STA Circular 37 further elaborates the relevant implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of Circular 7. Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Labour Contract Law

The Labour Contract Law, which was promulgated on 29 June 2007 and amended on 28 December 2012, is primarily aimed at regulating rights and obligations of employer and employee relationships, including the establishment, performance and termination of labour contracts. Pursuant to the Labour Contract Law, labour contracts shall be concluded in writing if labour relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers shall pay employees for overtime work in accordance with national regulations. In addition, employee wages shall be no lower than local standards on minimum wages and must be paid to employees in a timely manner.

Interim Provisions on Labour Dispatch

Pursuant to the Interim Provisions on Labour Dispatch (《劳务派遣暂行规定》) promulgated by the Ministry of Human Resources and Social Security on 24 January 2014, which became effective on 1 March 2014, dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are allowed to use dispatched workers for temporary, auxiliary or substitutive positions, and the number of dispatched workers may not exceed 10% of the total number of employees. Pursuant to the Labour Contract Law, if the employer violates the relevant labour dispatch regulations, the labour administrative department shall order it to make corrections within a prescribed time limit; if it fails to make corrections within the time limit, penalty will be imposed on the basis of more than RMB5,000 and less than RMB10,000 per person.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labour Injury (《工伤保险条例》) implemented on 1 January 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企业职工生育保险试行办法》) implemented on 1 January 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council (《国务院关于建立统一的企业职工基本养老保险制度的决定》) issued on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《国务院关于建立城镇职工基本医疗保险制度的决定》) promulgated on 14 December 1998, the Unemployment Insurance Measures (《失业保险条例》) promulgated on 22 January 1999 and the Social Insurance Law of the PRC (《中华人民共和国社会保险法》) implemented on 1 July 2011 and amended on 29 December 2018, employers are required to provide their employees in the PRC with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance. These payments are made to local administrative authorities. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

In accordance with the Regulations on the Administration of Housing Funds (《住房公积金管理条例》) which was promulgated by the State Council in 1999 and latest amended in March 2019, employers must register at the designated administrative centres and open bank accounts for depositing employees' housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. See "Risk Factors – Risks Related to Doing Business in China – Increases in labour costs and enforcement of stricter labour laws and regulations in the PRC may adversely affect our business and our profitability.".

Employee Stock Incentive Plan

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《国家外汇管理局关于境内个人参与境外上市公司股权激励计划外汇管理有关问题的通知》), which was issued by the SAFE on 15 February 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of a publicly-listed overseas company and who are PRC Citizens or non-PRC Citizens residing in China for a continuous period of no less than one year, subject to a few exceptions, are required to register with the SAFE through a qualified domestic agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures.

In addition, the STA has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their stock options or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

M&A RULES AND OVERSEAS LISTING

On 8 August 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《关于外国投资者并购境内企业的规定》) (the "**M&A Rules**"), governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on 8 September 2006 and was revised on 22 June 2009. The M&A Rules, among other things, require that if an overseas company established or controlled by PRC companies or individuals (the "**PRC Citizens**") intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC Citizens, such acquisition must be submitted to the MOFCOM for approval. The M&A Rules also require that an offshore special vehicle, or a special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by the PRC companies or individuals, shall obtain the approval of the CSRC prior to overseas listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

On 24 December 2021, the CSRC released the Draft Administration Provisions and the Draft Filing Measures, both of which had a comment period that expired on 23 January 2022. The Draft Administration Provisions and the Draft Filing Measures regulate the system, filing, management and other related rules with respect to direct or indirect overseas issuance of listed and traded securities by "domestic enterprises". Pursuant to the Draft Administration Provisions, these provisions shall apply to domestic enterprises that issue shares, depository receipts, convertible corporate bonds or other equity instruments overseas, or list and trade their securities overseas, and the CSRC shall supervise and administer the overseas securities offering and listing activities of domestic enterprises, and such domestic enterprises shall go through the filing procedures with

the CSRC and report relevant information. According to the Draft Administration Provisions and the Draft Filing Measures, domestic enterprises offering and listing overseas will need to comply with continuous filing and reporting requirements after such offering and listing, including (i) a reporting obligation in respect of a material event completed after the completion of an overseas offering and listing, which arose prior to such offering and listing; (ii) filing for follow-on offerings after the initial offering and listing; (iii) filing for share exchanges whereby the issuer issues securities to acquire assets; and (iv) a reporting obligation for material events after the initial offering and listing. The Draft Administration Provisions clarify that the first actor responsible for compliance for and overseas issuance and listing of a domestic enterprise is the domestic enterprise itself. With respect to the domestic enterprises, non-compliance with the Draft Administration Provisions or an overseas listing completed in breach of them may result in a warning or a fine of RMB1-10 million. Under severe circumstances, domestic enterprises may be ordered to suspend their business or suspend their business pending rectification, or their permits or businesses license may be revoked. Furthermore, the controlling shareholder, actual controllers, directors, supervisors and other legally appointed persons of the domestic enterprises may be warned, or fined between RMB500,000 to RMB5 million either individually or collectively. If, during the filing process, the domestic enterprises conceal important factors or the content is materially false, and securities are not issued, they are subject to a fine of RMB1-10 million. If the securities have been issued, the domestic enterprise is subject to a fine of 10-100% of the listing proceeds. With respect to the controlling shareholder, actual controllers, directors, supervisors, and other legally appointed persons, they are subject to a warning and fines between RMB500,000 and RMB5 million, individually or collectively.

On 2 April 2022, the CSRC released the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the "**Draft Archives Rules**"). The Draft Archives Rules includes both overseas direct offerings and overseas indirect offerings. The Draft Archives Rules provides that, among other things, (i) in relation to the overseas listing activities of domestic enterprises, the domestic enterprises are required to strictly comply with the relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities; (ii) during the course of an overseas offering and listing, if a domestic enterprise needs to publicly disclose or provide to securities companies, accounting firms or other securities service providers and overseas regulators, any materials that contain relevant state secrets or that have a sensitive impact (i.e. be detrimental to national security or the public interest if divulged), the domestic enterprise should complete the relevant approval/filing and other regulatory procedures; and (iii) working papers produced in the PRC by securities companies and securities service institutions, which provide domestic enterprises with securities services during their overseas issuance and listing, should be stored in the PRC, and the transmission of all such working papers to recipients outside of the PRC is required to be approved by competent authorities of the PRC.

In early July 2021, regulatory authorities in China launched cybersecurity investigations with regard to several China-based companies listed in the United States. On 10 July 2021, the CAC released the Cybersecurity Review Measures (Revised Draft for Solicitation of Comments) (《网络安全审查办法(修订草案征求意见稿)》). On 28 December 2021, the CAC, the NDRC, the MIIT, the MPS, the Ministry of National Security, the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration jointly released the Cybersecurity Review Measures, which took effect on 15 February 2022. At present, there are uncertainties as to the definition of "network platform operator" and the criteria of "users' personal information" and it is also unclear as to how it will be interpreted and implemented by the relevant PRC governmental authorities. We will continue to closely monitor further developments in relation to the Cybersecurity Review Measures. Pursuant to the Cybersecurity Review Measures, network platform operators with personal information of over one million users shall declare cybersecurity review before listing abroad (国外上市). The cybersecurity review will focus on whether the data

processing activities by network platform operators affects or may affect national security and evaluate, among others, the risk of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk. Given the Cybersecurity Review Measures were recently promulgated, their interpretation, application and enforcement are subject to substantial uncertainties. On 14 November 2021, the CAC published the Administration Regulations on Cyber Data Security (Draft for Comments) (the "**Draft Administration Regulations on Cyber Data Security**"), which provides the circumstances under which data processors shall apply for cybersecurity review, including, among others, when the data processors who process personal information of at least one million users apply for a "foreign" listing. As of the date of this Introductory Document, the Draft Administration Regulations on Cyber Data Security have not been formally adopted. It is uncertain when the final regulation will be issued and take effect, how it will be enacted, interpreted and implemented, and whether or to what extent it will affect us. The scope of business operations and financing activities that are subject to such draft regulation and the implementation thereof is not yet clear.

On 2 April 2022, the CSRC released the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the "**Draft Archives Rules**"). The Draft Archives Rules were open for public consultations until 17 April 2022. The Draft Archives Rules includes both overseas direct offerings and overseas indirect offerings. The Draft Archives Rules provides that, among other things, (i) in relation to the overseas listing activities of domestic enterprises, the domestic enterprises are required to strictly comply with the relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities; (ii) during the course of an overseas offering and listing, if a domestic enterprise needs to publicly disclose or provide to securities companies, accounting firms or other securities service providers and overseas regulators, any materials that contain relevant state secrets or that have a sensitive impact (i.e. be detrimental to national security or the public interest if divulged), the domestic enterprise should complete the relevant approval/filing and other regulatory procedures; and (iii) working papers produced in the PRC by securities companies and securities service institutions, which provide domestic enterprises with securities services during their overseas issuance and listing, should be stored in the PRC, and the transmission of all such working papers to recipients outside of the PRC is required to be approved by competent authorities of the PRC.

If the Draft Archives Rules are adopted in exactly the same form as its current form, it should not materially hinder the provision of information by us to the SGX-ST and/or Singapore regulatory authorities, provided that we will comply with any necessary procedures as advised by our PRC Legal Adviser, especially certain approval procedures of the provision of materials containing "state secrets and government work secrets" and "accounting archives or copies thereof which have important preservation value to the nation and the public".

As at the date of this Introductory Document, as advised by our PRC Legal Adviser, there are uncertainties as to the definition and/or scope of "state secrets and government work secrets" and "important preservation value". In addition, as the Draft Archives Rules has not been formally adopted yet, as at the date of this Introductory Document, it is uncertain when the final provisions will be issued and take effect, how they will be enacted, interpreted and implemented, and whether or to what extent they will affect the Listing.

REGULATIONS IN THE UNITED STATES

The work of NIO USA, Inc. is highly dependent on our ability to import NIO vehicles from China for use in various forms of research, testing and development, and to export the software and other technology developed in the U.S. to our colleagues in China.

IMPORT

Successful vehicle importation requires compliance with regulations from U.S. Customs and Border Protection, the National Highway Traffic Safety Administration (NHTSA), the Environmental Protection Agency (EPA) and the Department of Transportation (DOT). Various approvals from each of these agencies are required to both import and drive these vehicles. These agencies also control the lifecycle of NIO vehicles in the U.S. including limitations on how long the vehicle may stay in the U.S., and the destruction of the vehicles after the expiration of their permitted use.

NHTSA requires certification of several vehicles features including its conformity, or lack of conformity with federal motor vehicle safety standards (FMVSS). NHTSA determines the scope of permissible use of imported vehicles. We must self-certify that a vehicle meets or otherwise obtain an exemption from all applicable FMVSSs, as well as the NHTSA bumper standard, before the vehicle can be imported into the United States.

The EPA, under the ambit of the Clean Air Act requires that we obtain a Certificate of Conformity issued by the EPA and a California Executive Order issued by the California Air Resources Board (CARB) with respect to emissions for our vehicles.

At the end of the vehicle's import lifecycle we are required to dismantle the battery and destroy the vehicle in compliance with federal, state and local laws addressing safety and environmental protection.

EXPORT

Successful exportation of technology developed at NIO USA, Inc., including software, hardware, demonstration boards and others, requires filing applications with the Bureau of Industry and Security (BIS) to obtain appropriate Commodity Classifications for these goods. Depending on the determination of the BIS, we may be required to secure specific export licenses as permission to export. We must also comply with the regulations and standards of U.S. Customs and Border Protection.

DEPARTMENT OF MOTOR VEHICLES REGULATIONS

Aside from compliance with standard motor vehicle operation laws promulgated by the Department of Motor Vehicles (DMV), we are also required to obtain and maintain specific licenses issued by the DMV including: Vehicle Manufacturer License, Autonomous Vehicle Testing Permit (AVT), Employer Pull Notice, and Autonomous Vehicle Tester Licenses.

The Vehicle Manufacturer License, among other things, permit us to drive NIO vehicles on California streets and highways for testing purposes. The AVT Permit allows us to test autonomous vehicles in California. The DMV requires us to enrol in the Employer Pull Notice program which periodically provides driving reports for NIO vehicle testing drivers alerting us to any motor vehicle violations the driver may have incurred. The Autonomous Vehicle Tester License is a certification provided to our testing drivers after they have completed a required training course and have passed additional verifications. The maintenance and renewability of these licenses requires submission of various certifications and reports, the most significant of which is an annual "Disengagement Report" which addresses the safety of our autonomous testing.

INTELLECTUAL PROPERTY FILING AND PROTECTION

Our success depends, at least in part, on our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of patents, patent applications, trade secrets, including know-how, employee and third party nondisclosure agreements, copyright laws, trademarks, intellectual property licenses and other contractual rights to establish and protect our proprietary rights in our technology. We must also protect our IP from infringement and inappropriate and unlicensed use to avoid competitors from using and profiting from our inventions, and to protect our brand and reputation from counterfeit merchandise.

In addition, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those of the United States.

EMPLOYMENT LAWS

NIO USA, Inc. employs over 50 employees making it subject to numerous federal, state, local and municipal labour and employment laws and regulations. California is well-known as an employee-centric state, so strict compliance with all applicable laws in order to avoid fines, penalties, and lawsuits is required. Some of the most critical laws address fields including employee pay and benefits, anti-discrimination, anti-harassment, anti-retaliation, and data privacy and protection.

REGULATIONS IN THE UNITED KINGDOM

NIO Performance Engineering Limited ("**NIO UK**") is a private company limited by shares, incorporated in England and Wales.

DATA PROTECTION

The primary pieces of data protection legislation to which NIO UK is subject, by virtue of the fact that it processes personal data of living individuals in the UK and EEA, include the Data Protection Act 2018 (the "**DPA**"), the GDPR, the retained UK version of the GDPR (the "**UK GDPR**"), the EU ePrivacy Directive 2002/58/EC (as amended by Directive 2009/136/EC) as implemented in each EU Member State, and the UK Privacy and Electronic Communications Regulations (EC Directive) 2003 (collectively referred to as the "**DP Legislation**"). The purpose of the DP Legislation is to ensure the protection of personal data of living individuals in the UK and EEA, to ensure such data is processed securely, fairly and transparently and to restrict the way such data is shared with third parties, including internationally. The DP Legislation also enshrines certain rights for individuals, which may be enforced against companies, including rights to access their data or have it deleted.

The DP Legislation includes robust penalties for non-compliance, including fines of up to 4% of an organisation's global annual turnover. The legislation requires those entities subject to it to give specific types of information and notices to data subjects (which will include customers, suppliers and its own staff) and in some cases seek consent from such data subjects before collecting or using their data for certain purposes, including but not limited to some marketing activities.

NIO UK processes personal data with respect to its employees, contractors, suppliers and other third parties and consequently the DP Legislation will apply to all such data processed by NIO UK.

ANTI-BRIBERY AND CORRUPTION

In the UK, the primary legislation governing anti-bribery and corruption – with which NIO UK is required to comply – is the Bribery Act 2010 of the United Kingdom (the "**BA**"). The BA has "extra-territorial" effect with the aim of preventing the giving or receiving of bribes (including low level facilitation or "grease" payments) regardless of where such acts take place – i.e. whether in the UK or any other country in the world.

The BA includes a corporate offence of "failure to prevent bribery" which puts an onus on companies to have in place a set of "adequate procedures" to prevent bribery within their organisation and supply chain globally – such procedures may include: staff and supplier training; policies; senior level commitment; and due diligence on suppliers and associated parties. The BA creates both civil and criminal offences, while penalties for breaching the legislation include fines and imprisonment (including for directors where a company is liable for failure to prevent bribery).

EMPLOYMENT LAWS

NIO UK currently employs approximately 42 individuals, who are principally involved in providing research and development services for the Company. The Employment Rights Act 1996 ("**ERA**") is the primary piece of legislation which governs the relationship between NIO UK and those of its employees who provide services in England and Wales. The ERA regulates matters such as particulars of employment, protection of wages, whistleblowing, protection from detriment in employment, time off work, leave for maternity, paternity and adoption, shared parental leave and parental leave, flexible working, termination of employment, unfair dismissal, redundancy and redundancy payments.

NIO UK is also subject to various other statutes which apply with respect to its employment arrangements in England and Wales, including (a) Working Time Regulations 1998 which covers matters such as holiday and holiday pay, working hours and rest breaks; (b) Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 which covers treatment of fixed term employees; (c) Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2002 which covers treatment of part-time workers; (d) Equality Act 2010 which provides protection against unlawful discrimination in employment; (e) Health and Safety at Work Act 1974 which covers occupational health and safety; (f) Transfer of Undertakings (Protection of Employment) Regulations 2006 which, amongst other things, provides restrictions on varying terms and conditions of employment in connection with a transfer; (g) Trade Union and Labour Relations (Consolidation) Act 1992 which, amongst other things, provides for consultation requirements in respect of collective dismissals; and (h) Copyright, Designs and Patents Act 1988 and Patents Act 1977, which together create a statutory framework for employers to own the inventions and literary work made or created by their employees in the course of their employment.

REGULATIONS IN GERMANY

NIO GmbH ("**NIO Germany**") is a company with limited liability organised and existing under the laws of Germany with its statutory seat in Munich, Germany. The corporate purpose of NIO Germany consists in the development, production and distribution of electric vehicles and components as well as their respective accessories. Within these limits, NIO Germany is entitled to undertake all acts and measures necessary or desirable to achieve the object of NIO Germany.

DATA PROTECTION

The GDPR provides for the framework for data protection in Europe. Although directly applicable in all EU Member States, the GDPR does in some cases allow for derogations or specifications by the Member States. German data protection laws are in particular the Federal Data Protection Act (*Bundesdatenschutzgesetz*) and various State Data Protection Acts (*Landesdatenschutzgesetze*). This regime regulates the protection of natural persons with regard to the processing of personal data and the free movement of such data. The GDPR also includes certain rights for individuals, which may be enforced against companies, including but not limited to the rights to access, rectification or deletion.

This regime contains stringent data protection rules and provides for potential high penalties as well as damage claims by data subjects in case of lack of compliance. GDPR compliance entails certain expenses and efforts in order to achieve and ensure compliance (including appropriate training employees, designation of a of data protection officer, adjustments of processes, and monitoring by legal and compliance teams, among other required measures). The GDPR requires those entities subject to it to be transparent regarding their data processing operations, which is typically done by giving specific notices to data subjects (which will include customers, suppliers and staff). Each processing operation needs a legal basis, which in some cases requires to seek consent from data subjects before collecting or using their data for certain purposes, including but not limited to some marketing activities.

NIO Germany processes personal data with respect to its employees, contractors and others, and consequently the GDPR applies to such data processed by NIO Germany.

CONTRACTS AND GENERAL COMPLIANCE

The German Civil Code (Bürgerliches Gesetzbuch) and the German Commercial Code govern any contractual agreements between NIO Germany and its contractual partners which are subject to German law. When goods or services should be sold online by NIO Germany the German Civil Code would require NIO Germany to observe special information duties. Consumers are entitled to revoke contracts on goods purchased online within 14 days without cause.

German anti-bribery laws are not laid down in one single legislation, but in several laws and regulations. In addition, potentially also foreign legislation might apply to NIO Germany due to the extraterritorial effect of such legislation.

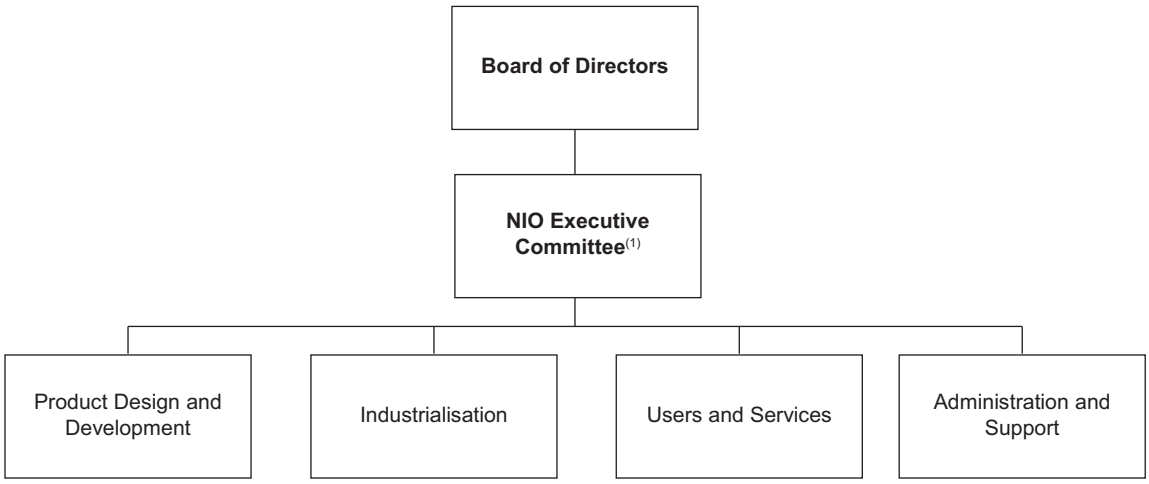
EMPLOYMENT LAWS

NIO Germany currently has approximately 190 full-time employees. German labour and employment relations are regulated by a number of different laws and regulations (for example, Act on Protection against Unfair Dismissal, Act on Working Hours, Federal Vacation Act, Act on Continued Remuneration with regard to sick pay, Minimum Wage Act, Act on Temporary Employment, Works Constitution Act, Act on Collective Bargaining Agreements), case law, collective bargaining agreements, works agreements and individual employment contracts.

In general, in business units with more than 10 employees, the requirements for a valid notice and restrictions on terminations are governed by the Act on Protection Against Unfair Dismissal. The employer must observe certain form requirements for terminations. In particular, a termination requires a justification on social grounds and is restricted in case of officially acknowledged handicapped or pregnant employees.

MANAGEMENT REPORTING STRUCTURE

The following diagram illustrates the management reporting structure of our Company:



Note:

(1) The Company's executive committee is made up of the executive directors and executive officers as set out in the table below (see "Directors and Senior Management – Directors and Executive Officers – Overview").

DIRECTORS AND EXECUTIVE OFFICERS

Overview

The following table sets forth information regarding our directors and senior management:

Name	Age	Position	Date of Appointment	Address
Directors(1)				
Bin Li	47	Founder, Chairman of the Board of Directors and Chief Executive Officer	December 2014	Building 20, No. 56 AnTuo Road, Anting Town, Jiading District, Shanghai 201804, People's Republic of China
Lihong Qin	48	Co-founder, Director and President	December 2014	Building 20, No. 56 AnTuo Road, Anting Town, Jiading District, Shanghai 201804, People's Republic of China
James Gordon Mitchell	48	Director	September 2018	Level 29, Three Pacific Place, 1 Queen's Road East, Wanchai, Hong Kong

Name	Age	Position	Date of Appointment	Address
Hai Wu	53	Independent Director	July 2016	No. 53, Gaoyou Road, Xuhui District, Shanghai, People's Republic of China
Denny Ting Bun Lee	54	Independent Director	September 2018	No. 4 Dianthus Road, Yau Yat Chuen, Kowloon, Hong Kong
Yu Long	49	Independent Director	July 2021	16F, West Tower, Genesis Beijing, No. 8 Xinyuan South Road, Chaoyang District, Beijing, China
Senior Management				
Xin Zhou	52	Executive Vice President	April 2015	Building 22, No 56 AnTuo Road AnTing Town, Jiading District Shanghai, 201804 China
Feng Shen	58	Executive Vice President	December 2017	Building 22, No 56 AnTuo Road AnTing Town, Jiading District Shanghai, 201804 China
Wei Feng	42	Chief Financial Officer	November 2019	Building 20, No 56 AnTuo Road AnTing Town, Jiading District Shanghai, 201804 China
Ganesh V. Iyer	54	Chief Information Officer	April 2016	3200 North First Street, San Jose, CA 95134

Note:

(1) Our board consists of six directors, including three independent directors. Our Company has undertaken to appoint one (1) independent director (who complies with Rule 210(5)(d) of the Listing Manual) resident in Singapore within one (1) year of the date of the Listing. See "Directors and Senior Management – Directors and Executive Officers – Board Practices" for the functions and duties of our board. Our board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws.

None of the independent directors of our Company sits on the board of our Major Subsidiaries that are based in jurisdictions other than Singapore.

There are no family relationships among any of the directors or executive officers of our Company, or between any of the directors and executive officers of our Company and any principal Shareholder of our Company. See "Appendix E – List of Past and Present Directorships". See also "Holders of our Class C ordinary shares" for disclosure of interests of the directors and executive officers and the Controlling Shareholders of our Company.

Save for Mr. James Gordon Mitchell who is the Chief Strategy Officer of Tencent Holdings Limited, there is no arrangement or understanding with any principal Shareholder, customer or supplier of our Company or other person, pursuant to which any of our directors or executive officers was selected as a director or key executive of our Company.

Our Directors

Mr. Bin Li (李斌) is our founder and has served as chairman of the board since our inception and our chief executive officer since March 2018. In 2000, Mr. Li co-founded Beijing Bitauto E-Commerce Co., Ltd. and served as its director and president until 2006. From 2010 to 2020, Mr. Li served as chairman of the board of directors at Bitauto Holdings Limited (previously listed on NYSE with stock code BITA), a former NYSE-listed automobile service company and a leading automobile service provider in China. In 2002, Mr. Li co-founded Beijing Creative & Interactive Digital Technology Co., Ltd. as the chairman of the board of directors and had served as its president and director. Mr. Li received his bachelor's degree in sociology from Peking University.

Mr. Lihong Qin (秦力洪) is our co-founder and has served as our director and our president since our inception. Prior to joining us, Mr. Qin served as chief marketing officer and executive director at Longfor Properties Co., Ltd. (HKEX: 960), a leading company involved in property development and investment in China, from 2008 to 2014. He also served as deputy general manager at Anhui Chery Automobile Sales and Service Company from 2005 to 2008, as senior consultant and project manager at Roland Berger Strategy Consultants from 2003 to 2005. Mr. Qin received his bachelor's degree and a master's degree in law from Peking University in 1996 and 1999, respectively, and a master's degree in public policy from Harvard University in 2001.

Mr. James Gordon Mitchell has served as our director since September 2018. Currently, Mr. Mitchell serves as Senior Executive Vice President and Chief Strategy Officer of Tencent Holdings (HKEX: 700), where he has worked since July 2011. Mr. Mitchell has also served as the chairman and non-executive director of the board of China Literature Limited (HKEX: 772) since June 2017. He is also a director of certain other listed companies including Frontier Developments Plc (AIM: FDEV), Tencent Music Entertainment Group (NYSE: TME), Universal Music Group (EURONEXT: UMG) and several unlisted companies. Prior to joining Tencent, Mr. Mitchell was a managing director at Goldman Sachs. He is a CFA® Charterholder and received a bachelor of arts degree in ancient and modern history degree from Oxford University.

Mr. Hai Wu (吴海) has served as our director since July 2016. Mr. Wu has served as a managing partner of Cenova Capital since May 2019. He has extensive experience in investments and management. Prior to Cenova Capital, Mr. Wu served as a managing director of China at Temasek Holdings Advisors (Beijing) Co., Ltd. since April 2014. Prior to that, Mr. Wu was the chief executive officer at Ramaxel Technology (Shenzhen) Limited from April 2012 to February 2014 and a managing director at CITIC Private Equity Funds Management Co., Ltd. from March 2010 to May 2012. Prior to that, Mr. Wu had served at the Beijing Branch office of McKinsey&Company for more than ten years and was elected as the global partner until February 2010. He also served as a non-executive director of COFCO Meat Holdings Limited (HKEX: 1610) from September 2015 to December 2017. He received a bachelor's degree in physiology from Peking University, a master's degree in business administration from the Johnson School of Management, Cornell University and a doctoral degree in biomedical science from Rutgers University.

Mr. Denny Ting Bun Lee (李廷斌) has served as our director since September 2018. Mr. Lee serves as an independent non-executive director on the board of NetEase, Inc. (Nasdaq: NTES; HKEX: 9999), a leading internet and online game service provider in China listed on the Nasdaq Global Select Market. He was the chief financial officer of NetEase, Inc. from 2002 to 2007. Prior to joining NetEase, Inc., Mr. Lee worked in the Hong Kong office of KPMG for more than ten years. Mr. Lee currently serves as an independent non-executive director and the chairman of the audit committees of the following three companies: (1) Jianpu Technology Inc. (NYSE: JT), a company listed on the NYSE, (2) New Oriental Education & Technology Group Inc. (NYSE: EDU; HKEX: 9901), a provider of private education services in China listed on the NYSE, and (3) China Metal Resources Utilisation Ltd. (HKEX: 1636), a company principally engaged in the manufacture and sales of copper and related products in China listed on the main board of The Hong Kong Stock Exchange. He was also an independent non-executive director and the chairman of the audit

committee of Concord Medical Services Holdings Limited (NYSE: CCM), a leading specialty hospital management solution provider and operator in China listed on the NYSE, from December 2009 to May 2021. Mr. Lee graduated from the Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants and The Chartered Association of Certified Accountants.

Ms. Yu Long (龙宇) has served as our director since July 2021. Ms. Long currently serves as the Founding and Managing Partner of BAI Capital. She also serves as a member of Bertelsmann Group Management Committee and the governor of China Venture Capital and Private Equity Association. Formerly, Ms. Long was the chief executive officer of Bertelsmann China Corporate Centre and the managing partner of Bertelsmann Asia Investments. Prior to that, she was a Principal at Bertelsmann Digital Media Investments. She joined the international media, services and education company via the Bertelsmann Entrepreneurs Program in 2005. Ms. Long is a member of the World Economic Forum's Young Global Leaders Advisory Council and its Global Agenda Council on the Future of Media, Entertainment & Information and was a member of the Stanford Graduate School of Business Advisory Council from May 2015 to May 2021. Ms. Long serves on the board of directors and as a member of the audit committee of Tapestry Inc. (NYSE: TPR, its portfolio includes Coach, Stuart Weitzman and Kate Spade) and LexinFintech Holdings Ltd. (NASDAQ: LX), respectively. Ms. Long received a bachelor's degree in electrical engineering from University of Electronic Science and Technology in China and an MBA from Stanford Graduate School of Business.

Our Senior Management

Mr. Feng Shen (沈峰) joined our Company in December 2017, and currently serves as our executive vice president and chairman of quality management committee. Mr. Shen worked in several senior executive management roles, such as president of Polestar China and global chief technology officer at Polestar, president at Volvo Cars China R&D Company, vice president of Volvo Cars Asia-Pacific Operation, and chairman at China-Sweden Traffic Safety Research Centre from 2010 to 2017. Prior to that, Mr. Shen served in various roles, including powertrain manager and six-sigma quality management master, at Ford Motor Company (NYSE: F) from 1999 to 2010 in the United States and China. Mr. Shen received a bachelor's degree in mathematics and mechanics and a master's degree in applied mechanics from Fudan University in 1984 and 1987, respectively. He also received a doctoral degree in mechanical engineering from Auburn University in 1996.

Mr. Xin Zhou (周欣) joined our Company in April 2015. He has served as the chairman of product committee since 2017, and currently serves as our executive vice president. Prior to joining our Company, Mr. Zhou served as executive director at Qoros Automotive Co., Ltd. from September 2009 to April 2015. Prior to that, he was the engagement manager of McKinsey & Co. from April 2007 to August 2009, and executive director of Lear Corp. (NYSE: LEA) from May 1998 to April 2007. From 1995 to 1998, Mr. Zhou worked at General Motors China Inc. Mr. Zhou received a bachelor's degree in applied science from Fudan University in 1992 and a master's degree in business administration from China Europe International Business School in 2008.

Mr. Wei Feng (奉玮) has served as our Chief Financial Officer since November 2019. Prior to joining our Company, Mr. Feng served as managing director and head of the auto and auto parts research team at China International Capital Corporation. Prior to that, Mr. Feng served as an industry analyst at Everbright Securities Co. Ltd. from 2010 to 2013. Mr. Feng's career also includes more than five years' working experience within the ZF (China) Investment Co., Ltd. where he participated in numerous corporate matters. Mr. Feng received his bachelor's degree in Engineering from the Department of Automotive Engineering at Tsinghua University, and his joint master's degree in Automotive System Engineering from RWTH Aachen University in Germany and Tsinghua University in China.

Mr. Ganesh V. Iyer has served as our global chief information officer since April 2016 and managing director of NIO USA, Inc. since December 2018. Mr. Iyer has over 32 years of experience delivering results in various industries including autonomous technology, hi-tech, manufacturing, and telecom. Mr. Iyer worked as vice president of Information Technology at Tesla Inc. (Nasdaq: TSLA) until 2016. Prior to Tesla, where he served as vice president of Information Technology, Mr. Iyer joined VMWare (NYSE: VMW) in 2010 and held senior information technology leadership roles at VMWare. Prior to VMWare, Mr. Iyer served as director of information technology at Juniper Networks (NYSE: JNPR) and WebEx and worked in consulting primarily at Electronic Data Systems. Mr. Iyer received a bachelor's degree in chemical engineering from the University of Calicut in India.

COMPENSATION

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based.

Each executive officer has agreed to hold, both during and after the termination or expiry of the executive officer's employment agreement, in strict confidence and not to use, except as required in the performance of the executive officer's duties in connection with the executive officer's employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all rights, titles and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of the executive officer's employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in the executive officer's capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, with any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

We have entered into indemnification agreements and/or arrangements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our Company, save where such liabilities and expenses are incurred on account of the director's or executive officer's conduct that is finally adjudged to have been knowingly fraudulent, or deliberately dishonest or to have constituted willful misconduct, including, without limitation, breach of the duty of loyalty.

Compensation of Directors and Executive Officers

For each of the three years ended 31 December 2019, 31 December 2020 and 31 December 2021, we paid an aggregate of approximately US$2.26 million, US$2.2 million and US$3.1 million, respectively, in cash to our directors and executive officers. Our PRC subsidiaries and VIE are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. Save for the foregoing, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors, executive officers and employees. For share incentive grants to our directors and executive officers, see "Directors and Senior Management – Compensation – Stock Incentive Plans".

Stock Incentive Plans

Our board of directors has approved and adopted share-based awards under four stock incentive plans, namely, the 2015 Stock Incentive Plan, or the 2015 Plan, the 2016 Stock Incentive Plan, or the 2016 Plan, the 2017 Stock Incentive Plan, or the 2017 Plan, and the 2018 Stock Incentive Plan, or the 2018 Plan. The terms of the 2015 Plan, the 2016 Plan and the 2017 Plan are substantially similar. The purpose of our stock incentive plans is to attract and retain the best available personnel, to provide additional incentives to our employees, directors and consultants and to promote the success of our business. Our board of directors believes that our long-term success is dependent upon our ability to attract and retain superior individuals who, by virtue of their ability and qualifications, make important contributions to our business.

Under the 2015 Plan, the 2016 Plan and the 2017 Plan, the maximum numbers of Class A ordinary shares which may be issued pursuant to all awards are 46,264,378, 18,000,000 and 33,000,000, respectively. Under the 2018 Plan, the maximum number of shares available for issuance pursuant to all awards was initially 23,000,000 Class A ordinary shares, which amount will automatically increase each year by the number of shares representing 1.5% of the then total issued and outstanding share capital of our Company as of the end of each preceding year. As of 31 December 2021, awards to purchase an aggregate amount of 94,536,087 Class A ordinary shares under our stock incentive plans have been granted and are outstanding, excluding awards that were forfeited or cancelled after the relevant grant dates.

The following paragraphs describe the principal terms of the 2015 Plan, the 2016 Plan and the 2017 Plan.

Types of Awards. Our stock incentive plans permit the awards of options, restricted shares, restricted share units, share appreciation rights, dividend equivalent right or other right or benefit under each plan.

Plan Administration. Our board of directors or a committee of one or more members of the board of directors or officers will administer our stock incentive plans. The committee or the full board of directors, as applicable, will determine the grantees to receive awards, the type and number of awards to be granted to each grantee, and the terms and conditions of each award grant.

Award Agreement. Awards granted under our stock incentive plans are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend the award.

Eligibility. We may grant awards to our employees, consultants and directors.

Vesting Schedule. Except as approved by the plan administrator, options to be issued to the grantees under the stock incentive plans shall be subject to a minimum four (4) year vesting schedule calling for vesting no earlier than the following, counting from the applicable grant date or vesting commencement date (as determined by the plan administrator) with respect to the total issued options: the option representing 25% of the Class A ordinary shares under the option shall vest at the end of the first twelve (12) months commencing from the vesting commencement date, with remaining portions vesting in equal monthly instalments over the next thirty-six (36) months.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, In the case of an option granted to an employee who, at the time the option is granted, owns (or, pursuant to Section 424(d) of the U.S. Internal Revenue Code of 1986, as amended, is deemed to own) stock representing more than 10% of the total combined voting power of all classes of shares of us or our subsidiary or affiliate, the term of the option will not be longer than seven to ten years from the date of grant under the 2017 Plan, or five years from the date of grant under the 2015 Plan and the 2016 Plan.

Transfer Restrictions. Awards shall be transferable, subject to applicable laws, (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the grantee, to the extent and in the manner authorised by the plan administrator. Notwithstanding the foregoing, the grantee may designate one or more beneficiaries of the grantee's award in the event of the grantee's death on a beneficiary designation form provided by the plan administrator.

Termination and Amendment of the Plan. Unless terminated earlier or extended before expiration, each of our stock incentive plans has a term of ten years. The board of directors has the authority to terminate, amend or modify the stock incentive plans; provided, however, that no such amendment shall be made without the approval of our Shareholders to the extent such approval is required by applicable laws or provisions of the stock incentive plans. However, without the prior written consent of the grantee, no such action may adversely affect any outstanding award previously granted pursuant to the stock incentive plan.

The following paragraphs describe the principal terms of the 2018 Plan:

Types of Awards. The 2018 Plan permits the awards of options, restricted shares or any other type of awards that the committee grants.

Plan Administration. Our board of directors or a committee of one or more members of our board of directors will administer the 2018 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award Agreement. Awards granted under the 2018 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to the employees, directors and consultants of our Company. However, we may grant incentive share options only to persons employed by our Company or any parent or subsidiary corporation of our Company.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Options. The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of an option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is five years from the date of a grant.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

Termination and amendment of the 2018 Plan. Unless terminated earlier, the 2018 Plan has a term of five years from 1 January 2019. Our board of directors has the authority to amend or terminate the plan. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the recipient.

The following table summarises, as of 31 December 2021, the awards granted under the 2015 Plan, the 2016 Plan, the 2017 Plan and 2018 Plan to several of our directors and executive officers, excluding awards that were forfeited or cancelled after the relevant grant dates.

Name	Class A Ordinary Shares Underlying Options and Restricted Share Units	Exercise Price (US$/Share)	Date of Grant	Date of Expiration	Period During Which Option(s) is/are exercisable
Directors					
Bin Li	15,000,000	2.55 N/A	1 March 2018; 5 March 2020	29 February 2028	31 December 2018 - 29 February 2028
Lihong Qin	*	2.39 2.55 2.55 N/A	2 April 2020; 28 February 2018; 1 February 2018; 5 March 2020	1 April 2030; 27 February 2028; 31 January 2028	2 April 2021 - 1 April 2030; 28 February 2018 - 27 February 2028; 1 February 2021 - 31 January 2028
Hai Wu	*	3.61 N/A	29 May 2019 10 June 2021	29 May 2026	29 May 2020 - 29 May 2026
Denny Ting Bun Lee	*	N/A N/A N/A	12 September 2018; 13 August 2020; 12 September 2020	N/A	N/A
Yu Long	*	N/A	12 July 2021	N/A	N/A
Executive Officers					
Xin Zhou	*	2.05 2.39 2.55 2.55 N/A	25 September 2019; 2 April 2020; 28 February 2018; 1 February 2018; 5 March 2020	24 September 2026; 1 April 2030; 27 February 2028; 31 January 2028	25 September 2020 - 24 September 2026; 2 April 2021 - 1 April 2030; 28 February 2018 - 27 February 2028; 1 February 2021 - 31 January 2028
Feng Shen	*	1.8 2.05 2.39 2.55 N/A	31 December 2017; 25 September 2019; 2 April 2020; 1 February 2018; 5 March 2020	30 December 2027; 24 September 2026; 1 April 2030; 31 January 2028	31 December 2018 - 30 December 2027; 25 September 2020 - 24 September 2026; 2 April 2021 - 1 April 2030; 1 February 2021 - 31 January 2028
Wei Feng	*	1.8 2.39 3.98 N/A	18 November 2019; 2 April 2020; 29 May 2020; 5 March 2020	17 November 2026; 1 April 2030; 28 May 2027	18 November 2020 - 17 November 2026; 2 April 2021 - 1 April 2030; 29 May 2021 - 28 May 2027
Ganesh V. Iyer	*	2.05 0.27 2.55 2.39	25 September 2019; 3 May 2016; 1 March 2018; 2 April 2020	24 September 2026; 2 May 2026; 29 February 2028; 1 April 2030	25 September 2020 - 24 September 2026; 3 May 2017 - 2 May 2026; 1 March 2019 - 29 February 2028; 2 April 2021 - 1 April 2030
Total	**25,719,608**				

* Less than one percent of our total outstanding shares.

As of 31 December 2021, non-executive officers and other grantees as a group held awards of options to purchase 24,464,597 Class A ordinary shares of our Company. The exercise prices of the options range from US$0.0 to US$3.61 per share.

BOARD PRACTICES

Board of Directors

The board of directors of our Company, or the board, consists of six directors. A director is not required to hold any shares in our Company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is interested provided that (a) such director has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of our Company to borrow money, mortgage our Company's undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our Company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Apart from the employment agreements with each of our executive officers where each of our executive officers is employed for a specified time period, our directors do not currently have a fixed term of office. Save as disclosed in "Directors and Senior Management – Compensation – Employment Agreements and Indemnification Agreements", there are no existing or proposed service agreements entered into or to be entered into by any of our directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

Board Committees

We have established three committees under the board: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee

Our audit committee consists of our independent directors, Denny Ting Bun Lee, Hai Wu and Yu Long. Denny Ting Bun Lee is the chairman of our audit committee. We have determined that Denny Ting Bun Lee, Hai Wu and Yu Long satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and Rule 10A-3 under the U.S. Exchange Act. We have determined that Denny Ting Bun Lee qualifies as an "audit committee financial expert". The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our Company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;

- reviewing and approving all proposed related party transactions;

- meeting separately and periodically with management and the independent auditors; and

- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Our board, after making all reasonable enquiries, with the concurrence of our audit committee, is of the opinion that our internal controls and risks management systems are adequate and effective to address the financial, operational, compliance and information technology risks.

Our audit committee has considered the suitability of Mr. Wei Feng for his role as Chief Financial Officer. Our audit committee, after having (a) conducted interviews and/or otherwise met our Chief Financial Officer over several occasions; (b) considered the qualifications and past working experience of our Group Chief Financial Officer (as described below); (c) noted our Chief Financial Officer's abilities, familiarity and diligence in relation to our financial matters and information; (d) noted the absence of negative feedback on our Chief Financial Officer from his previous employers; (e) noted the team that supports and reports to him including their past working experience and qualifications and (f) made all reasonable enquiries, and to the best of its knowledge and belief, is of the view that our Chief Financial Officer has the competence, character and integrity expected of a chief financial officer of a listed issuer. Mr. Wei Feng, our Chief Financial Officer, has confirmed that he is adequately familiar with our business and operations and is familiar with our Group's accounting processes and policies. See the section entitled "Directors and Senior Management – Directors and Executive Officers – Our Senior Management – Mr. Wei Feng".

Compensation Committee

Our compensation committee consists of our independent directors, Hai Wu and Denny Ting Bun Lee, and our founder, chairman and chief executive officer, Bin Li. Hai Wu is the chairman of our compensation committee. We have determined that Hai Wu and Denny Ting Bun Lee satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;

- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;

- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and

- selecting any compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of our independent directors, Yu Long, Hai Wu and Denny Ting Bun Lee. Yu Long is the chairperson of our nominating and corporate governance committee. Yu Long, Hai Wu and Denny Ting Bun Lee satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the Shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regard to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our Company, including a duty to act honestly, and a duty to act in good faith. The directors must act bona fide in what they consider to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also have a duty to act with skills they actually possess and exercise the care and diligence that would be displayed by a reasonable director in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our Memorandum and Articles of Association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our directors owe their fiduciary duties to our Company and not to our Company's individual Shareholders, and it is our Company which has the right to seek damages if a duty owed by our directors is breached. In certain limited exceptional circumstances, a Shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Legal proceedings and compliance

From time to time, we may be involved in legal proceedings in the ordinary course of our business. Several securities class action lawsuits were filed against, amongst others, us and certain of our current and former directors and officers (including Bin Li, Lihong Qin, and Hai Wu). For further details of the legal proceedings and the risks associated with the class actions, see "Business – Legal Proceedings and Compliance" and "Risk Factors – Risks Related to our Business and Industry.".

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to Shareholders at such meetings;
- declaring dividends and other distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our Company and mortgaging the property of our Company; and
- approving the transfer of shares in our Company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office (unless there is any written agreement between our Company and such director) and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board pursuant to our Memorandum and Articles of Association. The office of a director shall be vacated if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) resigns his office by notice in writing to the Company; or (iii) dies or is found to be or becomes of unsound mind.

LEGAL REPRESENTATIVES

Identity of Legal Representatives of our Major PRC Subsidiaries and Consolidated PRC Affiliated Entity

Our Major PRC Subsidiaries

The legal representative of each of our major PRC subsidiaries are as follows:

Major PRC Subsidiary	Name of the Legal Representative	Positions Held
NIO Holding Co., Ltd. (formerly known as NIO (Anhui) Holding Co., Ltd.) (蔚来控股有限公司)	Mr. Bin Li	Chairman of the board of directors
NIO Co., Ltd. (formerly known as Nextev Co., Ltd.) (上海蔚来汽车有限公司)	Mr. Lihong Qin	General Manager
XPT (Jiangsu) Investment Co., Ltd. (蔚然(江苏)投资有限公司)	Mr. Shuxiang Zeng	General Manager
Shanghai XPT Technology Limited (上海蔚兰动力科技有限公司)	Mr. Shuxiang Zeng	General Manager
XPT (Nanjing) E-Powertrain Technology Co., Ltd. (蔚然(南京)动力科技有限公司)	Mr. Shuxiang Zeng	General Manager

Major PRC Subsidiary	Name of the Legal Representative	Positions Held
XPT (Nanjing) Energy Storage System Co., Ltd. (蔚然(南京)储能技术有限公司)	Mr. Shuxiang Zeng	General Manager; Chairman of the board of directors
NIO Sales and Services Co., Ltd. (formerly known as Shanghai NIO Sales and Services Co., Ltd.) (蔚来汽车销售服务有限公司)	Mr. Lihong Qin	General Manager; Chairman of the board of directors
NIO Energy Investment (Hubei) Co., Ltd. (蔚来能源投资(湖北)有限公司)	Mr. Fei Shen	General Manager
Wuhan NIO Energy Co., Ltd. (武汉蔚来能源有限公司)	Mr. Lihong Qin	Chairman of the board of directors
XTRONICS (Nanjing) Automotive Intelligent Technologies Co., Ltd. (蔚隆(南京)汽车智能科技有限公司)	Mr. Shuxiang Zeng	Chairman of the board of directors
XPT (Jiangsu) Automotive Technology Co., Ltd. (江苏蔚然汽车科技有限公司)	Mr. Shuxiang Zeng	General Manager
NIO Automobile (Anhui) Co., Ltd. (蔚来汽车(安徽)有限公司)	Mr. Lihong Qin	Chairman of the board of directors
NIO Automobile Technology (Anhui) Co., Ltd. (蔚来汽车科技(安徽)有限公司)	Mr. Lihong Qin	Chairman of the board of directors
NIO Financial Leasing Co., Ltd. (上海蔚来融资租赁有限公司)	Mr. Yu Qu	General Manager; Chairman of the board of directors

Our Consolidated Affiliated Entity

The legal representative and executive director of Beijing NIO is Mr. Lihong Qin.

Powers and Duties of Legal Representatives

In accordance with applicable PRC laws, each of the above legal representatives has the powers to act as representative of that major PRC subsidiary or Consolidated Affiliated Entity and to execute contracts on behalf of that major PRC subsidiary or Consolidated Affiliated Entity, with or without the company seal. Neither the Company nor any of the major PRC subsidiary or Consolidated Affiliated Entity have any legal representatives appointed or given sole powers to represent, exercise rights and enter into binding obligations on their behalf.

Appointment and Removal of Legal Representatives

Under the applicable PRC laws, the legal representative shall be appointed and removed in accordance with the articles of association of the company, and the legal representative shall be either the chairman of the board (or the executive director in case no board is formed in the company), or the general manager of the company. The change of legal representative shall be registered with the competent authorities. Further, the chairman of the board or the executive director shall be appointed by the shareholders and the general manager shall be appointed by the board or the executive director. Therefore, the legal representative can be appointed and removed by the shareholders or through the appointed board or executive director, with or without the legal representative's consent.

Major PRC Subsidiaries

Based on the above and the articles of association of each of our major PRC subsidiaries, each of their respective shareholder(s) shall be able to, either directly or indirectly, control the appointment and dismissal of the respective legal representatives of our major PRC subsidiaries.

Consolidated Affiliated Entity

Based on the above and the articles of association of our Consolidated Affiliated Entity, its shareholders (being the Registered Shareholders) shall be able to, either directly or indirectly, control the appointment and dismissal of the legal representative of our Consolidated Affiliated Entity.

However, notwithstanding that the articles of association of the Consolidated Affiliated Entity vests the respective shareholders (being the Registered Shareholders) with the right to control the appointment and dismissal of the respective legal representative, the Registered Shareholders have provided Powers of Attorney in favour of Shanghai NIO, appointing Shanghai NIO or its designated third party as trustee and as each of their sole, comprehensive and exclusive agent, and in the name of the Registered Shareholders, to exercise all rights they enjoy as the shareholder of the Consolidated Affiliated Entity to allow Shanghai NIO to pass the relevant shareholders' resolution approving the appointment, removal or change in director(s) and/or general manager(s) (and consequently, the legal representative(s), who shall be the director or general manager of the Consolidated Affiliated Entity), in accordance with the applicable laws and articles of association of the Consolidated Affiliated Entity. Accordingly, in respect of our Consolidated Affiliated Entity, Shanghai NIO shall be able to control the appointment and dismissal of the legal representative of our Consolidated Affiliated Entity.

In addition, pursuant to the Exclusive Option Agreements, the Registered Shareholders shall appoint the persons designated by Shanghai NIO as the directors/executive directors and/or senior management (including the general manager and other executive officers) of our Consolidated Affiliated Entity at the request of Shanghai NIO.

Based on the above and the arrangements established under the Contractual Arrangements to safeguard our Company's interests in the event of any change of our Consolidated Affiliated Entity's legal representative, Shanghai NIO shall be able to, either directly or indirectly, control the appointment and dismissal of the legal representatives of the Consolidated Affiliated Entity.

Accordingly, there are no impediments to the removal of the legal representatives of our major PRC subsidiaries and Consolidated Affiliated Entity under the applicable PRC laws, the articles of association of the respective major PRC subsidiaries and Consolidated Affiliated Entity and the Contractual Arrangements.

Under the applicable PRC laws, in order to effect a change in legal representative and director, a shareholder(s)' resolution approving the change in legal representative and director has to be passed and registration of such change has to be filed with relevant local branches of the SAMR, which typically takes no more than 20 days.

Measures Implemented by our Group

Considering the impact in the event that a legal representative represents any of our major PRC subsidiaries or Consolidated Affiliated Entity without having obtained prior authorisation, our Group has implemented the following measures in the event of a change to any of our major PRC subsidiaries or Consolidated Affiliated Entity:

(a) the implementation of internal control systems to ensure proper authorisation as to delegation of authority and to ensure that payments require proper approvals;

(b) the implementation of measures to safeguard the corporate seal, finance seal, legal seal and cheque books in each of our major PRC subsidiaries and Consolidated Affiliated Entity such as the safekeeping of such documents and items by a dedicated personnel at our Group's headquarters or Consolidated Affiliated Entity in charge of safekeeping the seals in accordance with our seal management system; and

(c) safekeeping of the originals of the business licences of each of our PRC major subsidiaries and Consolidated Affiliated Entity by a dedicated personnel at our Group's headquarters or Consolidated Affiliated Entity in charge of safekeeping the licences in accordance with our licences management system.

Based on the above, our directors are of the view, on the basis of our PRC Legal Adviser's advice, that the procedures in place to appoint and remove the legal representatives of our major PRC subsidiaries and our Consolidated Affiliated Entity are adequate to mitigate the risks in relation to the appointment of legal representatives and safeguard the interests of our Group.

SHARE OWNERSHIP

Except as otherwise noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as at the Latest Practicable Date (other than information relating to the principal Shareholders which is based on the latest public filings made by principal Shareholders) by:

- each of our directors and executive officers; and
- each person known to us who owns beneficially more than 5% of our total outstanding shares (including Class A ordinary shares and Class C ordinary shares).

The calculations in the table below are based on 1,670,533,635 ordinary shares issued and outstanding, comprising 1,522,033,635 Class A ordinary shares (excluding 21,766,275 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Stock Incentive Plans) and 148,500,000 Class C ordinary share as at the Latest Practicable Date (other than information relating to the principal Shareholders which is based on the latest public filings made by principal Shareholders).

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days after the Latest Practicable Date, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Class A ordinary shares beneficially owned	Class C ordinary shares beneficially owned	Total ordinary shares beneficially owned	% of Beneficial Ownership†	Total voting rights of Class C ordinary shares	% of Aggregate Voting Power†
Directors and Executive Officers:**						
Bin Li[(1)]	28,967,776	148,500,000	177,467,776	10.5	100%	44.5
Lihong Qin	*	–	*	*	–	*
James Gordon Mitchell[(2)]	–	–	–	–	–	–
Hai Wu[(3)]	*	–	*	*	–	*
Denny Ting Bun Lee[(4)]	*	–	*	*	–	*
Yu Long[(5)]	–	–	–	–	–	–
Xin Zhou	*	–	*	*	–	*
Feng Shen	*	–	*	*	–	*
Wei Feng	*	–	*	*	–	*
Ganesh V. Iyer[(6)]	*	–	*	*	–	*
All Directors and Executive Officers as a Group	47,163,627	148,500,000	195,663,627	11.6	100%	44.9
Principal Shareholders:						
Founder Vehicles[(7)]	16,967,776	148,500,000	165,467,776	9.9	100%	44.5
Tencent Entities[(8)]	164,249,629	–	164.249,629	9.8	–	5.6
Baillie Gifford & Co[(9)]	88,750,621	–	88,750,621	5.3	–	3.3

* Less than 1% of our total outstanding shares.

** Except where otherwise disclosed in the footnotes below, the business address of all the directors and executive officers is Building 16, 20 and 22, No. 56 AnTuo Road, Anting Town, Jiading District, Shanghai 201804, People's Republic of China.

† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class C ordinary shares as a single class. Each holder of our Class A ordinary shares is entitled to one vote per share and each holder of our Class C ordinary shares is entitled to eight votes per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class C ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law.

(1) Based on the statement on Schedule 13G/A available up to the Latest Practicable Date and filed on 27 January 2022 jointly by Mr. Bin Li, Originalwish Limited, mobike Global Ltd., NIO Users Limited and NIO Users Trust, as of 31 December 2021, (i) Mr. Bin Li beneficially owned 12,000,000 Class A ordinary shares issuable to Mr. Bin Li upon exercise of options within 60 days of 31 December 2021, (ii) Originalwish Limited, a British Virgin Islands company wholly owned by Mr. Bin Li, held 89,013,451 Class C ordinary shares, (iii) mobike Global Ltd., a British Virgin Islands company wholly owned by Mr. Bin Li, held 26,454,325 Class C ordinary shares, and (iv) NIO Users Limited, a holding company controlled by NIO Users Trust, which is under the control of Mr. Bin Li, held 16,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares.

(2) The business address of Mr. Mitchell is Level 29, Three Pacific Place, 1 Queen's Road East, Wanchai, Hong Kong.

(3) The business address of Mr. Wu is No. 53, Gaoyou Road, Xuhui District, Shanghai, People's Republic of China.

(4) The business address of Mr. Lee is No. 4 Dianthus Road, Yau Yat Chuen, Kowloon, Hong Kong.

(5) The business address of Ms. Long is Unit 1610, 16th Floor, West Tower, Genesis Beijing, 8 Xinyuan South Road, Chaoyang District, Beijing 100027, People's Republic of China.

(6) The business address of Mr. Iyer is 3200 North First Street, San Jose, CA 95134.

(7) Based on the statement on Schedule 13G/A available up to the Latest Practicable Date and filed on 27 January 2022 jointly by Mr. Bin Li, Originalwish Limited, mobike Global Ltd., NIO Users Limited and NIO Users Trust, as of 31 December 2021, (i) Originalwish Limited, a British Virgin Islands company wholly owned by Mr. Bin Li, held 89,013,451 Class C ordinary shares, (ii) mobike Global Ltd., a British Virgin Islands company wholly owned by Mr. Bin Li, held 26,454,325 Class C ordinary shares, and (ii) NIO Users Limited, a holding company controlled by NIO Users Trust, which is under the control of Mr. Bin Li, held 16,967,776 Class A ordinary shares and 33,032,224 Class C ordinary shares. The registered address of Originalwish Limited and mobike Global Ltd. is Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands. The registered address of NIO Users Limited is Maples Corporate Services (BVI) Limited, Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands.

(8) Based on the statement on Schedule 13D/A available up to the Latest Practicable Date and filed on 4 March 2021 jointly by (i) Tencent Holdings Limited, (ii) Image Frame Investment (HK) Limited, (iii) Mount Putuo Investment Limited, and (iv) Huang River Investment Limited, pursuant to which Mount Putuo Investment Limited holds 40,905,125 Class B ordinary shares, Image Frame Investment (HK) Limited holds 87,388,807 Class B ordinary shares, a wholly-owned subsidiary of Tencent Holdings Limited holds 146,578 Class A ordinary shares, and Huang River Investment Limited beneficially owns 35,809,119 Class A ordinary shares. Mount Putuo Investment Limited, Image Frame Investment (HK) Limited, Huang River Investment Limited and Tencent Holdings Limited are collectively referred to in this Introductory Document as the Tencent Entities. Mount Putuo Investment Limited and Huang River Investment Limited are companies incorporated in the British Virgin Islands, and Image Frame Investment (HK) Limited is a company incorporated in Hong Kong. Each of Image Frame Investment (HK) Limited, Mount Putuo Investment Limited and Huang River Investment Limited is beneficially owned and controlled by Tencent Holdings Limited, a Cayman Islands company. The registered office of Huang River Investment Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The registered address of Image Frame Investment (HK) Limited is 29/F Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong. The registered address of Mount Putuo Investment Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The principal business address of Tencent Holdings Limited is Level 29, Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong. All of the Class B ordinary shares held by Tencent entities have been converted to Class A ordinary shares upon the listing of our Class A ordinary shares on the Hong Kong Stock Exchange pursuant to the conversion notice delivered by the affiliates of Tencent Holdings Limited, namely, Image Frame Invest (HK) Limited and Mount Putuo Investment Limited.

(9) Based on the statement on Form 13F available up to the Latest Practicable Date and filed on 5 May 2022 by Baillie Gifford & Co., Baillie Gifford & Co. and/or one or more of its investment adviser subsidiaries beneficially own 88,750,621 ADSs representing 88,750,621 Class A ordinary shares. The registered address of Baillie Gifford & Co. is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK.

To our knowledge, as of the Latest Practicable Date, 354,643,187 of our Class A ordinary shares were held by one record holder in the United States, which was Deutsche Bank Trust Company Americas, the depositary of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

SIGNIFICANT CHANGES IN PERCENTAGE OF BENEFICIAL OWNERSHIP

The following table sets out the significant changes in the percentage of beneficial ownership of our directors, chief executive officer and principal Shareholders in our Company in the past three years up to the Latest Practicable Date (other than information relating to the principal Shareholders which is based on the latest public filings made by principal Shareholders). Save as disclosed below, there were no significant changes in the percentage of beneficial ownership of our Company in the past three years up to the Latest Practicable Date (other than information relating to the principal Shareholders which is based on the latest public filings made by principal Shareholders).

	Percentage of Beneficial Ownership in our Company (%)				
Name of Shareholder	As of 28 February 2019	As of 31 March 2020	As of 28 Feb 2021	As of 31 December 2021	As of the Latest Practicable Date
Bin Li	14.4%	13.8%	10.6%	10.4%	10.5%
Lihong Qin	1.0%	*	*	*	*
James Gordon Mitchell	0.0	0.0%	0.0%	0.0%	0.0%
Hai Wu	0.0%	0.0%	*	*	*
Denny Ting Bun Lee	0.0%	*	*	*	*
Yu Long	0.0%	0.0%	0.0%	0.0%	0.0%
Xin Zhou	*	*	*	*	*
Feng Shen	*	*	*	*	*
Wei Feng	0.0%	0.0%	*	*	*
Ganesh V. Iyer	0.0%	*	*	*	*
Founder Vehicles	14.1%	13.4%	10.1%	9.8%	9.9%
Tencent Entities	13.3%	12.6%	10.0%	9.6%	9.8%
Baillie Gifford & Co. (and its investment adviser subsidiaries)	9.7%	9.1%	6.6%	6.4%	5.3%

* Less than 1% of our total outstanding shares as of the applicable date.

The Class A ordinary shares of our Company held by our directors, chief executive officer and principal Shareholders do not carry different voting rights from any other Class A ordinary shares of our Company.

To our knowledge, save as disclosed in this Introductory Document, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government.

We are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of our Company, or any contractual undertakings for any of our Shareholders to observe a moratorium on the transfer or disposal of his or her interest in the shares of our Company.

Based on the statement on Schedule 13G/A available up to the Latest Practicable Date and filed on 27 January 2022 jointly by Mr. Bin Li, Originalwish Limited, mobike Global Ltd., NIO Users Limited and NIO Users Trust, as of 31 December 2021, Mr. Bin Li, our founder, chairman and chief executive officer, is interested in and controls through (a) Originalwish Limited, 89,013,451 Class C ordinary shares (representing approximately 59.9% of the issued Class C ordinary shares and voting power of Class C ordinary shares), (b) mobike Global Ltd., 26,454,325 Class C ordinary shares (representing approximately 17.8% of the issued and outstanding Class C ordinary shares and voting power of Class C ordinary shares) and (c) NIO Users Limited, 16,967,776 Class A ordinary shares (representing approximately 1.1% of the issued Class A ordinary shares and voting power of Class A ordinary shares) and 33,032,224 Class C ordinary shares (representing approximately 22.2% of the issued Class C ordinary shares and voting power of Class C ordinary shares). Mr. Bin Li, Originalwish Limited, mobike Global Ltd. and NIO Users Limited are a group of Controlling Shareholders of the Company.

On 29 November 2021, a share swap was effected between Originalwish Limited and NIO Users Limited, pursuant to which 4,778,523 Class A ordinary shares were transferred from Originalwish Limited to NIO Users Limited, and the same amount of Class C ordinary shares were transferred from NIO Users Limited to Originalwish Limited. The share swap was conducted as part of the NIO Users Trust's ongoing plan to increase its portion of Class A ordinary shares in order to allow for more flexibility in obtaining financing and source of funding for the operations of the trust.

Originalwish Limited and mobike Global Ltd. are BVI companies wholly owned by Mr. Bin Li. NIO Users Limited is a holding company controlled by NIO Users Trust, a trust of which Mr. Bin Li is the settlor, protector, investment advisor and the only existing de facto beneficiary. Mr. Bin Li, as the settlor and investment advisor, has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to, the shares held by NIO Users Limited in our Company. For more details in relation to the NIO Users Trust and Mr. Li retaining sole control of the voting rights attached to the shares, including Class C ordinary shares, controlled by NIO Users Trust, please refer to "Holders of our Class C ordinary shares – NIO Users Trust".

Excluding 21,766,275 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Stock Incentive Plans, Mr. Bin Li's aggregated shareholding as of the Latest Practicable Date was approximately 9.9% of our issued share capital and he held approximately 44.5% of the voting rights in the Company through shares capable of being exercised on resolutions in general meetings. Therefore, Mr. Bin Li is and will continue to be a Controlling Shareholder after the Listing. For more information on Mr. Bin Li's shareholding, please see "Share Ownership".

Mr. Bin Li

Mr. Bin Li is the founder, chairman and chief executive officer of our Company. He is a seasoned serial entrepreneur with a proven track record in building innovative businesses in the mobility and internet spaces.

Mr. Li is pivotal in defining NIO vision to build a user enterprise. Guided by this vision, Mr. Li initiates the concept of building a user community starting with smart electric vehicles to share joy and grow together with our users, and made that our mission.

Mr. Li leads the strategic development of our Company and is the mastermind in formulating our Company's business model and strategy. Under his guidance, our Company designs, develops, jointly manufactures and sells premium smart electric vehicles, driving innovations in next-generation technologies in autonomous driving, digital technologies, electric powertrains and batteries. Mr. Li spearheaded a series of technological breakthroughs and innovations, including our battery swapping technologies, BaaS, as well as our autonomous driving technologies and ADaaS.

Mr. Li is crucial in building NIO as a premium brand to provide a holistic experience of superior services and a joyful lifestyle to our users. Mr. Li is also the determining force behind the adoption of our online and offline integrated direct sales model.

NIO Users Trust

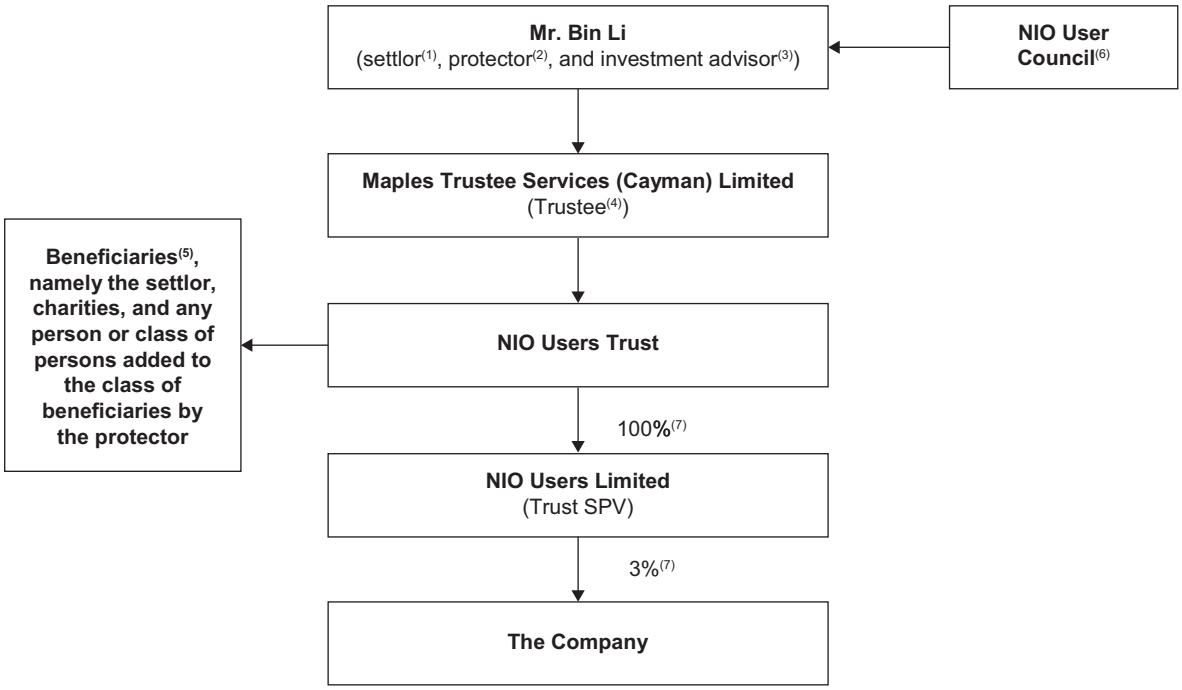
Mr. Bin Li is the settlor, the protector, the investment advisor and the only existing de facto beneficiary of NIO Users Trust and continues to retain the voting rights of the Shares controlled by NIO Users Trust and held by NIO Users Limited. Mr. Li has been the only existing de facto beneficiary who has been specifically named and identified under the trust deed (the "**Trust Deed**") of NIO Users Trust and has full control over the NIO Users Trust as the sole settlor, sole protector and sole investment advisor since its establishment, although two other categories of beneficiaries were written in the Trust Deed, including (i) charities (which refers to any company, body or trust which is (a) charitable in the place where it is situated, registered, incorporated or established and (b) charitable under the laws of the Cayman Islands) and (ii) any person or class of persons added to the class of beneficiaries by the protector by deed delivered to the trustee. As of the Latest Practicable Date, no charity has been identified as the beneficiary and no other person or class of persons has been added by Mr. Li as the protector to the class of beneficiaries.

While Mr. Li retains the voting rights, our users have the opportunity to discuss and give advice on the management and operation of the NIO Users Trust, including how to use the economic benefits derived from the shares in NIO Users Trust, which is intended to be composed mainly of the dividends from the shares that it holds, future interests accrued from and investment returns generated by cash assets to be held under the trust, and proceeds from the pledging of such shares from time to time, through the NIO User Council consisting of members of our user community elected by our users. Recommendations from the NIO User Council are submitted to Mr. Li, as the protector of NIO Users Trust, for consideration and giving instructions to the trustee. Mr. Li, as the protector of NIO Users Trust, has the power to make the final decisions after considering the recommendations from NIO User Council. NIO User Council does not have the power to direct the retention or disposal of shares held by NIO Users Trust. Mr. Li (i) possesses sole control over the voting rights attached to the Shares, including Class C ordinary shares, held by NIO Users Limited and (ii) is the only person with economic interest in the trust fund.

As illustrated below, any changes to the roles of the (i) protector, (ii) investment advisor or (iii) beneficiary of NIO Users Trust will have material impact on the WVR structure of the Company due to the power entrusted to them (in the case of the investment advisor and the protector) or the economic interests vested in them (in the case of the beneficiary) in the Class C ordinary shares held by NIO Users Limited. Upon the change of any of such roles to any person other than Mr. Bin Li, the beneficial ownership of, or the economic interest in, the WVR shares or the control over the voting rights attached to the shares held by NIO Users Trust will no longer be solely vested in Mr. Bin Li. Mr. Bin Li may cease to be a protector or investment advisor in the event of death, resignation by written notice to the trustee, or refusal, unfitness or incapacity to act. In such circumstances, the WVR shares held by NIO Users Trust will be automatically converted to Class A ordinary shares pursuant to the Hong Kong Listing Rules. In addition, if the shares held by NIO Users Trust are to be transferred to an affiliate of Mr. Bin Li that is not a Director Holding Vehicle, Mr. Bin Li will convert such Class C ordinary shares into Class A ordinary shares by delivering a written notice to the Company in accordance with the Articles and only transfer the resultant Class A ordinary shares to such affiliate.

Our Company has undertaken to the Hong Kong Stock Exchange to make appropriate disclosure in our annual report, interim report and our quarterly earnings release after our Hong Kong Listing to keep the investors informed of any material changes to these roles of NIO Users Trust.

The powers, rights and obligations and the mechanisms for the appointment and change of, and the relationships between, the various roles under the NIO Users Trust are illustrated below.



Notes:

(1) ***Powers, rights and obligations of the settlor:*** The settlor has the power to direct, by written notice, the trustee to exercise the shareholders powers (meaning all voting and other powers attributable to shares (and voting powers including powers to direct the voting of shares held by a nominee)) held by the trustees in relation to the appointment and removal of directors of NIO Users Limited. This power is not fiduciary in nature and may be exercised in the settlor's own interests without regard to the interests of any of the beneficiaries.

(2) ***Powers, rights and obligations of the protector:*** The protector has the powers to (i) appoint and remove trustee by deed, (ii) direct, in writing, the trustee to pay or apply the income from the trust assets to or for the benefit of any beneficiary under the trust, with the trustee having an obligation to accumulate the remainder of the income of the trust assets, and (iii) direct the trustee to exercise the powers relating to the beneficial use of trust property as set out in the Trust Deed which shall not otherwise be exercisable by the trustee while there is a protector in office. Furthermore, the protector is also conferred with the powers of appointment, resettlement and advancement. Further, the protector has the same rights as life tenant beneficiaries of an ordinary trust to receive information concerning the trust and its administration from the trustee and to inspect and take copies of trust documents. The powers of the protector, except the power of appointment, resettlement and advancement, are fiduciary in nature. ***Mechanism for the appointment and change of the protector:*** According to the Trust Deed, the settlor (i.e. Mr. Bin Li) shall be the first protector of the trust. There should only be one protector at any one time. The protector may in writing, by giving written notice to the trustee, appoint a successor or nominate a person to become the protector on his ceasing to be a protector. A person ceases to be a protector in the event of death, resignation by written notice to the trustee or refusal, unfitness or incapacity to act. If at any time there is no protector able or willing to act, the trustee has the power to appoint a new protector. Since the establishment of the trust, Mr. Bin Li has been the only protector of the trust. As of the Latest Practicable Date, Mr. Bin Li has no intention to exercise his powers as the protector under the Trust Deed to appoint a successor or nominate a person to become the protector on his ceasing to be a protector, and intends to continue to be the sole protector of the trust.

(3) ***Powers, rights and obligations of the Investment Advisor***: The investment advisor has the power to direct the trustee to exercise any investment powers, including (without limitation) all voting powers attributable to shares held by the trust and not reserved to the settlor. The powers of the investment advisor are not fiduciary in nature and may be exercised without regard to the interest of any of the beneficiaries, except that the investment advisor may not exercise those powers to benefit himself except on arm's length terms. ***Mechanism for the appointment and change of the investment advisor:*** According to the Trust Deed, the settlor (i.e. Mr. Bin Li) shall be the first investment advisor of the trust. There should only be one investment advisor at any one time. The investment advisor may in writing, by giving written notice to the trustee, appoint a successor or nominate a person to become the investment advisor on his ceasing to be an investment advisor. A person ceases to be an investment advisor in the event of death, resignation by written notice to the trustee or refusal, unfitness or incapacity to act. If at any time there is no investment advisor able and willing to act, the protector has, during his lifetime and while not mentally incapable, the power to appoint a new investment advisor. Subject to the protector's power, if at any time there is no investment advisor able and willing to act, the trustee has the power to appoint a new investment advisor. Since the establishment of the trust, Mr. Bin Li has been the only investment advisor of the trust. As of the Latest Practicable Date, Mr. Bin Li has no intention to exercise his powers as the investment advisor under the Trust Deed to appoint a successor or nominate a person to become the investment advisor on his ceasing to be an investment advisor, and intends to continue to be the sole investment advisor of the trust.

(4) ***Powers, rights and obligations of the trustee:*** The trustee has the power to exercise general administrative power under the Trust Deed and general law. Further, the trustee has the powers to, on the direction of the settlor, the protector or the investment advisor (as the case may be), (i) exercise voting and other powers attributable to shares held upon the terms of the trust in relation to the appointment and removal of directors of NIO Users Limited (as directed by the settlor), (ii) pay or apply the income from the trust assets to or for the benefit of any beneficiary under the trust (as directed by the protector), with an obligation to accumulate the remainder of the income of the trust assets, (iii) exercise the powers relating to the beneficial use of trust property (as directed by an appointment made by the protector), and (iv) exercise any powers of investment or ancillary to investment (as directed by the investment advisor). In addition to these powers the trustee has the power, with the written consent of the protector to change the governing law of the trust and the power and duty to appoint a new protector (if at any time there is no protector able and willing to act) and, subject to the protector's power to do so, a new investment advisor (if at any time there is no investment advisor able and willing to act). Finally, the trustee has the right to resign as trustee and, if the protector has not appointed a replacement trustee within the prescribed notice period, to appoint a replacement trustee. ***Mechanism for the appointment and change of the trustee:*** According to the Trust Deed, a trustee may be appointed and removed for any reason by the protector by deed. If there is either a protector or another trustee(s), (i) a trustee can give two months' written notice to the protector and the other trustee(s) (if any) of his or her intention to retire as trustee and (ii) if the protector (if any) has not appointed a replacement trustee within the notice period, then (a) if there remains at least one trustee, the retiring trustee shall be discharged on the expiry of the notice period or, (b) if the retiring trustee is the sole trustee, he or she may appoint a replacement by deed. As of the Latest Practicable Date, Mr. Bin Li, as the protector, has no intention to change the trustee of NIO Users Trust before or after the Listing.

(5) ***Powers, rights and obligations of the beneficiaries:*** Beneficiaries under the trust have no proprietary interests in a trust fund, having only a "right to be considered" for benefit and to compel due administration of the trust. ***Mechanism for the appointment and change of the beneficiaries:*** According to the Trust Deed, beneficiaries are defined to be (i) the settlor (i.e. Mr. Bin Li), (ii) charities, and (iii) any person or class of persons added to the class of beneficiaries by the protector by deed delivered to the trustees. The protector can also exercise his power of appointment to instruct the trustee to remove any class(es) of beneficiaries.

(6) ***Powers, rights and obligations of the NIO User Council:*** The NIO User Council plays an advisory role to the settlor, protector and investment advisor of the trust, and any recommendation of the NIO User Council will be considered and if thought fit by Mr. Bin Li, implemented by the trustee as directed by Mr. Bin Li. ***Mechanism for the appointment and change of NIO User Council members:*** Pursuant to the articles of association of NIO Users Trust, NIO Users Council members are the board of directors of the NIO Users Trust, which include the protector of the trust and eight user members ("**User Member(s)**") who are NIO vehicle owners. Each User Member shall serve a term of two years and shall be entitled to be re-elected upon expiration of his or her term. Every year, four User Members will retire and an election will be held. Retiring members are eligible for re-election. NIO vehicle owning users will voluntarily register for election after receiving the notice of recruitment from the NIO User Council members. The NIO User Council will, according to the registration situation, elect nine candidates to enter the final election of the community through internal voting by the NIO User Council members who will not participate in the re-election. All NIO vehicle owners are entitled to vote and each NIO vehicle owners can vote for four of the nine candidates. When a NIO vehicle owner supports a candidate, its NIO points shall be accrued towards the votes for such supported candidate. Candidates with top four vote counts will become the next User Members of NIO Users Council. Mr. Bin Li, as the Protector of the trust, is a permanent NIO User Council member while the rest of the eight User Members will be subject to the retirement and (re-)election mechanism as set out above.

(7) Equity interests as of the Latest Practicable Date.

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 close associates after the Listing.

Management Independence

Our business is managed and conducted by our board and senior management. Our board consists of six directors, of whom three are independent directors unrelated to our Controlling Shareholders. For more information, please see "Directors and Senior Management".

Our directors consider that our board and senior management will function independently of our Controlling Shareholders because:

(a) 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 does not allow any conflict between their duties as a director and their personal interests;

(b) our daily management and operations are carried out by members of our senior management team, all of whom have substantial experience in our Group's business and/or the industry in which we operate, and will be able to make decisions that are in the best interest of our Group;

(c) we have three independent directors and certain matters of our Company will always be referred to them for review and/or approval;

(d) 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) is required to declare the nature of such interest before voting at the relevant board meeting(s) in respect of such transactions; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders that would support our independent management; see "Holders of our Class C ordinary shares – Corporate Governance Measures" in this section for further information.

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. Our Group (through our subsidiaries and Consolidated Affiliated Entities) holds all material licenses and owns all relevant 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 of our Controlling Shareholders. Our access to, and relationship with, our customers and suppliers are independent of our Controlling Shareholders, and we have an independent management team that operates our business.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function, and an audit committee comprising solely of independent directors to oversee our accounting and financial reporting processes. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

No loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates were outstanding as of the Latest Practicable Date.

Based on the above, our directors believe that our board as a whole and together with our senior management team are able to manage, operate and carry on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and/or our directors may, from time to time, make minority investments or hold non-executive board positions in entities that operate in, or have subsidiaries that operate in, the broader industries in which all of our business segments also operate. As our Controlling Shareholders and/or directors have no executive or shareholding control over any of these entities, and these entities have separate businesses with separate management and shareholder bases that control their entities, our Controlling Shareholders will not inject any of their interested entities into our Group; and to the extent our directors hold non-executive board positions or make minority investments in these entities, we believe that this strengthens the experience and diversity of our directors, as a group, and signifies their passion for the industries in which we operate.

Our Controlling Shareholders and directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business.

Our directors recognise the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(a) where our directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;

(b) we have appointed Guotai Junan Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance;

(c) we have established our audit committee, compensation committee, nominating and corporate governance committee with written terms of reference in compliance with the rules of the NYSE. All of the members of our audit committee, including the chairman, are independent directors; and

(d) the terms of reference of our nominating and corporate governance committee are also consistent with the Hong Kong Listing Rules.

Based on the above, our directors are satisfied that we have sufficient corporate governance measures in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company as at the Latest Practicable Date.

Our ordinary shares are issued in registered form, and are issued when registered in our register of members. Under our Memorandum and Articles of Association, our Company may not issue bearer shares.

Share capital as at the Latest Practicable Date

(i) ***Authorised share capital***

Number	Description of Shares	Approximate aggregate nominal value of shares
2,500,000,000	Class A ordinary shares	US$625,000.00
132,030,222	Class B ordinary shares	US$33,007.56
148,500,000	Class C ordinary shares	US$37,125.00
1,219,469,778	Undesignated	US$304,867.44
Total		US$1,000,000.00

(ii) ***Issued, fully paid or credited to be fully paid (excluding treasury shares)***

Number	Description of Shares	Approximate aggregate nominal value of shares
1,522,033,635[(1)]	Class A ordinary shares	US$380,508.41
148,500,000	Class C ordinary shares	US$37,125.00
Total		US$417,633.41

Notes:

(1) Excluding 21,766,275 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Stock Incentive Plans and issued to our depositary, which has waived all shareholder rights (including voting rights) attached to those shares.

MULTIPLE VOTING SHARE STRUCTURE

Under our multiple voting share structure, our share capital comprises Class A ordinary shares and Class C ordinary shares. Each Class A ordinary share entitles the holder to exercise one vote and each Class C ordinary share entitles the holder to exercise eight votes respectively, on all matters that require a shareholders' vote, subject to a limited number of Reserved Matters to be voted on a one vote per share basis (save for the specified exception for the compliance of the Hong Kong Listing Rules as set out below).

The Reserved Matters are:

(i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares;

(ii) the appointment, election or removal of any independent non-executive director;

(iii) the appointment, election or removal of our Company's auditors; and

(iv) the voluntary liquidation or winding-up of our Company.

As of the Hong Kong Listing Date, all of the Class B ordinary shares had been converted into Class A ordinary shares pursuant to the conversion notice delivered by the relevant shareholders, and there are no Class B ordinary shares issued and outstanding, and the Company will not issue any Class B ordinary shares in order to comply with the Hong Kong Listing Rules.

In addition, our Articles do not currently satisfy some of the articles requirements pursuant to the Hong Kong Listing Rules (the "**Unmet Listing Rules Articles Requirements**"), and we will put forth resolutions to incorporate the Unmet Articles Requirements into our Articles at the First AGM. In addition, to further enhance its shareholder protection measures, our Company will at the First AGM propose to our Shareholders to amend our Articles (the "**Proposed Resolutions**") to (i) require a general meeting postponed by the directors to be postponed to a specific date, time and place (the "**GM Postponement Requirement**"), and (ii) remove the shareholding structure of Class B ordinary shares and provisions related to Class B ordinary shares (the "**Class B Removal Requirement**", together with the Unmet Listing Rules Articles Requirements and the GM Postponement Requirement, the "**Unmet Articles Requirements**").

In addition to our undertaking to seek Shareholders' approval to amend our Articles to comply with the Unmet Articles Requirements, our Company had, prior to the Hong Kong Listing, undertaken to the Hong Kong Stock Exchange that we would fully comply with the Unmet Articles Requirements upon the Hong Kong Listing and before our existing Articles are formally amended to incorporate the Unmet Articles Requirements (the "**Undertaking for Interim Compliance**"), except for the following:

(i) prior to our Articles being amended, the threshold for passing a resolution in a separate class meeting will be approved by holders of two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting as per article 17 of our Articles. For the avoidance of doubt, this exception is only applicable to the passing of the Proposed Resolutions, and our Company had irrevocably undertaken to comply with the relevant Hong Kong Listing Rules for passing any resolution in a separate class meeting (other than the Proposed Resolutions) under the Undertaking for Interim Compliance; and

(ii) prior to our Articles being amended, the threshold for passing a special resolution for amendments to our Articles will be approved by members holding two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting in accordance with article 159 of our Articles. For the avoidance of doubt, this exception is only applicable to the passing of the Proposed Resolutions, and our Company had irrevocably undertaken to comply with the relevant Hong Kong Listing Rules for passing any special resolution (other than the Proposed Resolutions) under the Undertaking for Interim Compliance.

See "Appendix B – Proposed Article Amendments" for further details.

Furthermore, certain Unmet Articles Requirements to be put forth at the general meeting for adoption will only be applicable during the Relevant Period. During the Relevant Period, (i) NIO Users Trust will not have any director nomination right; (ii) our Company shall have only one class of shares with enhanced, multiple or weighted voting rights; (iii) our directors shall not have the power to, amongst others, authorise share split or designate a new share class with enhanced or weighted voting rights; and (iv) certain restrictions on the WVR structure of the Company under the Hong Kong Listing Rules shall be applicable, such as, amongst others, no further increase in the proportion of WVR shares, that only a director or a director holding vehicle is permitted to hold WVR shares and automatic conversion of WVR shares into Class A ordinary shares under certain circumstances.

Notwithstanding the above and at any time after the Relevant Period, the provisions which are subject to the Relevant Period will continue to apply in the circumstances where the Company has a change of listing status on the Hong Kong Stock Exchange other than in the case where the secondary listing of the Company is withdrawn from the Hong Kong Stock Exchange pursuant to the applicable Hong Kong Listing Rules. Prospective investors are advised to be aware of the potential risks involved in any potential change of listing venue. For instance, if the shares of the Company is no longer traded on the Hong Kong Stock Exchange, you may lose the shareholder protection mechanisms afforded under the relevant Hong Kong Listing Rules. For further information about the risks associated, please refer to the section headed "Risk Factors – Risks Related to Our Shares, Our ADS and the Introduction.".

Our Company has undertaken to the Hong Kong Stock Exchange to make available in our annual and interim reports a summary of the relevant provisions and implications in the event where the secondary listing of the Company is withdrawn from the Hong Kong Stock Exchange pursuant to the applicable Hong Kong Listing Rules, similar to the disclosure in this Introductory Document to keep our Shareholders informed.

The table below sets out the ownership and voting rights held by the WVR beneficiary as of the Latest Practicable Date:

	Number of Shares	**Approximate percentage of issued share capital**[(1)]	**Approximate percentage of voting rights**[(1)(2)]
Class A ordinary shares held by the WVR beneficiary	16,967,776	1.0%	0.6%
Class C ordinary shares held by the WVR beneficiary	148,500,000	8.9%	43.9%
Total	**165,467,776**	**9.9%**	**44.5%**

Notes:

(1) Excluding 21,766,275 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Stock Incentive Plans.

(2) On the basis that each Class A ordinary share entitles the holder to one vote per share and each Class C ordinary share entitles the holder to eight votes per share.

Each Class C ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Upon the conversion of all the issued and outstanding Class C ordinary shares into Class A ordinary shares, the Company has issued 148,500,000 Class A ordinary shares, representing approximately 9.8% of the total number of issued Class A ordinary shares as of the Latest Practicable Date and conversion of Class C ordinary shares into Class A ordinary shares (excluding 21,766,275 Class A ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Stock Incentive Plans).

In February 2022, the affiliates of Tencent Holdings Limited ("**Tencent**"), namely Image Frame Investment (HK) Limited and Mount Putuo Investment Limited, delivered a share conversion notice to the Company to convert all of the 128,293,932 Class B ordinary shares held by the Tencent Entities to Class A ordinary shares upon the Hong Kong Listing. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Upon the conversion of all the issued and outstanding Class B ordinary shares into Class A ordinary shares, the Company issued 128,293,932 Class A ordinary shares, representing approximately 8.4% of the total number of issued Class A ordinary shares upon conversion of Class B ordinary shares into Class A ordinary shares and as of the Hong Kong Listing Date (excluding 23,279,058 Class A

ordinary shares issued and reserved for future issuance upon the exercising or vesting of awards granted under our Stock Incentive Plans). Upon the conversion of all Class B ordinary shares held by the Tencent Entities to Class A ordinary shares, the Tencent Entities held approximately 5.6% of the aggregate voting power of our Company as of the Hong Kong Listing Date.

As our strategic investor since before the initial public offering of the Company on the NYSE in 2018, Tencent provides us with strategic support and funding for the Company's sustainable development. We collaborate with Tencent in various aspects to deliver a high-quality and joyful in-car and off-car digital experience. With respect to the digital cockpit, we collaborate with Tencent on music and video streaming and karaoke applications as well as the communication and connectivity framework for the Group Trip and WeChat My Car features. Within the NIO app, Tencent software development kit is adopted for our Power Map development while Tencent Cloud supports the instant messaging feature and other connectivity services.

As of the Hong Kong Listing Date, all of the Class B ordinary shares had been converted into Class A ordinary shares pursuant to the conversion notice delivered by the Tencent Entities who were holders of the Class B ordinary shares before the Hong Kong Listing, and there are no longer any Class B ordinary shares issued and outstanding.

In connection with the share conversion, our founder, Mr. Bin Li, together with Originalwish Limited, mobike Global Ltd. and NIO Users Limited, undertook to Tencent and/or its affiliates that, if, at any time after the Hong Kong Listing becoming effective, upon the earlier of (A) any change in the Hong Kong Listing Rules or any change in the interpretation of the Listing Rules by the Hong Kong Stock Exchange and the SFC such that Tencent is permitted under the Hong Kong Listing Rules to be a beneficiary of Class B ordinary shares with weighted voting rights, or (B) the shares of the Company ceasing to be traded on the Hong Kong Stock Exchange, they will, within reasonable time and in their capacity as direct and/or indirect shareholders and/or beneficial owners of the shares of the Company, use all their best efforts to assist, and procure the Company to assist Tencent, with a view to reinstating the Class B ordinary shares enjoyed by Tencent before the Hong Kong Listing (including but not limited to putting forward relevant resolutions to such effect at the shareholders meeting upon Tencent's request, and/or voting in favour of such relevant resolutions whether proposed by them or not), provided that this undertaking shall lapse upon such completion of such reinstatement.

The multiple voting rights attached to our Class C ordinary shares will cease when the WVR beneficiary no longer has any beneficial ownership of any of our Class C ordinary shares, in accordance with the relevant Hong Kong Listing Rules. This may occur:

(i) upon the occurrence of any of the circumstances set out in the Hong Kong Listing Rules, in particular where the WVR beneficiary is: (1) deceased; (2) no longer a member of our board; (3) deemed by the Hong Kong Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Hong Kong Stock Exchange to no longer meet the requirements of a director set out in the Hong Kong Listing Rules;

(ii) when the holders of Class C ordinary shares have transferred to another person the beneficial ownership of, or economic interest in, all of the Class C ordinary shares or the voting rights attached to them, other than in the circumstances permitted by the Hong Kong Listing Rules;

(iii) where a vehicle holding Class C ordinary shares on behalf of a WVR beneficiary no longer complies with the relevant Hong Kong Listing Rules; or

(iv) when all of the Class C ordinary shares have been converted to Class A ordinary shares.

The Company has instructed its principal share registrar in Hong Kong to notify the Company of any proposed transfer of Class C ordinary shares and not to register any such transfer except in accordance with the Hong Kong Listing Rules.

WVR Beneficiary

As of the Latest Practicable Date, the WVR beneficiary was Mr. Bin Li, our founder, chairman and chief executive officer. Mr. Bin Li beneficially owned 28,967,776 Class A ordinary shares and 148,500,000 Class C ordinary shares.

Our multiple voting share structure allows our founder, Mr. Bin Li to exercise voting control over our Company, notwithstanding that he does not hold a majority economic interest in the share capital of our Company. This will enable our Company to benefit from Mr. Bin Li's continuing vision and leadership, who will control our Company with a view to its long-term prospects and strategy.

Mr. Bin Li is the founder, chairman and chief executive officer of our Company. He is a seasoned serial entrepreneur with a proven track record in building innovative businesses in the mobility and internet spaces.

Mr. Li is pivotal in defining NIO vision to build a user enterprise. Guided by this vision, Mr. Li initiates the concept of building a user community starting with smart electric vehicles to share joy and grow together with our users, and made that our mission.

Mr. Li leads the strategic development of our Company and is the mastermind in formulating our Company's business model and strategy. Under his guidance, our Company designs, develops, jointly manufactures and sells premium smart electric vehicles, driving innovations in next-generation technologies in autonomous driving, digital technologies, electric powertrains and batteries. Mr. Li spearheaded a series of technological breakthroughs and innovations, including our battery swapping technologies, BaaS, as well as our autonomous driving technologies and ADaaS.

Mr. Li is crucial in building NIO as a premium brand to provide a holistic experience of superior services and a joyful lifestyle to our users. Mr. Li is also the determining force behind the adoption of our online and offline integrated direct sales model.

Mr. Li was the former chairman of the board at Bitauto Holdings Limited (previously listed on the NYSE with Ticker Symbol: BITA), an automobile service company and a leading automobile service provider in China, from 2005 to 2020, and also its former chief executive officer from 2005 to 2018. In 2000, Mr. Li co-founded Beijing Bitauto E-Commerce Co., Ltd. and served as its director and president until 2006.

Each of Mr. Li, Originalwish Limited, mobike Global Ltd., and NIO Users Limited confirms that there is no encumbrance over any Class C ordinary shares as at the date of this Introductory Document and that no new encumbrance will be created over any Class C ordinary shares before the proposed amendments to the Articles as described under "Appendix B – Proposed Articles Amendments" have become effective.

Prospective investors are advised to be aware of the potential risks of investing in companies with multiple voting share structures, in particular that interests of the WVR beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, irrespective of how other Shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the multiple voting share structure adopted by the Company, please refer to the section headed "Risk Factors – Risks Related to Our Shares, Our ADS and the Introduction.".

As of the Hong Kong Listing Date, upon the conversion of all the Class B ordinary shares to Class A ordinary shares pursuant to the conversion notice delivered by the relevant shareholders, save for the multiple voting rights attached to Class C ordinary shares, the rights attached to all classes of outstanding Shares are identical. For further information about the rights, preferences, privileges and restrictions of the Class A ordinary shares, Class B ordinary shares (all of which have been converted to Class A ordinary shares pursuant to the conversion notice delivered by the relevant shareholders) and Class C ordinary shares, please see "Appendix B – Proposed Articles Amendments" and "Appendix C – Summary of our Memorandum and Articles of Association and Cayman Islands Corporate Law" for further details.

Undertakings by the WVR Beneficiary

Pursuant to the Hong Kong Listing Rules, each WVR beneficiary is required to give a legally enforceable undertaking to the Company that he/she will comply with the relevant requirements as set out in the relevant Hong Kong Listing Rules, which is intended to be for the benefit of and enforceable by our Shareholders. Prior to the Hong Kong Listing, Mr. Bin Li made an undertaking to the Company (the "**Undertaking**"), that for so long as he is a WVR beneficiary:

(1) he shall comply with (and, if the shares to which the multiple voting rights that he is beneficially interested in are attached are held through a limited partnership, trust, private company or other vehicle, use his best endeavours to procure that that limited partnership, trust, private company or other vehicle complies with) all applicable requirements under of the Hong Kong Listing Rules from time to time in force, to the extent not waived by the Hong Kong Stock Exchange (the "**Requirements**"); and

(2) he shall use his best endeavours to procure that the Company complies with all applicable Requirements, to the extent not waived by the Hong Kong Stock Exchange.

For the avoidance of doubt, the Requirements are subject to the Hong Kong Listing Rules. The WVR beneficiary acknowledged and agreed that our Shareholders rely on the Undertaking in acquiring and holding their shares. The WVR beneficiary further acknowledged and agreed that the Undertaking is intended to confer a benefit on the Company and all Shareholders and may be enforced by the Company and/or any Shareholder against the WVR beneficiary.

The Undertaking shall automatically terminate upon the earlier of (i) the date of delisting of the Company from the Hong Kong Stock Exchange; and (ii) the date on which the WVR beneficiary ceases to be a beneficiary of weighted voting rights in the Company. For the avoidance of doubt, the termination of the Undertaking shall not affect any rights, remedies, obligations or liabilities of the Company and/or any Shareholder and/or the WVR beneficiary himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the Undertaking which existed at or before the date of termination.

The Undertaking shall be governed by the laws of Hong Kong and all matters, claims or disputes arising out of the Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

Class Meetings and Full Shareholders' Meetings

As advised by the Company's legal adviser as to Cayman Islands laws, subsequent to the conversion of all of the Class B ordinary shares to Class A ordinary shares upon the completion of the Hong Kong Listing, pursuant to the conversion notice delivered by the affiliates of Tencent Holdings such that there are no longer any issued Class B ordinary shares as of the First AGM date, the incorporation of certain Unmet Articles Requirements will require approvals of both holders of Class A ordinary shares and holders of Class C ordinary shares in separate class meetings at the First AGM in accordance with Article 17 of the Company's Articles because these requirements

would vary the rights attached to Class A and Class C ordinary shares. A resolution to incorporate these Unmet Articles Requirements (the "**Class-based Resolution**") will need to be approved at the separate class meetings of holders of Class A ordinary shares (the "**Class A Meeting**") and of Class C ordinary shares (the "**Class C Meeting**"). The quorum for the Class A and Class C Meetings will be one-third in nominal or par value amount of the issued shares of the respective Class A and Class C ordinary shares in accordance with article 17 of the Company's Articles. The Class-based Resolution requires approval by holders of two-thirds of the voting rights of those present and voting in person or by proxy for Class A ordinary shares and Class C ordinary shares, respectively, on a one share one vote basis pursuant to article 17 of the Company's Articles.

If the Class-based Resolution is passed at both the Class A and Class C Meetings, at the full shareholders' meeting where all Shareholders may vote as a single class (the "**Full Shareholders' Meeting**"), the Shareholders will be asked to vote on the Class-based Resolution and another resolution to incorporate into the Company's Articles the Unmet Articles Requirements not covered by the Class-based Resolution (the "**Non-class-based Resolution**"). The quorum for the Full Shareholders' Meeting will be members controlling one-third of all votes attaching to all issued and outstanding shares of the Company pursuant to Article 65 of the Company's Articles. At the Full Shareholders' Meeting, each of the Class-based Resolution and the Non-class-based Resolution will require approval by members holding two-thirds of the voting rights of those present and voting in person or by proxy in accordance with Article 159 of the Company's Articles.

If the Class-based Resolution is not approved at either the Class A or Class C Meeting, then the Shareholders at the Full Shareholders' Meeting will only be asked to vote on the Non-class-based Resolution.

Furthermore, for other exceptions or amendments that are not covered in the Amended Articles, if any at all, the Company will first seek an extension of such exemption from the Hong Kong Stock Exchange before proceeding with tabling the relevant resolutions at the general meetings.

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the Unmet Articles Requirements, subject to the conditions that:

(a) at the First AGM, the Company will put forth: (i) the Class-based Resolution at the Class A Meeting and the Class C Meeting; and (ii) the Class-based Resolution (if adopted at the Class A and Class C Meetings) and the Non-class-based Resolution at the Full Shareholders' Meeting (together, the "**Proposed Resolutions**") to amend its Articles to comply with the Unmet Articles Requirements;

(b) each of the WVR beneficiary, directors and executive officers of the Company and the affiliates of Tencent Holdings Limited (the "**Tencent Entities**") will, prior to the Hong Kong Listing, irrevocably undertake to the Company to be present at the First AGM (whether in person or by proxy) and any general meeting that may be convened upon Listing and before the First AGM, and to vote in favour of the Proposed Resolutions;

(c) if any of the Proposed Resolutions are not passed at the First AGM, until they are all approved by the Shareholders, the Company will continue to put forth the Proposed Resolutions that have not been passed at each subsequent annual general meeting, and each of the WVR beneficiary, directors and executive officers of the Company and the Tencent Entities will, prior to the Hong Kong Listing, irrevocably undertake to continue to be present and vote in favour of such Proposed Resolutions at such a meeting;

(d) the Company will issue a press release announcing its support publicly for the Proposed Resolutions each year after the Hong Kong Listing until all the Proposed Resolutions are adopted;

(e) the Company will, prior to the Hong Kong Listing, irrevocably undertake to the Hong Kong Stock Exchange that it will comply with the Unmet Articles Requirements in full (the "**Undertaking for Interim Compliance**") upon the Hong Kong Listing and before its existing Articles are formally amended to incorporate the Unmet Articles Requirements, except for:

(i) the requirement that Company hold an annual general meeting within six months from the end of the financial year, provided that the Company will hold its First AGM on or before 31 August 2022;

(ii) prior to the Company's Articles being amended, the threshold for passing a resolution in a separate class meeting will be approved by holders of two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting as per article 17 of the Company's Articles. This exception is to facilitate the approval process for passing the Proposed Resolutions in the First AGM or each of the subsequent annual general meeting (as applicable), with the aim to enhance the Company's shareholder protection measures as soon as practicable. This exception is only applicable to the passing of the Proposed Resolutions, the Company shall irrevocably undertake to comply with the Hong Kong Listing Rules for passing any resolution in a separate class meeting (other than the Proposed Resolutions) under the Undertaking for Interim Compliance; and

(iii) prior to the Company's articles being amended, the threshold for passing a special resolution for amendments to the Company's Articles will be approved by members holding two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting in accordance with Article 159 of the Company's Articles. This exception is to facilitate the approval process for passing the Proposed Resolutions in the First AGM or each of the subsequent annual general meeting (as applicable), with the aim to enhance the Company's shareholder protection measures as soon as practicable. This exception is only applicable to the passing of the Proposed Resolutions, the Company shall irrevocably undertake to comply with the relevant Hong Kong Listing Rules for passing any special resolution (other than the Proposed Resolutions) under the Undertaking for Interim Compliance;

(f) the WVR beneficiary will, prior to the Hong Kong Listing, irrevocably undertake to the Company that:

(i) he will procure the Company to give effect to the Undertaking for Interim Compliance upon the Hong Kong Listing and before its existing Articles are formally amended; and

(ii) in the event any Class C ordinary shares is to be transferred to an affiliate (as defined in the Articles) of the WVR Beneficiary that is not a Director Holding Vehicle after the Hong Kong Listing but before its existing Articles are formally amended, he will convert such Class C ordinary shares into Class A ordinary shares by delivering a written notice to the Company in accordance with the Articles and only transfer the resultant Class A ordinary shares to such affiliate; and

(iii) he will procure Originalwish Limited, mobike Global Ltd. and NIO Users Limited to, prior to the Hong Kong Listing, deliver a written conversion notice to the Company in accordance with the existing Articles of the Company that all of the Class C ordinary shares each of them holds shall be converted to Class A ordinary shares on a one-for-one basis immediately upon any event as required by the Hong Kong Listing Rules, including any voluntary or involuntary transfer of legal title to or beneficial ownership of any such Class C ordinary shares (e.g. foreclosure of share pledge), occurring after the Listing and before the Articles are formally amended, and that such conversion notice shall expire immediately upon the proposed Article amendments are formally adopted; and

(g) the Company remains listed on the NYSE.

Each of the undertakings required by the Hong Kong Stock Exchange to be provided prior to the Hong Kong Listing has been provided. The Company and the WVR beneficiary acknowledged and agreed in the relevant undertakings that the undertakings are intended to confer a benefit on all the existing and future Shareholders of the Company.

The Company's legal adviser as to the laws of the Cayman Islands confirms that the Undertaking for Interim Compliance will not violate the laws and regulations of the Cayman Islands, and the Company confirms that, having consulted its other legal advisers, the Undertaking for Interim Compliance will also not violate other laws and regulations applicable to the Company.

As at the Latest Practicable Date, the WVR beneficiary beneficially owned in aggregate 148,500,000 Class C ordinary shares and 16,967,776 Class A ordinary shares (excluding 12,000,000 Class A ordinary shares issuable to Mr. Bin Li upon exercise of options within 60 days of the Latest Practicable Date) representing (a) 100% of the total voting rights of holders of the Class C ordinary shares voting as a separate class, (b) approximately 1.1% of the total voting rights of holders of the Class A ordinary shares voting as a separate class, and (c) approximately 44.5% of total voting rights in the Company.

Accordingly, although our WVR beneficiary's undertakings to be present at the First AGM (whether in person or by proxy) will be able to ensure a quorum at the Class C Meeting and the Full Shareholders' Meeting, there is no assurance that a quorum will be formed at the Class A Meeting. If no quorum is formed at the Class A Meeting, it cannot be convened. Furthermore, despite our WVR beneficiary's undertakings to vote in favour of the Proposed Resolutions to ensure that they will be adopted at the Class A Meeting and the Full Shareholders' Meeting, there is no guarantee that the Class-based Resolution will be passed at the Class A Meeting. It is uncertain as to whether the Class-based Resolution will be approved with sufficient support from our Shareholders at the Class A Meeting.

After the Hong Kong Listing, the Company will in its annual reports confirm whether it has, in the preceding financial year, complied with the Hong Kong Corporate Governance Code to the extent required by the Hong Kong Listing Rules.

Key Provisions of Our Memorandum and Articles of Association

The following are summaries of material provisions of our Memorandum and Articles of Association which are currently effective, insofar as they relate to the material terms of our ordinary shares. The Cayman Islands corporate law differs from laws applicable to Singapore companies and their shareholders. The summary below does not purport to be complete and is qualified in its entirety by reference to our Memorandum and Articles of Association and the applicable provisions of the Companies Law. Our Company will also be adopting certain proposed amendments to the Articles at the First AGM. See "Appendix B – Proposed Articles Amendments" and "Appendix C – Summary of Our Memorandum and Articles of Association and Cayman Islands Corporate Law" for further details.

Conversion Rights

Each Class B ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. Each Class C ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. The right to convert shall be exercisable by the holder of the Class B ordinary share and Class C ordinary share delivering a written notice to the Company that such holder elects to convert a specified number of Class B ordinary shares or Class C ordinary shares, respectively, into Class A ordinary shares. In no event shall Class A ordinary shares be convertible into Class B ordinary shares or Class C ordinary shares. There are no time-based sunset clauses for the conversion of Class B and Class C ordinary shares into Class A ordinary shares.

Upon any sale, transfer, assignment or disposition of Class B ordinary shares by a holder to any person or entity which is not an affiliate of such holder, or upon a change of ultimate beneficial ownership of any Class B ordinary share to any person who is not an affiliate of the registered shareholder of such share, each such Class B ordinary share shall be automatically and immediately converted into one (1) Class A ordinary share. Upon any sale, transfer, assignment or disposition of Class C ordinary shares by a holder to any person or entity which is not an existing Class C shareholder, affiliate of such Class C shareholder or NIO Users Trust, or upon a change of ultimate beneficial ownership of any Class C ordinary share to any person who is not an existing Class C shareholder, affiliate of such Class C shareholder or NIO Users Trust, each such Class C ordinary share shall be automatically and immediately converted into one (1) Class A ordinary share. The term "affiliate" means in respect of a person, any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person, and (i) in the case of a natural person, shall include, without limitation, such person's spouse, parents, children, siblings, mother-in-law, father-in-law, brothers-in-law and sisters-in-law, a trust for the benefit of any of the foregoing, and a corporation, partnership or any other entity wholly or jointly owned by any of the foregoing, and (ii) in the case of an entity, shall include a partnership, a corporation or any other entity or any natural person which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term "control" means the ownership, directly or indirectly, of shares possessing more than fifty per cent (50%) of the voting power of the corporation, partnership or other entity (other than, in the case of a corporation, securities having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity. The term "person" means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires.

Voting Rights

Each holder of Class A ordinary shares shall be entitled to one (1) vote on all matters subject to vote at general meetings of our Company, each holder of Class B ordinary shares shall be entitled to four (4) votes on all matters subject to vote at general meetings of our Company, and each holder of Class C ordinary shares shall be entitled to eight (8) votes on all matters subject to vote at general meetings of our Company. A poll may be demanded by the chairman of such meeting or any one or more Shareholders present in person or by proxy at the meeting.

An ordinary resolution to be passed at a meeting by the Shareholders requires the affirmative vote of a simple majority of the votes cast by such Shareholders at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast by such Shareholders at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our Memorandum of Association and/or our Articles of Association. Holders of our ordinary shares may effect certain changes by ordinary resolution, including increasing the amount of our authorised share capital, consolidating all or any of our share capital into shares of larger amount than our existing shares, subdividing our shares or any of them into shares of an amount smaller than that fixed by our Memorandum and Articles of Association, and cancelling any unissued shares. Both ordinary resolution and special resolution may also be passed by a unanimous written resolution signed by all the Shareholders of our Company, as permitted by the Cayman Islands Companies Act and our Memorandum and Articles of Association.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors, subject to our Articles of Association. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. In either case, under the laws of the Cayman Islands, our Company may pay a dividend

out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business.

There are no provisions in our articles governing the time limit after which entitlement to dividend lapses and an indication of the party in whose favour the lapse operates.

Election, Removal and Remuneration of Directors

Unless otherwise determined by our Company in general meeting, the number of directors shall not be less than three (3) directors. The exact number of directors is to be determined from time to time by our board of directors. There are no age limitations or retirement requirements in respect of our directors.

The board of directors may, by the affirmative vote of a simple majority of the remaining directors present and voting at a meeting of the board of directors, (i) appoint any person as a director to fill a vacancy on the board or, (ii) subject to the maximum size of the board being nine (9) directors, appoint any person as an addition to the board. Subject to stock exchange in the United States on which any Class A ordinary shares, Class B ordinary shares, Class C ordinary shares or ADSs are listed for trading applicable to the composition of the board of directors and qualifications and appointment of directors, (i) NIO Users Trust shall be entitled to nominate one (1) director to the board of directors; and (ii) in the event that Mr. Bin Li is not an incumbent director and the board of directors is composed of no less than six (6) directors, NIO Users Trust shall be entitled to nominate one (1) extra director to the board of directors.

Our directors shall not be required to hold any shares in our Company by way of qualification.

The remuneration of the directors may be determined by the directors or by ordinary resolution.

General Meetings of shareholders

As a Cayman Islands exempted company, we are not obliged by the Cayman Islands Companies Act to call shareholders' annual general meetings. Our Memorandum and Articles of Association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairman of board of directors or a majority of our board of directors. Advance notice of at least ten calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders.A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to all of our shares in issue and entitled to vote.

The Cayman Islands Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Memorandum and Articles of Association provide that upon the requisition of shareholders representing in aggregate not less than one-third of the votes attaching to the outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our Memorandum and Articles of Association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Transfer of Shares

Subject to the restrictions of our Memorandum and Articles of Association, as applicable, any of our Shareholders may transfer any or all of his or her ordinary shares by an instrument of transfer in writing and in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of shares which is not fully paid up or on which we have lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

(a) the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of ordinary shares;

(c) the instrument of transfer is properly stamped, if required;

(d) in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and

(e) a fee of such maximum sum as the stock exchange in the United States on which any Shares are listed for trading may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall notify the transferee within three months after the date on which the instrument of transfer was lodged.

The registration of transfers may be suspended at such time and for such period as our directors may from time to time determine, provided always that such registration shall not be suspended for more than 30 days in any year.

Liquidation

On the winding-up of our Company, if the assets available for distribution among our Shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding-up, the surplus shall be distributed amongst our Shareholders in proportion to the par value of the shares held by them at the commencement of the winding-up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our Company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our Shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon Shareholders for any amounts unpaid on their shares in a notice served to such Shareholders at least 14 days prior to the specified time(s) and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Repurchase, Redemption and Surrender of Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors or by special resolution of our Shareholders. Our Company may also

repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our Shareholders.

Under the Cayman Islands Companies Act, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Cayman Islands Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our Company may accept the surrender of any fully paid share for no consideration.

Variation of Rights of Shares

If at any time, our share capital is divided into different classes of shares, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class), whether or not our Company is being wound-up, may only be materially adversely varied with the consent in writing of holders of not less than two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued within preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by, inter alia, the creation, allotment or issue of further shares ranking pari passu with or subsequent to such existing class of shares or the redemption or purchase of any ordinary shares of any class by us. The rights of the holders of ordinary shares shall not be deemed to be materially adversely varied by the creation or issue of ordinary shares with preferred or other rights including, without limitation, the creation of ordinary shares with enhanced or weighted voting rights.

Issuance of Additional Shares

Subject to the Memorandum and Articles of Association of our Company, all Class A ordinary shares, Class B ordinary shares and Class C ordinary shares for the time being unissued shall be under the control of the directors who may, in their absolute discretion and without the approval of the Shareholders, cause the Company to:

(a) issue, allot and dispose of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares (including, without limitation, preferred shares) (whether in certificated form or non-certificated form) to such natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine;

(b) grant rights over Class A ordinary shares, Class B ordinary shares and Class C ordinary shares or other securities to be issued in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Class A ordinary shares, Class B ordinary shares and Class C ordinary shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and

(c) grant options with respect to Class A ordinary shares, Class B ordinary shares and Class C ordinary shares and issue warrants or similar instruments with respect thereto.

We may by ordinary resolution:

(a) increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;

(b) consolidate and divide all or any of our share capital into shares of larger amount than our existing shares;

(c) sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and

(d) cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

Limitations on the Right to Own Shares

There are no limitations on the right to own our Class A ordinary shares. Holders of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares have the same rights except for voting and conversion rights. Each Class B ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. Each Class C ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. In no event shall Class A ordinary shares be convertible into Class B ordinary shares or Class C ordinary shares.

Details of each Holder of Class C Ordinary Shares

Please refer to the section "Description of Share Capital – Multiple Voting Share Structure" for details of each holder of Class C ordinary shares.

ASSUMPTIONS

The above table assumes that no additional Shares are issued under the Stock Incentive Plans and between the Latest Practicable Date and the Listing. The above does not take into account any Shares which may be issued or repurchased by us.

RANKING

The Class A ordinary shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this Introductory Document.

STOCK INCENTIVE PLANS

See "Directors and Senior Management – Compensation – Stock Incentive Plans" for details about our Stock Incentive Plans.

SHARE REPURCHASES

Our Company may repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our Shareholders.

RELATED PARTY TRANSACTIONS

The following discussion of related party transactions has been prepared pursuant to the requirements of Form 20-F of the SEC, and is included in this Introductory Document for disclosure purposes only.

CONTRACTUAL ARRANGEMENTS

PRC laws limit foreign ownership of companies engaged in new energy vehicle manufacturing and other related businesses in China. Due to these restrictions, we operate our relevant business through contractual arrangements with the variable interest entity. See "Contractual Arrangements". With reference to the terms of similar contractual arrangements entered into by other foreign incorporated holding companies in order to conduct operations in industries in the PRC, based on publicly available information, which are subject to foreign ownership prohibitions under the applicable PRC laws and regulations, as the terms of the Contractual Arrangements are similar to those entered into by such other foreign-incorporated holding companies, the Contractual Arrangements are carried out on an arm's length basis and on normal commercial terms. As the Contractual Arrangements confer operational control and economic rights over our Consolidated Affiliated Entities to our Group, the Contractual Arrangements are not prejudicial to the interests of our Group or our minority Shareholders.

SHAREHOLDERS AGREEMENT

We entered into a shareholders agreement and a right of first refusal and co-sale agreement on 10 November 2017 with our shareholders, which consist of holders of ordinary shares and preferred shares.

The shareholders agreement and right of first refusal and co-sale agreement (i) provide for certain special rights, including right of first refusal, co-sale rights and preemptive rights and (ii) contain provisions governing board of directors and other corporate governance matters. Those special rights, as well as the corporate governance provisions, automatically terminated upon the closing of the initial public offering of our ADSs on 12 September 2018.

Pursuant to our shareholders agreement dated 10 November 2017, we have granted certain registration rights to our shareholders. Set forth below is a description of the registration rights granted under the agreement.

(a) *Demand Registration Rights*. Holders holding 10% or more of the voting power of the then outstanding registrable securities held by all holders are entitled to request in writing that we effect a registration statement for any or all of the registrable securities of the initiating holders. We have the right to defer filing of a registration statement for a period of not more than 90 days if our board of directors determines in good faith judgement that filing of a registration statement in the near future will be materially detrimental to us or our shareholders, but we cannot exercise the deferral right on any one occasion or more than once during any twelve-month period and cannot register any other securities during such period. We are not obligated to effect more than two demand registrations. Further, if the registrable securities are offered by means of an underwritten offering, and the managing underwriter advises us that marketing factors require a limitation of the number of securities to be underwritten, the underwriters may decide to exclude up to 75% of the registrable securities requested to be registered but only after first excluding all other equity securities from the registration and underwritten offering, provided that the number of shares to be included in the registration on behalf of the non-excluded holders is allocated among all holders in proportion to the respective amounts of registrable securities requested by such holders to be included.

(b) *Registration on Form F-3 or Form S-3.* Any holder is entitled to request us to file a registration statement on Form F-3 or Form S-3 if we qualify for registration on Form F-3 or Form S-3. The holders are entitled to an unlimited number of registrations on Form F-3 or Form S-3 so long as such registration offerings are in excess of US$5.0 million. We have the right to defer filing of a registration statement for a period of not more than 60 days if our board of directors determines in good faith judgement that filing of a registration statement in the near future will be materially detrimental to us or our shareholders, but we cannot exercise the deferral right on any one occasion or more than once during any twelve-month period and cannot register any other securities during such period.

(c) *Piggyback Registration Rights*. If we propose to register for our own account any of our equity securities, or for the account of any holder, other than current shareholders, of such equity securities, in connection with the public offering, we shall offer holders of our registrable securities an opportunity to be included in such registration. If the underwriters advise in writing that market factors require a limitation of the number of registrable securities to be underwritten, the underwriters may exclude up to 75% of the registrable securities requested to be registered but only after first excluding all other equity securities (except for securities sold for the account of our Company) from the registration and underwriting, provided that the number of shares to be included in the registration on behalf of the non-excluded holders is allocated among all holders in proportion to the respective amounts of registrable securities requested by such holders to be included.

(d) *Expenses of Registration*. We will bear all registration expenses, other than the underwriting discounts and selling commissions applicable to the sale of registrable securities, incurred in connection with registrations, filings or qualification pursuant to the shareholders agreement.

(e) *Termination of Obligations.* We have no obligation to effect any demand, piggyback, Form F-3 or Form S-3 registration upon the earlier of (i) the tenth anniversary from the date of closing of a Qualified IPO as defined in the shareholders agreement, and (ii) with respect to any holder, the date on which such holder may sell without registration, all of such holder's registrable securities under Rule 144 of the U.S. Securities Act in any 90-day period.

As of the date of this Introductory Document, the following Shareholders have registration rights in respect of the registrable securities that they hold: (i) Originalwish Limited, mobike Global Ltd. and NIO Users Limited, each beneficially owned and controlled by Mr. Bin Li; and (ii) Mount Putuo Investment Limited, Image Frame Investment (HK) Limited and Huang River Investment Limited, each beneficially owned and controlled by Tencent Holdings Limited. As of the date of this Introductory Document, the aggregate number of shares that are subject to registration rights is 310,540,231.

OTHER RELATED PARTY TRANSACTIONS

Issuance of convertible notes

In September 2019, we issued US$200 million principal amount of convertible notes to Huang River Investment Limited, an affiliate of Tencent Holdings Limited, and Mr. Bin Li, our chairman of the board of directors and chief executive officer, collectively the Affiliate Notes. Huang River Investment Limited and Mr. Bin Li each subscribed for US$100 million principal amount of the Affiliate Notes, each in two equally split tranches. The Affiliate Notes issued in the first tranche will mature in 360 days, bear no interest, and require us to pay a premium at 2% of the principal amount at maturity. The Affiliate Notes issued in the second tranche will mature in three years, bear no interest, and require us to pay a premium at 6% of the principal amount at maturity. The 360-day Affiliate Notes will be convertible into our Class A ordinary shares (or ADSs) at a conversion price of US$2.98 per ADS at the holder's option from the 15th day immediately prior to maturity, and the three-year Affiliate Notes will be convertible into our Class A ordinary shares (or ADSs) at a

conversion price of US$3.12 per ADS at the holder's option from the first anniversary of the issuance date. In 2020, the 360-day Affiliate Notes issued to each of an affiliate of Tencent Holdings Limited and Mr. Bin Li were converted to Class A ordinary shares and the three-year Affiliate Notes issued to the wholly owned company of Mr. Bin Li were converted to ADSs.

In February 2019, we issued US$750 million aggregate principal amount of 4.50% convertible senior notes due 2024, or the 2024 Notes. The 2024 Notes are unsecured debt and are not redeemable by us prior to the maturity date except for certain changes in tax law. The holders of the 2024 Notes may convert their notes to a number of our ADSs at their option at any time prior to the close of business on the second business day immediately preceding the maturity date pursuant to the 2024 Notes Indenture. The 2024 Notes that are converted in connection with a make-whole fundamental change (as defined in the 2024 Notes Indenture) may be entitled to an increase in the conversion rate for such 2024 Notes. Huang River Investment Limited subscribed for US$30 million aggregate principal amount of the 2024 Notes. As of December 2021, the amount of interest payable to Huang River Investment Limited for the 2024 Notes was US$0.4 million.

Sales of goods and services agreements

In 2020 and 2021, we provided sales of goods to our affiliates, including Wuhan Weineng Battery Asset Co., Ltd., Beijing Bit Ep Information Technology Co., Ltd., Beijing Yiche Interactive Advertising Co., Ltd., Beijing Yiche Information Science and Technology Co., Ltd., Shanghai Weishang Business Consulting Co., Ltd., Beijing Bitauto Interactive Technology Co., Ltd. and Kunshan Siwopu Intelligent Equipment Co., Ltd., and we received total sales of goods of RMB298.5 million and RMB4,139.2 million (US$649.5 million), respectively.

In 2019 and 2020, we received IT support services from Beijing Yiche Information Science and Technology Co., Ltd., a company significantly influenced by Mr. Bin Li, and incurred expenses of IT support services of RMB0.5 million and RMB0.3 million, respectively.

In 2019, 2020 and 2021, we received marketing and advertising services from Beijing Xinyi Hudong Guanggao Co., Ltd., Beijing Chehui Hudong Guanggao Co., Ltd., Bite Shijie (Beijing) Keji Co., Ltd., Beijing Yiche Interactive Advertising Co., Ltd., Shanghai Yiju Information Technology Co., Ltd., Tianjin Boyou Information Technology Co., Ltd. and Beijing Bit Ep Information Technology Co., Ltd., and we incurred expenses of marketing and advertising services RMB79.3 million, RMB138.2 million and RMB5.2 million (US$0.8 million), respectively. Beijing Yiche Interactive Advertising Co., Ltd., Shanghai Yiju Information Technology Co., Ltd., Tianjin Boyou Information Technology Co., Ltd. and Beijing Bit Ep Information Technology Co., Ltd. are controlled by our principal shareholders. In December 2020, Mr. Bin Li resigned as chairman of the Board in Beijing Bitauto Interactive Technology Co., Ltd. Since then, Beijing Bitauto Interactive Technology Co., Ltd., Beijing Xinyi Hudong Guanggao Co., Ltd., Bite Shijie (Beijing) Keji Co., Ltd. and Beijing Chehui Hudong Guanggao Co., Ltd. are no longer controlled by Mr. Bin Li, and are no longer our related parties.

In 2019, 2020 and 2021, we provided property management, administrative support, design and research and development services to our affiliates and companies controlled by our principal shareholders, including Wuhan Weineng Battery Assets Co., Ltd., Shanghai Weishang Business Consulting Co., Ltd., Nanjing Weibang Transmission Technology Co., Ltd. and Beijing Weixu Business Consulting Co., Ltd., and we received total service income of RMB4.2 million, RMB1.6 million and RMB57.9 million (US$9.1 million), respectively.

In 2019, 2020 and 2021, we paid a total of RMB132.5 million, RMB174.7 million and RMB89.3 million (US$14.0 million), respectively, for the cost of manufacturing consignment to Suzhou Zenlead XPT New Energy Technologies Co., Ltd., or Suzhou Zenlead. Suzhou Zenlead was an affiliate of ours in 2019, 2020 and 2021. In February 2022, we disposed of our equity interests in Suzhou Zenlead. As a result, Suzhou Zenlead is no longer a related party of our Company as of the date of this Introductory Document.

In 2019, 2020 and 2021, we received research and development and maintenance services from our affiliates, including Kunshan Siwopu, Xunjie Energy (Wuhan) Co., Ltd. and Suzhou Zenlead, and paid a total of RMB0.3 million, RMB3.4 million and RMB8.2 million (US$1.3 million), respectively.

Loan and other agreements

In 2020, we signed loan agreements with Beijing Bitauto Interactive Technology Co., Ltd. for an aggregate loan amount of RMB260.0 million at an interest rate of 6%. As of 31 December 2021, we have repaid the loan in full.

In 2019, we borrowed RMB25.8 million principal amount of loan from Beijing Changxing Information Technology Co., Ltd., a company significantly influenced by one of our principal Shareholders, at an interest rate of 15%. As of 31 December 2020, we had repaid the loan in full.

In 2018, we granted two interest free loans to Miracle Mission Limited, an entity affiliated with our founder, with the principal amount of US$5.0 million each. The loans matured in six months. One of the loans was converted into ordinary shares of Miracle Mission Limited upon maturity at our option. We disposed of such investment in 2019 to a third party in a privately negotiated transaction based on its then fair value and realised the gain from this investment. The other loan was fully repaid before the initial public offering of our ADSs.

In 2017, we granted interest-free loans of RMB50.0 million to Ningbo Meishan Bonded Port Area Weilan Investment Co., Ltd., a company controlled by our principal Shareholders. As of 31 December 2021, such loans were fully repaid. In November 2021, we acquired from Ningbo Meishan Bonded Port Area Weilan Investment Co., Ltd. certain equity interests in companies associated with NIO Capital for RMB50.0 million.

Purchase of raw material, property and equipment

In 2019, 2020 and 2021, we paid a total of RMB42.2 million, RMB137.6 million and RMB1,157.7 million (US$181.7 million), for purchase of property and equipment and raw material, to Kunshan Siwopu Intelligent Equipment Co., Ltd., Nanjing Weibang Transmission Technology Co., Ltd. and Xunjie Energy (Wuhan) Co., Ltd.

Employment agreements and indemnification agreements

See “Directors and Senior Management – Compensation – Employment Agreements and Indemnification Agreements” for a description of the employment agreements and indemnification agreements we have entered into with our directors and executive officers, which we consider to be related party transactions.

Share Option Grants

See “Directors and Senior Management – Compensation – Stock Incentive Plans” for a description of the share-based compensation awards we have granted to our directors and executive officers, which we consider to be related party transactions.

TAXATION

The following discussion is limited to a general description of certain tax consequences in the jurisdictions described below with respect to ownership of our Class A ordinary shares, based on laws, regulations, guidelines, rulings and decisions in effect as at the Latest Practicable Date. Such laws, regulations, guidelines, rulings and decisions are subject to change, and any change could be retrospective. Such laws, regulations, guidelines, rulings and decisions are also subject to interpretation and the relevant tax authorities or courts could later disagree with the explanations or conclusions set out herein. The discussion below does not purport to be comprehensive or exhaustive, and does not constitute legal or tax advice.

Prospective investors should consult their own professional advisers regarding the tax consequences of purchasing, owning and disposing of our Class A ordinary shares. Neither our Company, our directors nor any other person involved in the Introduction accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership or disposition of our Class A ordinary shares.

CAYMAN ISLANDS TAXATION

We are incorporated in the Cayman Islands. The Cayman Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our Company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our Class A ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our Class A ordinary shares, nor will gains derived from the disposal of our Class A ordinary shares be subject to Cayman Islands income or corporation tax.

SINGAPORE TAXATION

Corporate Income Tax

Corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and foreign-source income received or deemed to be received in Singapore from outside Singapore, unless specifically exempted from tax.

The prevailing corporate income tax rate in Singapore is 17.0%.

With effect from Year of Assessment ("**YA**") 2020, the first S$200,000 of a company's normal chargeable income is exempt from tax as follows:

(a) 75.0% of up to the first S$10,000 of chargeable income; and

(b) 50.0% of up to the next S$190,000 of chargeable income.

Notwithstanding the above, for qualifying private companies, 75.0% of the first S$100,000 of normal chargeable income and 50.0% of the next S$100,000 of normal chargeable income is exempted from tax, subject to meeting the relevant conditions.

The remaining chargeable income (after deducting the applicable tax exemption on the first S$200,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently at 17.0%.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. "Control and management" is the making of decisions on strategic matters, such as those on company policy and strategy.

Presently, tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income ("**specified foreign income**") received or deemed to be received in Singapore, subject to meeting the following qualifying conditions:

(a) the specified foreign income has been subject to income tax in the foreign jurisdiction from which the income is received;

(b) at the time the specified foreign income is received in Singapore, the headline tax rate (i.e. highest corporate income tax rate) of the foreign jurisdiction from which the income is received is at least 15.0%; and

(c) the Comptroller of Income Tax (the "**Comptroller**") is satisfied that the tax exemption would be beneficial to the Singapore tax resident corporate taxpayer.

Pursuant to a tax concession granted with effect from 30 July 2004, the above foreign-source income exemption has been extended to include specified foreign income which is exempted from income tax in the foreign jurisdiction as a result of a tax incentive granted by that foreign jurisdiction for carrying out substantive business activities in that foreign jurisdiction.

If foreign-source income is subject to tax in Singapore and does not qualify for tax exemption, a Singapore tax resident corporate taxpayer is entitled to claim foreign tax credit ("**FTC**") for the foreign tax paid on such foreign income, subject to meeting the relevant conditions. The amount of foreign tax credit available to a Singapore tax resident corporate taxpayer is based on the lower of:

(a) the Singapore tax payable on the particular source of income which qualifies for foreign tax credit; or

(b) the actual foreign tax suffered on the same income.

Under the FTC pooling system, Singapore tax resident companies may elect to claim FTC on a pooled basis on any items of its foreign-sourced income, rather than the usual source-by-source and country-by-country basis, subject to meeting the relevant conditions as follows:

(a) income tax must have been paid on the income in the foreign jurisdiction from which the income is derived;

(b) at the time the foreign-sourced income is received in Singapore, the headline tax rate of that foreign jurisdiction from which the income is received is at least 15.0%;

(c) there must be Singapore income tax payable on the foreign-sourced income; and

(d) the taxpayer is entitled to claim foreign tax credits under sections 50, 50A or 50B of the Income Tax Act 1947 ("**SITA**") on its foreign-sourced income.

The amount of foreign tax credit to be granted under the FTC pooling system is based on the lower of the total Singapore tax attributable to the pooled foreign income (net of expenses) and the pooled foreign taxes paid on those income.

Individual Income Tax

An individual taxpayer (both tax resident and non-tax resident of Singapore) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received in Singapore by an individual taxpayer is generally exempt from income tax in Singapore, except for such income received through a partnership in Singapore by Singapore tax resident individuals.

An individual is regarded as a tax resident in Singapore in a YA if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

A Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 22.0%, after deductions of qualifying personal reliefs where applicable. The highest marginal rate will be increased to 24.0% from YA 2024.

A non-Singapore tax resident individual is generally taxed at the rate of 22.0% (24.0% from YA 2024) except for Singapore-sourced employment income which is taxed at either a flat rate of 15.0% (without deductions for personal relief), or at the progressive rates as a tax resident (with deductions for personal relief), whichever yields a higher tax.

Dividend Distributions

Singapore does not impose withholding tax on dividend payment.

As our Company is incorporated in the Cayman Islands and should not be tax resident in Singapore, dividends paid by our Company would be considered as foreign-sourced income.

Dividends paid by our Company will be exempt from Singapore income tax when received by an individual investor regardless of whether the individual investor is resident or non-resident of Singapore, except for such income received through a partnership in Singapore by Singapore tax resident individual investors.

Dividends paid by our Company and received in Singapore by a Singapore corporate investor will be subject to Singapore income tax unless an exemption applies to the foreign-sourced dividend income received in Singapore.

Shareholders or investors (including holders of our ADSs) are advised to consult their own tax advisors in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement.

Bonus shares

Under current Singapore income tax law and practice, a capitalisation of profits followed by the issue of new shares, credited as fully paid, pro rata to shareholders ("**bonus issue**") does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore income tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholders. Similarly, when shareholders are given the right to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash, the allotment of ordinary shares will be treated as dividend income to its shareholders.

Capital Gains Tax

Singapore currently does not impose tax on capital gains. Any gains from the disposal of our Class A ordinary shares, if regarded as capital gains, are not taxable in Singapore.

There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains from the disposal of our Class A ordinary shares are taxable in Singapore if the seller is regarded as having derived gains of an income nature in Singapore. Gains arising from the disposal of our Class A ordinary shares which are derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, are taxable as such gains are considered revenue in nature. Gains derived from the disposal of our Class A ordinary shares may also be taxable if they constitute any gains or profits of an income nature under section 10(1)(g) of the SITA.

Section 13W of the SITA provides a safe harbour in the form of an exemption of gains or profits arising from the disposal of ordinary shares for disposals made up to 31 December 2027. To qualify for the tax exemption, the divesting company must have legally and beneficially held at least 20.0% of the ordinary shares of the company whose shares are being disposed ("**investee company**") for a continuous period of at least 24 months immediately prior to the date of disposal such shares.

The above-mentioned "safe harbour rule" is not applicable under the following scenarios:

- The disposal of shares during the period from 1 June 2012 to 31 May 2022 of an unlisted investee company which is in the business of trading or holding Singapore immovable properties (other than the business of property development).

- The disposals of shares from 1 June 2022 of an unlisted investee company which is in the business of trading, holding or developing immovable properties in Singapore or abroad, subject to certain exceptions.

- The disposal of shares by a divesting company in the insurance business industry (as referred to under section 26 of the SITA).

- The disposal of shares by a partnership, limited partnership or limited liability partnership where one or more of the partners is a company or are companies.

Shareholders who have adopted or are required to adopt Financial Reporting Standard 109 *Financial Instruments* ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 *Financial Instruments* ("**SFRS(I) 9**") (as the case may be) for financial reporting purposes may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses that are capital in nature) on our Class A ordinary shares, irrespective of whether there is actual disposal. If so, the gains or losses so recognised may be taxed or allowed as a deduction even though they are unrealised.

Shareholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their ownership and disposal of our Class A ordinary shares.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or holding of our Class A ordinary shares.

Stamp duty is generally payable on the instrument of transfer of our Class A ordinary shares at the rate of 0.2%, computed on the consideration paid for or market value of the ordinary shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no dutiable document (whether physical or electronic, such as in the case of scripless shares, the transfer of which do not require instruments of transfer to be executed) is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the dutiable document which is executed outside Singapore is subsequently received in Singapore. Electronic instruments that are executed outside Singapore are treated as received in Singapore in any of the following scenarios: (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

Stamp duty is not applicable to electronic transfers of our Class A ordinary shares through the scripless trading system operated by CDP.

Estate Duty

Singapore estate duty had been abolished with effect from 15 February 2008.

GST

The sale of our Class A ordinary shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply, which is not subject to GST. Any input GST incurred by the GST-registered investor in connection with the making of such an exempt supply is generally not recoverable from the Comptroller of GST and will become an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation or by the Comptroller of GST.

Where our Class A ordinary shares are sold by a GST-registered investor to a person who belongs outside Singapore, and for the direct benefit of either a person belonging outside Singapore (and that person is outside Singapore at the time of supply) or a GST-registered person who belongs in Singapore, the sale is a taxable supply subject to GST at zero-rate (i.e. GST at 0%). Any input GST incurred by the GST-registered investor in the making of such a zero-rated supply, subject to the provisions of the GST legislation, may be recovered from the Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Class A ordinary shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Class A ordinary shares will be subject to GST at the prevailing standard rate of 7.0%. The standard rate will be increased to 8.0% from 1 January 2023 and to 9.0% from 1 January 2024. Similar services contractually rendered by a GST-registered person to an investor belonging outside Singapore, and for the direct benefit of either a person belonging outside Singapore (and that person is outside Singapore at the time of supply) or a GST-registered person who belongs in Singapore should generally be subject to GST at zero-rate.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Class A ordinary shares.

PRC TAXATION

Generally, our PRC subsidiaries are subject to enterprise income tax on their taxable income in China at a statutory rate of 25%, except for our certain PRC subsidiaries that are qualified as high and new technology enterprises under the EIT Law and are eligible for a preferential enterprise income tax rate of 15%. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Our products and services are primarily subject to value-added tax at a rate of 13% on the vehicles and charging piles, repair and maintenance services and charging services as well as 6% on services such as research and development services, in each case less any deductible value-added tax we have already paid or borne. We are also subject to surcharges on value-added tax payments in accordance with PRC law.

Dividends paid by our PRC subsidiaries in China to our Hong Kong subsidiaries will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Double Taxation Avoidance Arrangement and receives approval from the relevant tax authority. If our Hong Kong subsidiaries satisfy all the requirements under the tax arrangement and receive approval from the relevant tax authority, then the dividends paid to the Hong Kong subsidiaries would be subject to withholding tax at the standard rate of 5%. Effective from 1 November 2015, the above-mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file application package with the relevant tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the relevant tax authority.

If NIO Inc. or any of our subsidiaries outside of China is deemed to be a “resident enterprise” under the EIT Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%.

Under the EIT Law, research and development expenses incurred by an enterprise in the course of carrying out research and development activities that have not formed intangible assets are included in the profit and loss account for the current year. Besides deducting the actual amount of research and development expenses incurred, an enterprise is allowed an additional 75% deduction of the amount in calculating its taxable income for the relevant year. For research and development expenses that have formed intangible assets, the tax amortisation is based on 175% of the costs of the intangible assets.

TRADING, SETTLEMENT AND REGISTRATION OF ADS

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Introduction Class A ordinary shares.

As of the Latest Practicable Date, the number of Class A ordinary shares that have not been registered with the SEC and are not represented by ADS currently listed and traded on the NYSE is 241,855,642. These unregistered Class A ordinary shares have been approved for listing on the NYSE and can, in the future, become represented by freely tradable ADS on the NYSE through either (i) a registration by way of a publicly filed registration statement or (ii) an exemption from registration under U.S. securities laws. As of the date of this Introductory Document, we have also been granted listing approval for these shares on the Hong Kong Stock Exchange.

Upon our listing on the SGX-ST, there will not be any changes to our ADS trading on the NYSE. The conversions and transfers of our Class A ordinary shares and ADS between the SGX-ST and the NYSE can be carried out on a scripless basis. The procedure for the conversion of the ADS on the NYSE to our Class A ordinary shares on the SGX-ST and *vice versa* are set out in the following paragraphs.

DEPOSITARY

The depositary for our ADSs is Deutsche Bank Trust Company Americas (the "**ADS Depositary**"), whose office is located at 1 Columbus Circle, New York, New York 10019, United States of America. The certificated ADSs are evidenced by certificates referred to as American Depositary Receipts ("**ADRs**") that are issued by the ADS Depositary.

Each ADS represents ownership interests in one Class A ordinary share, and any and all securities, cash or other property deposited with the ADS Depositary in respect of such shares but not distributed to ADS holders.

ADSs may be held either (1) directly (a) by having an ADR registered in the holder's name or (b) by holding in the direct registration system of DTC, pursuant to which the ADS Depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the ADS Depositary to the ADS holders entitled thereto, or (2) indirectly through the holder's broker or other financial institution. If a holder holds the ADSs indirectly, it must rely on the procedures of its broker or other financial institution to assert the rights of ADS holders described in this section. If applicable, you should consult with your broker or financial institution to find out what those procedures are.

We do not treat ADS holders as shareholders, and ADS holders have no shareholder rights. As the Company is incorporated in the Cayman Islands, Cayman Islands law governs shareholder rights. Because the ADS Depositary holds the legal title to our shares represented by ADSs (through the ADS Depositary's custodian), ADS holders must rely on the ADS Depositary to exercise the rights of a shareholder. The obligations of the ADS Depositary are set out in the deposit agreement (the "**Deposit Agreement**"). The Company, Deutsche Bank Trust Company Americas, our ADS holders and beneficial owners of the ADSs from time to time and any holder who deposits Class A ordinary shares and is issued ADSs will be subject to the terms and conditions of the Deposit Agreement. The Deposit Agreement and the ADRs evidencing ADSs are governed by the law of the State of New York.

CLEARANCE AND SETTLEMENT ON THE SGX-ST

For the purposes of trading on the SGX-ST, one (1) board lot of our Class A ordinary shares comprise 10 Class A ordinary shares. Upon listing and quotation on the SGX-ST, our Class A ordinary shares that are traded on the SGX-ST will be cleared and settled under the scripless book-entry settlement system of the CDP, and all dealings in and transactions of the Class A ordinary shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts maintained by a Depositor with CDP ("**Securities Account**") and the terms and conditions for CDP to act as depository for foreign securities, as amended from time to time.

Under the Cayman Islands Companies Act, only a person who agrees to become a shareholder of a Cayman Islands company and whose name is entered in the register of members of such company is considered a member with rights to attend and vote at shareholders' meetings of such company.

Our Class A ordinary shares trading on the SGX-ST will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts. Accordingly, under Cayman Islands laws, a NIO CDP Depositor holding our Class A ordinary shares through CDP would not be recognised as our shareholder but may be appointed by CDP as its proxy and have the direct right to attend and cast votes at such shareholders' meetings. Shareholders are to take note that no option shall be provided to Shareholders for them to withdraw or deposit the Class A ordinary shares from or with the CDP in scrip form. Accordingly, in the event that a NIO CDP Depositor wishes to attend and vote at the shareholders' meetings in his own name, the NIO CDP Depositor would have to first convert his Class A ordinary shares trading on the SGX-ST to ADS trading on the NYSE, before cancelling the relevant ADS with the ADS Depositary, being Deutsche Bank Trust Company Americas, and receiving the corresponding number of underlying Class A ordinary shares in certificated form in his own name from the Cayman Share Registrar. The NIO CDP Depositor must be a registered holder of Class A ordinary shares on the Cayman share register prior to the record date for the shareholders' meeting.

Prior to the Listing, the shares to be deposited with CDP for listing and trading on the SGX-ST shall be strictly Class A ordinary shares underlying ADSs which have been registered with the SEC (or exempted, as the case may be) and listed and traded on the NYSE ("**Unrestricted Shares**"). Post-Listing, Shareholders and ADS holders can convert and transfer shares trading on the SGX-ST to ADS trading on the NYSE (and vice versa) only on a scripless basis, which involves a transfer of shares through the CDP electronic system between the CDP accounts of the Singapore custodian of the ADS Depositary, namely DB Nominees (Singapore) Pte Ltd, and the Shareholder (or his depository agent). In this regard, the shares listed and traded on the SGX-ST shall be solely Unrestricted Shares. For the avoidance of doubt, Unrestricted Shares which are not represented by ADSs will not be accepted for deposit into CDP.

Following the Listing, Shareholders will not be given an option to deposit and/or withdraw the Class A ordinary shares from and/or with the CDP in scrip form ("Option"), in order to ensure that the Class A ordinary shares trading on the SGX-ST are strictly Unrestricted Shares. If Shareholders are given the Option, there may be a risk of shares which are unregistered with the SEC and/or have yet to be approved by the NYSE for listing ("**Restricted Shares**") being deposited directly into CDP. Thereafter, it would be practically impossible for the Company and the ADS Depositary to differentiate between Unrestricted Shares and Restricted Shares once the shares are admitted for trading in scripless form on the SGX-ST. Any conversion of Restricted Shares into ADS, without registration with the SEC (or exemption, as the case may be) may further result in non-compliance with the relevant U.S. securities law.

Accordingly, the following mechanisms have been or will be put in place to ensure that the Restricted Shares are not listed and traded on the SGX-ST:

(1) Shareholders would not be given an option to deposit and/or withdraw the Class A ordinary shares from and/or with the CDP in scrip form to prevent Shareholders from depositing Restricted Shares into CDP, and accordingly introducing Restricted Shares to the SGX-ST for trading; and

(2) Before the ADS Depositary accepts deposits of shares to issue new ADSs, the ADS Depositary would ensure, inter alia, compliance with U.S. securities law requirements, and compliance with the terms and procedures of the ADS Depositary which are consistent with the Deposit Agreement (including completion and presentation of transfer documents). Accordingly, through this process, only Unrestricted Shares would be permitted for deposit with the ADS Depositary for the issuance of the corresponding ADSs for trading on the NYSE.

NIO CDP Depositors must have their respective Securities Accounts credited with the number of Class A ordinary shares deposited before they can effect the desired trades. A fee of S$10.00 is payable upon the deposit of each instrument of transfer with CDP and the ADS Depositary reserves the right to charge additional fees imposed by the ADS Depositary, CDP and any brokers to ADS holders and NIO CDP Depositors who have made requests for the conversion of ADSs into Class A ordinary shares and vice versa. The above fees may be subject to such charges as may be imposed in accordance with CDP's prevailing policies or the current tax policies, including GST that may be in force in Singapore from time to time.

Transactions in our Class A ordinary shares under the CDP book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Class A ordinary shares sold and the buyer's Securities Account being credited with the number of Class A ordinary shares acquired and no transfer stamp duty is currently payable for our Class A ordinary shares that are settled on a book-entry basis.

The total estimated time taken for the entire process for a NIO CDP Depositor holding Class A ordinary shares through CDP to be able to attend and vote at the shareholders' meeting in his own name is approximately five (5) business days from the time the ADS Depositary receives all necessary documentation and payment of associated fees, barring any unforeseen circumstances and closure of transfer books of the ADS Depositary. The abovementioned estimated time consists of (i) approximately two (2) business days for the conversion and transfer of Class A ordinary share trading on the SGX-ST to ADS trading on the NYSE, and (ii) approximately three (3) business days for the cancellation of ADS trading on the NYSE, withdrawal of physical Class A ordinary share certificate and the registration of the NIO CDP Depositor's name on the Cayman register of members.

Investors should also note that the Class A ordinary shares traded on the SGX-ST will not be fungible with the Class A ordinary shares traded on the Hong Kong Stock Exchange as there is no mechanism in place to facilitate such transfer of Class A ordinary shares between the SGX-ST and the Hong Kong Stock Exchange.

CLEARING FEES

A Singapore clearing fee for trades in our Class A ordinary shares on the SGX-ST is payable at the rate of 0.0325% of the contract value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings in our Class A ordinary shares will be carried out in U.S. dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the

SGX-ST generally takes place on the second (2nd) Market Day following the transaction date and payment for the securities between member companies of SGX-ST and NIO CDP Depositors is generally settled on the following business day. CDP holds securities on behalf of Depositors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any Depository Agent. A Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

DEALING OF SHARES ON THE SGX-ST

Dealing of Class A ordinary shares on the SGX-ST should be conducted with member companies of the SGX-ST by NIO CDP Depositors who hold direct securities accounts with CDP or a sub-account with a Depository Agent.

Dealings in, and transactions of, Class A ordinary shares on the SGX-ST will be due for settlement on the second Market Day following the date of transaction (T+2 or the "**Settlement Date**"), and payment for the securities is generally settled on the following business day. NIO CDP Depositors selling Class A ordinary shares should ensure that there are sufficient Class A ordinary shares in their direct securities account with CDP or their sub-account with a Depository Agent on the Settlement Date. Settlement of dealings through the CDP direct securities account or sub-account with a Depository Agent shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with CDP", and the "Terms and Conditions for CDP to Act as Depository for Foreign Securities", as amended from time to time. Investors should take note that they would need to maintain a direct account with CDP or a sub-account with any Depository Agent before they can hold and/or trade the Class A ordinary shares on the SGX-ST. If you do not currently have a direct account with CDP or a sub-account with a Depository Agent through which you can trade securities on the SGX-ST, please open an account with CDP or contact a broker to open an account.

INSTRUCTIONS FOR THE DEPOSIT OF PHYSICAL CLASS A ORDINARY SHARE CERTIFICATES FOR TRADING AS ADSs ON NYSE

Issuance of ADSs

Persons (or their U.S. brokers) holding physical share certificates on the Cayman share register who wish to trade ADS on NYSE must first deposit with the ADS Depositary's custodian, their share certificates or evidence of rights to receive shares, together with the duly executed and stamped instruments of transfer in favour of the ADS Depositary, and the Depository Trust Company ("**DTC**") securities account they wish to credit to. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, and subject in all cases to the terms and conditions of the Deposit Agreement, the ADS Depositary will register the appropriate number of ADSs in the names requested and will deliver the ADSs to or upon the order of the person or persons entitled thereto.

Interchange of Certificated ADSs and Uncertificated ADSs

ADR holders may surrender their ADRs evidencing our ADSs to the ADS Depositary for the purpose of exchanging their ADRs for uncertificated ADSs. The ADS Depositary will cancel such ADRs and send a statement confirming to the registered holder that he is the owner of the uncertificated ADSs or deliver the relevant number of ADS to the designated DTC securities account. Conversely, upon receipt by the ADS Depositary of a proper instruction from a holder of uncertificated ADSs requesting certificated ADSs, the ADS Depositary will execute and deliver a physical ADR evidencing those ADSs to such holder.

INSTRUCTIONS FOR THE CANCELLATION OF ADS TRADED ON NYSE AND WITHDRAWAL OF PHYSICAL CLASS A ORDINARY SHARE CERTIFICATES

ADS holders may turn in their ADSs at the ADS Depositary's corporate trust office or by providing appropriate instructions to their U.S. broker for cancellation and withdrawal of the underlying shares. In cases where the ADS holder would like to cancel their ADSs and withdraw the underlying shares in the form of physical Class A share certificates, the ADS holder or the holder's U.S. broker would need to inform the Company and the ADS Depositary that they would like to receive the shares in this form. Upon payment of its relevant fees, expenses and any taxes or charges, such as stamp taxes or stock transfer taxes or fees, and subject in all cases to the terms and conditions of the Deposit Agreement, the ADS Depositary will deliver the Class A ordinary shares on the Cayman share register and any other deposited securities underlying the ADSs to the ADS holder or a person designated by the ADS holder at the office of the custodian of the ADS Depositary. Or, at the request, risk and expense of the ADS holder, the ADS Depositary will deliver the deposited securities at its corporate trust office, to the extent permitted by law. The mechanism for cancelling ADSs and receiving Class A ordinary shares for trading on the SGX-ST is described below.

Temporary delays may arise. For example, the transfer books of the ADS Depositary may from time to time be closed to ADS cancellations.

NO WITHDRAWAL OR DEPOSIT OF CLASS A ORDINARY SHARES IN SCRIP FORM FROM OR WITH THE CDP

Shareholders should note that they will not be permitted to withdraw or deposit the Class A ordinary shares from or with the CDP in scrip form, so as to ensure that the fungible ADSs and Class A ordinary shares trading on the NYSE and SGX-ST respectively have either been registered under the U.S. Securities Act or are otherwise freely tradable pursuant to an exemption from registration under the U.S. Securities Act. In the event that any NIO CDP Depositor wishes to withdraw his Class A Shares in scrip form for whatsoever reason, the NIO CDP Depositor would have to first convert his Class A ordinary shares trading on the SGX-ST to ADS trading on the NYSE, before cancelling the ADS with the ADS Depositary and receiving such Class A ordinary shares in physical share certificates as the registered holder. The instructions for the cancellation of ADSs traded on the NYSE and withdrawal of physical certificates of Class A ordinary shares are as set out in the paragraph above.

MECHANISM FOR CONVERSION AND TRANSFER OF CLASS A ORDINARY SHARES TRADING ON THE SGX-ST TO ADSs FOR TRADING ON THE NYSE

Conversion of Class A ordinary shares on the SGX-ST to ADSs for trading on the NYSE will only be carried out on a scripless basis. A NIO CDP Depositor whose Class A ordinary shares are held through CDP (either directly or through a Depository Agent) and wishes to convert and transfer his Class A ordinary share to ADS for trading on the NYSE, shall first provide ADS issuance instructions to the Singapore custodian of the ADS Depositary, namely DB Nominees (Singapore) Pte Ltd, in the form of a letter of transmittal (LOT) through his Singapore broker, providing key information including but not limited to the number of ADSs to be issued, the ADS delivery information, and such other documentation as the ADS Depositary may require pursuant to the Deposit Agreement. Immediately thereafter, the Singapore broker, on behalf of the NIO CDP Depositor, shall make a Free of Payment (FOP) transfer of the relevant number of the Class A ordinary shares to DB Nominees (Singapore) Pte Ltd through the CDP electronic system. The cut-off time for providing the ADS issuance instructions in the form of a letter of transmittal and for the Singapore broker to make the FOP transfer is 11:30 AM (Singapore time).

Such issuances are subject in all cases to the terms of the Deposit Agreement. All relevant forms and declarations required by the ADS Depositary must be fully completed, provided in a timely manner, duly signed and submitted to the ADS Depositary with the instruction to credit the relevant

number of ADSs in DTC. Upon receipt of the relevant number of Class A ordinary shares, DB Nominees (Singapore) Pte Ltd shall forward the corresponding letter of transmittal to the ADS Depositary. Following which, the ADS Depositary shall issue the relevant number of ADSs as instructed by the letter of transmittal for delivery through the DTC settlement system to the designated DTC securities account (whether held directly by the NIO CDP Depositor or through a U.S. broker) upon payment of its relevant fees, expenses and any taxes or charges such as stamp taxes or stock transfer taxes or fees.

The conversion and transfer of Class A ordinary shares in a Securities Account held with CDP to ADS in the NIO CDP Depositor's securities account opened with his U.S. broker would normally take approximately two (2) business days from the time the ADS Depositary (and/or any of its agents in Singapore) receives the underlying Class A ordinary shares and the ADS issuance instructions with the necessary documents, barring any closure of the transfer books of the ADS Depositary or any other unforeseen circumstances and assuming that all requisite forms/instructions have been duly completed and provided, and necessary payment for all associated fees has been made.

Please note that in all cases of transfers referred to in this section, there should not be any change or difference, or purported change or difference, in the beneficial owner of the underlying Class A ordinary share before and after transfer of Class A ordinary shares trading on the SGX-ST to ADSs for trading on the NYSE.

You may be charged with applicable fees by your broker or custodian in Singapore. Please note that the transfer process and/or fees payable are subject to change. For further information or copies of the relevant forms, please contact the Company and the ADS Depositary directly. For the avoidance of doubt, all fees and taxes (including stamp duties) incurred during the transfer process shall be borne by the relevant ADS holder. For the avoidance of doubt, no specific consent or approval by the Company will be required for the conversion and transfer of Class A ordinary shares trading on the SGX-ST to ADSs for trading on the NYSE by Shareholders and vice versa.

MECHANISM FOR CONVERSION AND TRANSFER OF ADSs TRADING ON NYSE TO CLASS A ORDINARY SHARES FOR TRADING ON THE SGX-ST

Conversion and transfer of ADSs to Class A ordinary shares for trading on the SGX-ST will only be carried out on a scripless basis. As an ADS holder, if you wish to trade your underlying Class A ordinary shares on the SGX-ST, you must first instruct your U.S. broker to convert the ADSs which you hold in NYSE into Class A ordinary shares through the submission of an ADR cancellation instruction for the purpose of cancellation and withdrawal. The U.S. broker will subsequently surrender the relevant ADSs to the ADS Depositary (through DTC), and provide the ADS Depositary with the ADR cancellation instruction and pay the ADS Depositary's fees, expenses and any applicable taxes or charges, such as stamp taxes or stock transfer taxes or fees.

Such cancellations and withdrawals are subject in all cases to the terms of the Deposit Agreement. All relevant forms and declarations required by the ADS Depositary must be fully completed, provided in a timely manner, duly signed and submitted to the ADS Depositary with the instruction to credit the relevant number of Class A ordinary shares into a Securities Account opened with CDP. The ADS Depositary and its custodian shall electronically transfer the relevant number of Class A ordinary shares through the scripless system operated by CDP from their Securities Account to your designated Securities Account (either in your direct name or maintained under your Singapore broker as a Depository Agent).

The conversion and transfer of ADSs on NYSE to Class A ordinary shares in the NIO CDP Depositor's Securities Account opened with CDP or his securities sub-account maintained with a Depository Agent would normally take approximately two (2) business days to complete from the time the ADS Depositary receives the ADSs for cancellation, any applicable fees and the ADS

cancellation instructions with the necessary documents, barring any closure of the transfer books of the ADS Depositary or any other unforeseen circumstances and assuming that all requisite forms/instructions have been duly completed and provided, and necessary payment for all associated fees has been made.

Please note that in all cases of transfers referred to in this section, there should not be any change or difference, or purported change or difference, in the beneficial owner of the underlying Class A ordinary share before and after transfer of ADSs trading on the NYSE to Class A ordinary shares trading on the SGX-ST.

You may be charged with applicable fees by your broker or custodian in the U.S. Please note that the transfer process and/or fees payable are subject to change. For further information or copies of the relevant forms, please contact the Company and the ADS Depositary directly. For the avoidance of doubt, all fees and taxes (including stamp duties) incurred during the transfer process shall be borne by the relevant ADS holder. For the avoidance of doubt, no specific consent or approval by the Company will be required for the conversion and transfer of ADS on the NYSE to Class A ordinary shares for trading on the SGX-ST by Shareholders and vice versa.

FEES AND EXPENSES OF THE ADS DEPOSITARY FOR CONVERSION AND TRANSFER OF ADSs TRADING ON NYSE TO CLASS A ORDINARY SHARES FOR TRADING ON THE SGX-ST AND VICE VERSA

An ADS holder will be required to pay the following service fees to the ADS Depositary and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of the ADSs held):

Fees:	**Service:**
Up to US$0.05 per ADS issued	To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash)
Up to US$0.05 per ADS cancelled	Cancellation of ADSs, including the case of termination of the Deposit Agreement
Up to US$0.05 per ADS held	Distribution of cash dividends
Up to US$0.05 per ADS held	Distribution of cash entitlements (other than cash dividends) and/or cash proceeds from the sale of rights, securities and other entitlements
Up to US$0.05 per ADS held	Distribution of ADSs pursuant to exercise of rights
Up to US$0.05 per ADS held	Distribution of securities other than ADSs or rights to purchase additional ADSs
Up to US$0.05 per ADS held on the applicable record date(s) established by the ADS Depositary	ADS Depositary services
Fees by other parties, including CDP, Singapore Share Transfer Agent, Cayman Share Registrar	As necessary

An ADS holder will also be responsible for paying certain fees and expenses incurred by the ADS Depositary and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs) such as:

- Fees for the transfer and registration of ordinary shares charged by the Cayman Share Registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).

- Expenses incurred for converting foreign currency into U.S. dollar.

- Expenses for cable, telex and fax transmissions and for delivery of securities.

- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).

- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.

- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.

- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are normally paid to the ADS Depositary by the brokers (on behalf of their clients) receiving the newly issued ADSs from the ADS Depositary and by the brokers (on behalf of their clients) delivering the ADSs to the ADS Depositary for cancellation. The brokers in turn charge these fees to their clients.

In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the ADS Depositary sends invoices to the applicable ADS holders at record date. In the case of ADSs held in brokerage and custodian accounts (via DTC), the ADS Depositary generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the ADS Depositary.

In the event of refusal to pay the depositary fees, the ADS Depositary may, under the terms of the Deposit Agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

The ADS Depositary may make payments to us or reimburse us for certain costs and expenses, by making available a portion of the ADS fees collected in respect of the ADR program or otherwise, upon such terms and conditions as we and the ADS Depositary agree from time to time.

VOTING INSTRUCTIONS

ADS holders are not treated as shareholders and accordingly, do not have shareholder rights. As the ADS Depositary holds the legal title to our Class A ordinary shares represented by the ADSs, ADS holders must rely on the ADS Depositary to exercise the rights of a shareholder. The obligations of the ADS Depositary, rights and obligations of the ADS holders, including processes related to the voting of the Class A ordinary shares underlying the ADSs, are governed by the terms and conditions of the Deposit Agreement. Under the Cayman Islands law, every other person who

has agreed to become a member of a Cayman Islands company and whose name is entered in the register of members of such company is considered a member. Accordingly, a NIO CDP Depositor holding Class A ordinary shares through CDP would not be recognised as our shareholder under the laws of the Cayman Islands but would be appointed as a proxy of CDP (which is a registered shareholder), and have the right to attend general meetings of our shareholders and to cast any votes at such meetings.

Where applicable and/or required, we will coordinate with the Singapore Share Transfer Agent to mail to NIO CDP Depositors, in English, any notice of shareholders' meetings, together with a voting instruction form ("**Voting Instruction Form**"). The Voting Instruction Form would in turn be consolidated by the Singapore Share Transfer Agent. NIO CDP Depositors will be able to vote on such matters tabled for shareholders' approval at the shareholders' meetings by (i) attending the meetings and casting votes in person as a proxy appointed by CDP, or (ii) returning the Voting Instruction Form by the relevant deadline to CDP or the Singapore Share Transfer Agent, as the case may be.

NIO CDP Depositors who wish to attend shareholders' meetings and exercise their voting rights directly under their own names with regard to Class A ordinary shares beneficially owned by them, shall first convert their Class A ordinary shares to ADSs in accordance with the above section on "Mechanism for Conversion and Transfer Of Class A Ordinary Shares Trading on the SGX-ST to ADSs Trading on NYSE". Thereafter, they would need to cancel the ADSs and withdraw the underlying physical Class A ordinary share certificate in accordance with the above section on "Instructions for the Cancellation of ADS traded on NYSE and Withdrawal of Physical Class A Ordinary Share Certificates", and make appropriate arrangements to hold the Shares directly prior to the record date for the relevant shareholders' meeting.

ADS DEPOSITARY REQUIREMENTS

Before the ADS Depositary accepts deposits of Class A ordinary shares, delivers ADSs or permits withdrawal of Class A ordinary shares, the ADS Depositary requires:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary;

- compliance with terms and procedures it may establish, from time to time, consistent with the Deposit Agreement, including completion and presentation of required transfer documents; and

- compliance with U.S. securities law requirements.

The ADS Depositary may refuse to deliver, transfer, or register issuances, transfers and cancellations of ADSs generally when the transfer books of the ADS Depositary are closed, or at any time if the ADS Depositary or the Company determines it advisable to do so. In addition, procedures for delivery of Class A ordinary shares in CDP are subject to there being a sufficient number of Class A ordinary shares to facilitate a withdrawal from the ADS program directly into the CDP system. The Company, the ADS Depositary and the CDP are not under any obligation to maintain or increase the number of Class A ordinary shares in the CDP system to facilitate such withdrawals.

Any affiliate of the Company (as defined in Rule 144(a)(1) of the U.S. Securities Act) can only deposit Class A ordinary shares into the ADR program in connection with a contemporaneous sale of such ADSs issued on deposit or related shares on CDP, should they cancel such ADSs and receive the underlying Class A ordinary shares.

RESPONSIBILITY STATEMENT

1. The directors collectively and individually accept full responsibility for the accuracy of the information given in this Introductory Document and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, our Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this Introductory Document misleading. Where information in this Introductory Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Introductory Document in its proper form and context.

   To the best of the knowledge and belief of the Joint Issue Managers, Credit Suisse (Singapore) Limited and Goldman Sachs (Singapore) Pte., this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, the Company and its subsidiaries, and the Joint Issue Managers are not aware of any facts the omission of which would make any statement in this Introductory Document misleading.

MATERIAL BACKGROUND INFORMATION

2. Except as disclosed below, at the date of this Introductory Document, none of our directors, executive officers and Controlling Shareholders has:

   (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two years after the date he or she ceased to be a partner;

   (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two years after the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) any unsatisfied judgment against him or her;

   (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;

   (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;

   (f) at any time during the last 10 years, had judgment entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, nor has he or she been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;

(g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;

(j) ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; or

(k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Mr. Bin Li, Mr. Lihong Qin and Mr. Hai Wu have been named as defendants in a civil proceeding pending in the United States – namely, a U.S. federal securities lawsuit filed in the Eastern District of New York, *In re NIO, Inc. Securities Litigation*, 1:19-cv-01424 (E.D.N.Y.), alleging that the Company, as well as the above-referenced directors and officers (among others), misrepresented or omitted certain facts in the Company's public disclosures, thereby allegedly damaging the interest of the investors. Discovery has just commenced, and no judgment has been entered against, or any findings reached regarding, any of these directors or officers or their conduct.

Mr. Bin Li, Mr. Lihong Qin, Mr. Hai Wu, Mr. James Gordon Mitchell, and Mr. Denny Ting Bun Lee have also been named as defendants in two other civil lawsuits in the U.S. involving similar allegations. In one case pending in the Supreme Court of the State of New York, New York County (No. 653422/2019), the court dismissed the complaint in October 2021. The plaintiffs' appeal is currently pending. In another case commenced in the Supreme Court of the State of New York, Kings County (No. 505647/2019), the complaint was filed in March 2019, but there has been no material development to date. To the Company's knowledge, in neither of the state cases referenced in this paragraph was any of the directors served with the relevant complaint. They thus have no obligation to respond, and no judgment has been entered against, or finding of fact reached, regarding any of them or their conduct.

FURTHER INFORMATION ABOUT US

Our Incorporation

3. Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on 28 November 2014.

4. As we were incorporated in the Cayman Islands, our corporate structure and Memorandum and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in "Summary of our Memorandum and Articles of Association and Cayman Islands Corporate Law" in Appendix C.

Changes in Our Share Capital

5. As at 31 December 2021, we had an authorised share capital of US$1,000,000 divided into 4,000,000,000 shares comprising of (i) 2,500,000,000 Class A ordinary shares of a par value of US$0.00025 each, (ii) 132,030,222 Class B Ordinary Shares of a par value of US$0.00025 each, (iii) 148,500,000 Class C Ordinary Shares of a par value of US$0.00025 each, and (iv) 1,219,469,778 shares of a par value of US$0.00025 each of such class or classes (however designated) as the board of directors may determine, and our issued and outstanding share capital was 1,415,333,557 Class A ordinary shares, 128,293,932 Class B Ordinary Shares and 148,500,000 Class C ordinary shares.

6. As of 31 December 2017, the authorised share capital of the Company was US$500 divided into 2,000,000,000 shares, comprising of: 1,151,269,325 ordinary shares, 165,000,000 Series A-1 convertible redeemable preferred shares, 130,000,000 Series A-2 convertible redeemable preferred shares, 31,720,364 Series A-3 convertible redeemable preferred shares, 114,867,321 Series B convertible redeemable preferred shares, 167,142,990 Series C convertible redeemable preferred shares and 240,000,000 Series D convertible redeemable preferred shares, each at a par value of US$0.00025 per share.

7. On 12 September 2018, i.e. the date of the initial offering of our ADSs on NYSE, all of our issued and outstanding ordinary shares and preferred shares were automatically converted into ordinary shares on a one-for-one basis upon the completion of the ADS offering on the NYSE and 160,000,000 Class A ordinary shares were issued in the form of ADSs in the offering.

8. Except as disclosed below, there were no changes in the issued share capital of our Company during the periods presented in this Introductory Document:

	Fiscal Year Ended 31 December 2018			
	Class A ordinary share	**Class B ordinary share**	**Class C ordinary share**	**Shareholders' Equity**
				(US$)
Balances as at 12 September 2018	745,479,824	132,030,222	148,500,000	256,503
Issuance of Shares	24,000,000	–	–	6,000
Repurchase and/or retirement of Shares	–	–	–	–
Balances as at 31 December 2018	769,479,824	132,030,222	148,500,000	262,503

	Fiscal Year Ended 31 December 2019			
	Class A ordinary share	Class B ordinary share	Class C ordinary share	Shareholders' Equity
				(US$)
Balances as at 1 January 2019	769,479,824	132,030,222	148,500,000	262,503
Issuance of Shares	63,185,653	–	–	15,796
Repurchase and/or retirement of Shares	(737,500)	–	–	(184)
Balances as at 31 December 2019	831,927,977	132,030,222	148,500,000	278,115

	Fiscal Year Ended 31 December 2020			
	Class A ordinary share	Class B ordinary share	Class C ordinary share	Shareholders' Equity
				(US$)
Balances as at 1 January 2020	831,927,977	132,030,222	148,500,000	278,115
Issuance of Shares	456,648,021	–	–	114,162
Repurchase and/or retirement of Shares	–	–	–	–
Conversion of Shares[(1)]	3,736,290	(3,736,290)	–	–
Balances as at 31 December 2020	1,292,312,288	128,293,932	148,500,000	392,277

Note:

(1) The conversion of shares refers to conversion from Class B ordinary shares to Class A ordinary shares only, and does not include any conversion of convertible notes to shares.

	Fiscal Year Ended 31 December 2021			
	Class A ordinary share	Class B ordinary share	Class C ordinary share	Shareholders' Equity
				(US$)
Balances as at 1 January 2021	1,292,312,288	128,293,932	148,500,000	392,277
Issuance of Shares	123,021,269	–	–	30,755
Repurchase and/or retirement of Shares	–	–	–	–
Conversion of Shares	–	–	–	–
Balances as at 31 December 2021	1,415,333,557	128,293,932	148,500,000	423,032

	1 January 2022 to the Latest Practicable Date			
	Class A ordinary share	Class B ordinary share	Class C ordinary share	Shareholders' Equity
				(US$)
Balances as at 1 January 2022	1,415,333,557	128,293,932	148,500,000	423,032
Issuance of Shares	172,421	–	–	43
Repurchase and/or retirement of Shares	–	–	–	–
Conversion of Shares(1)	128,293,932	(128,293,932)	–	–
Balances as at the Latest Practicable Date	1,543,799,910	0	148,500,000	423,075

Note:

(1) The conversion of shares refers to conversion from Class B ordinary shares to Class A ordinary shares only, and does not include any conversion of convertible notes to shares.

Changes in the Share Capital of Our Company and Major Subsidiaries

9. Except as disclosed below, there were no changes in the share capital of our Company within the three years immediately preceding the Latest Practicable Date:

Date of Issuance	Number of ADSs Issued	Issue Price per Class A ordinary share (US$)	Purpose/Reason of Issuance
11 March 2019	60,000,000	0	Issuance to the depositary bank at zero consideration for bulk issuance of ADSs reserved for future issuance upon the exercise or vesting of awards granted under our Company's share incentive plans
7 February 2020	105	5	Issuance of ADSs on conversion of 2024 Notes
8 April 2020	105	5	Issuance of ADSs on conversion of 2024 Notes
1 June 2020	82,800,000	5.95	Issuance of ADSs in respect of our follow-on offering on the NYSE
22 July 2020	4,885,995	3.07	Issuance of ADSs on conversion of convertible notes due 2021
24 July 2020	4,885,995	3.07	Issuance of ADSs on conversion of convertible notes due 2021

Date of Issuance	Number of ADSs Issued	Issue Price per Class A ordinary share (US$)	Purpose/Reason of Issuance
20 August 2020	22,801,310	3.07	Issuance of ADSs on conversion of convertible notes due 2021
26 August 2020	32,573,300	3.07	Issuance of ADSs on conversion of convertible notes due 2021
September 2020	16,778,523	2.98	Issuance of ADSs on conversion of 360 day Affiliate Notes
2 September 2020	101,775,000	17	Issuance of ADSs in respect of our follow-on offering on the NYSE
10 September 2020	42,857,100	3.50	Issuance of ADSs on conversion of convertible notes due 2021
11 September 2020	9,285,705	3.50	Issuance of ADSs on conversion of convertible notes due 2021
28 September 2020	7,285,707.00	3.50	Issuance of ADSs on conversion of convertible notes due 2021
9 October 2020	6,428,565.00	3.50	Issuance of ADSs on conversion of convertible notes due 2021
22 October 2020	16,025,640	3.12	Issuance of ADSs on conversion of 3-year Affiliate Notes
November 2020	16,778,523	2.98	Issuance of ADSs on conversion of 360 day Affiliate Notes
19 November 2020	735	37	Issuance of ADSs on conversion of 2024 Notes
30 November 2020	12,000,000	0	Issuance to the depositary bank at zero consideration for bulk issuance of ADSs reserved for future issuance upon the exercise or vesting of awards granted under our Company's share incentive plans
16 December 2020	78,200,000	39	Issuance of ADSs in respect of our follow-on offering on the NYSE
15 January 2021	62,192,017	3,109,601	Issuance of ADSs on conversion of 2024 Notes

Date of Issuance	Number of ADSs Issued	Issue Price per Class A ordinary share (US$)	Purpose/Reason of Issuance
25 January 2021	7,219,872	3.12	Issuance of ADSs on conversion of 3-year Affiliate Notes
17 May 2021	5,256	263	Issuance of ADSs on conversion of 2024 Notes
18 May 2021	5,256	263	Issuance of ADSs on conversion of 2024 Notes
25 May 2021	105,135	5,256.75	Issuance of ADSs on conversion of 2024 Notes
24 August 2021	105,135	5,256.75	Issuance of ADSs on conversion of 2024 Notes
25 August 2021	21,027	1,051.35	Issuance of ADSs on conversion of 2024 Notes
31 August 2021	31,540	1,577.00	Issuance of ADSs on conversion of 2024 Notes
7 September 2021 – 23 November 2021	53,292,401	37.52880265	At-the-Market equity offering program
13 September 2021	21,027	1,051.35	Issuance of ADSs on conversion of 2024 Notes
30 September 2021	6,833	342	Issuance of ADSs on conversion of 2024 Notes
23 December 2021	15,770	789	Issuance of ADSs on conversion of 2024 Notes
13 January 2022	157,703	7,885	Issuance of ADSs on conversion of 2024 Notes
22 March 2022	14,718	105.1359	Issuance of ADSs on conversion of 2024 Notes

10. Except as disclosed below, there were no changes in the share capital of our Major Subsidiaries within the three years immediately preceding the Latest Practicable Date:

(a) on 9 November 2021, the registered share capital of XPT (Jiangsu) Investment Co., Ltd. was increased from US$561,500,000 to US$600,000,000 to increase the capital of the company;

(b) on 26 September 2021, the registered share capital of NIO Holding Co., Ltd. was increased from RMB6,166,577,937.06 to RMB6,428,815,699.30 to increase the capital of the company;

(c) on 18 September 2021, the registered share capital of NIO Co., Ltd. was increased from US$2,500,000,000 to US$3,000,000,000 to increase the capital of the company;

(d) on 9 September 2021, the registered share capital of NIO Sales and Services Co., Ltd. was increased from US$1,000,000,000 to US$1,500,000,000 to increase the capital of the company;

(e) on 8 September 2021, the registered share capital of NIO Automobile Technology (Anhui) Co., Ltd. was increased from RMB2,000,000,000 to RMB3,000,000,000 to increase the capital of the company;

(f) on 7 September 2021, the registered share capital of NIO Automobile (Anhui) Co., Ltd. was increased from RMB6,000,000,000 to RMB9,000,000,000 to increase the capital of the company;

(g) on 29 June 2021, the registered share capital of XPT (Jiangsu) Investment Co., Ltd. was increased from US$461,500,000 to US$561,500,000 to increase the capital of the company;

(h) on 30 April 2021, the registered share capital of NIO Automobile Technology (Anhui) Co., Ltd. was increased from RMB10,000,000 to RMB2,000,000,000 to increase the capital of the company;

(i) on 26 March 2021, the registered share capital of NIO Sales and Services Co., Ltd. was increased from US$500,000,000 to US$1,000,000,000 to increase the capital of the company;

(j) on 10 March 2021, the registered share capital of NIO Automobile (Anhui) Co., Ltd. was increased from RMB50,000,000 to RMB6,000,000,000 to increase the capital of the company;

(k) on 5 February 2021, the registered share capital of NIO Holding Co., Ltd. was increased from RMB5,816,927,587.41 to RMB6,166,577,937.06 to increase the capital of the company;

(l) on 17 November 2020, the registered share capital of XPT (Jiangsu) Automotive Technology Co., Ltd. was increased from US$273,730,000 to US$285,500,000 to increase the capital of the company;

(m) on 23 November 2020, the registered share capital of XPT (Nanjing) E-Powertrain Technology Co., Ltd. was increased from RMB1,011,932,000 to RMB1,732,232,000 to increase the capital of the company;

(n) on 23 November 2020, the registered share capital of XPT (Nanjing) Energy Storage System Co., Ltd. was increased from RMB320,000,000 to RMB708,500,000 to increase the capital of the company;

(o) on 13 October 2020, the registered share capital of NIO Holding Co., Ltd. was increased from RMB5,074,773,741.26 to RMB5,816,927,587.41 to increase the capital of the company;

(p) on 2 September 2020, the registered share capital of NIO Holding Co., Ltd. was increased from RMB3,850,997,517.47 to RMB5,074,773,741.26 to increase the capital of the company;

(q) on 1 September 2020, the registered share capital of XPT (Jiangsu) Investment Co., Ltd. was increased from US$250,000,000 to US$461,500,000 to increase the capital of the company;

(r) on 2 June 2020, the registered share capital of NIO Holding Co., Ltd. was increased from RMB11,000,000 to RMB3,850,997,517.47 to increase the capital of the company;

(s) on 25 May 2020, NIO Nextev Limited transferred 100% of its equity interest in NIO Co., Ltd. to NIO Holding Co., Ltd.;

(t) on 7 April 2020, the registered share capital of NIO Holding Co., Ltd. was increased from RMB10,000,000 to RMB11,000,000, and NIO Sales and Services Co., Ltd. transferred 50% of its equity interest in NIO Holding Co., Ltd. to NIO Nextev Limited and 50% of its equity interest in NIO Holding Co., Ltd. to NIO User Enterprise Limited;

(u) on 19 January 2020, the registered share capital of XTRONICS (Nanjing) Automotive Intelligent Technologies Co., Ltd. was decreased from RMB150,000,000 to RMB120,000,000 due to a reduction in business activities; and

(v) on 26 April 2019, the registered share capital of NIO Co., Ltd. was increased from US$2,000,000,000 to US$2,500,000,000 to increase the capital of the company.

RELATIONSHIP WITH THE JOINT ISSUE MANAGERS

11. The Joint Issue Managers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Joint Issue Managers and their affiliates have, from time to time, performed and may in the future perform various financial advisory and investment banking services for our Company, and our affiliates for which they received or will receive customary fees and expenses.

    In addition, in the ordinary course of their various business activities, the Joint Issue Managers and their affiliates (or any of them) may from time to time make, issue or hold a broad array of investments and enter into secondary market transactions or actively trade debt and equity securities (including but not limited to equity derivatives, warrants and other structured instruments) and financial instruments (including bank loans) for their own account and for the account of their customers, and such investment and securities activities may involve securities and/or instruments of our Company, or our affiliates. The Joint Issue Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

MATERIAL CONTRACTS

12. The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this Introductory Document and are or may be material:

    (a) a power of attorney dated 12 April 2021 executed by Mr. Bin Li in favour of and accepted by NIO Co., Ltd. (上海蔚来汽车有限公司), pursuant to which Mr. Bin Li agreed to, among others things, exclusively authorise NIO Co., Ltd. (上海蔚来汽车有限公司) or its designated person(s) to exercise all of his rights as shareholder of Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司);

    (b) a power of attorney dated 12 April 2021 executed by Mr. Lihong Qin in favour of and accepted by NIO Co., Ltd. (上海蔚来汽车有限公司), pursuant to which Mr. Lihong Qin agreed to, among others things, exclusively authorise NIO Co., Ltd. (上海蔚来汽车有限公司) or its designated person(s) to exercise all of his rights as shareholder of Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司);

(c) a loan agreement dated 12 April 2021 entered into between Mr. Bin Li and NIO Co., Ltd. (上海蔚来汽车有限公司), pursuant to which NIO Co., Ltd. (上海蔚来汽车有限公司) agreed to provide a loan in aggregate amount of RMB8 million to Mr. Bin Li to be used exclusively as investment in Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司);

(d) a loan agreement dated 12 April 2021 entered into between Mr. Lihong Qin and NIO Co., Ltd. (上海蔚来汽车有限公司), pursuant to which NIO Co., Ltd. (上海蔚来汽车有限公司) agreed to provide a loan in aggregate amount of RMB2 million to Mr. Lihong Qin to be used exclusively as investment in Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司);

(e) an equity pledge agreement dated 12 April 2021 entered into between Mr. Bin Li, NIO Co., Ltd. (上海蔚来汽车有限公司) and Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司), pursuant to which Mr. Bin Li agreed to pledge all of his existing and future equity interests in Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司) to NIO Co., Ltd. (上海蔚来汽车有限公司);

(f) an equity pledge agreement dated 12 April 2021 entered into between Mr. Lihong Qin, NIO Co., Ltd. (上海蔚来汽车有限公司) and Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司), pursuant to which Mr. Lihong Qin agreed to pledge all of his existing and future equity interests in Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司) to NIO Co., Ltd. (上海蔚来汽车有限公司);

(g) an exclusive business cooperation agreement dated 12 April 2021 entered into between Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司) and NIO Co., Ltd. (上海蔚来汽车有限公司), pursuant to which Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司) agreed to engage NIO Co., Ltd. (上海蔚来汽车有限公司) as the exclusive services provider of technical support, consultation and other services in return for service fees;

(h) an exclusive call option agreement dated 12 April 2021 entered into between Mr. Bin Li, NIO Co., Ltd. (上海蔚来汽车有限公司) and Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司, pursuant to which Mr. Bin Li agreed to grant NIO Co., Ltd. (上海蔚来汽车有限公司) an exclusive and irrevocable option to purchase, or designate one or more persons to purchase, from Mr. Bin Li all or part of his equity interests in Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司) for a total consideration of RMB8 million; and

(i) an exclusive call option agreement dated 12 April 2021 entered into between Mr. Lihong Qin, NIO Co., Ltd. (上海蔚来汽车有限公司) and Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司), pursuant to which Mr. Lihong Qin agreed to grant NIO Co., Ltd. (上海蔚来汽车有限公司) an exclusive and irrevocable option to purchase, or designate one or more persons to purchase, from Mr. Lihong Qin all or part of his equity interests in Beijing NIO Network Technology Co., Ltd. (北京蔚来网络科技有限公司) for a total consideration of RMB2 million.

MISCELLANEOUS

13. There has not been any public take-over offer by a third party in respect of our ADSs, Class A ordinary shares, Class B ordinary shares or Class C ordinary shares, or by our Company in respect of the shares of another corporation or the units of a business trust, which has occurred between 1 January 2021 and the Latest Practicable Date.

14. No expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Introduction.

15. Except as disclosed in "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview" and barring any unforeseen circumstances, we are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our net sales or revenues, profitability, liquidity or capital resources since 31 December 2021 (being the date to which our latest audited consolidated financial statements were prepared) and up to the Latest Practicable Date, or that would cause our financial information disclosed in this Introductory Document to be not necessarily indicative of our future operating results or financial condition.

16. Within the two years immediately preceding the date of this Introductory Document:

    (a) save as disclosed in "Summary – Recent Developments – At-The-Market Offering", "Risk Factors – Risks Related to Our Business and Industry – We have a significant amount of debt, including our convertible senior notes, that are senior in capital structure and cash flow, respectively, to our Shareholders. Satisfying the obligations relating to our debt could adversely affect the amount or timing of distributions to our Shareholders or result in dilution.", "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Cash Flows and Working Capital", paragraphs 9 and 10 under "General and Statutory Information – Changes in the Share Capital of our Company and Major Subsidiaries", "Appendix A" at page A-48, to the best of our knowledge, neither we nor any of our Major Subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

    (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

    (c) in accordance with market practice, commissions were paid for the Company's previous equity and convertible notes offerings as disclosed in paragraph 16(a) above and save as disclosed, no commissions, discounts, brokerage or other special terms (save in connection with such equity and convertible notes offerings undertaken by the Company) have been granted in connection with the issue or sale of any share capital or debentures of our Company or any of our Major Subsidiaries;

    (d) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and

    (e) there is no arrangement under which future dividends are waived or agreed to be waived.

17. Our directors confirm that:

    (a) save as disclosed in "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview" of this Introductory Document, there has not been any interruption in our business which may have or have had a material adverse effect on our financial position in the 12 months immediately preceding the date of this Introductory Document;

    (b) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group; and

(c) save for the 2024 Notes, 2026 Notes, 2027 Notes and the Affiliate Notes, we and our Major Subsidiaries have no outstanding debentures or convertible debt securities.

CONSENTS

18. Each of Credit Suisse (Singapore) Limited and Goldman Sachs (Singapore) Pte., as the Joint Issue Managers, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Introductory Document, and to act in such capacity in relation to this Introductory Document.

19. PricewaterhouseCoopers Zhong Tian LLP, as the Independent Auditor, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its name and all references thereto and the "Independent Auditor's Report on the Audited Consolidated Financial Statements of NIO Inc. and its Subsidiaries for the Years Ended 31 December 2019, 2020 and 2021", as set out in Appendix A to this Introductory Document, in the form and context in which they are included in this Introductory Document, and to act in such capacity in relation to this Introductory Document. The above-mentioned reports were prepared for the purpose of incorporation in this Introductory Document.

20. Frost & Sullivan, as the industry consultant, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of (i) its name and all references thereto, and (ii) the statements attributed to them in the sections entitled "Notice to Investors", "Summary", "Industry Overview" and "Business", in the form and context which they appear in this Introductory Document and to act in such capacity in relation to this Introductory Document. The above-mentioned statements were prepared for the purpose of incorporation in this Introductory Document.

21. Han Kun Law Offices, the legal adviser to our Company as to PRC law has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of (i) its name and all references thereto and (ii) the statements attributed to them in the sections entitled "Summary", "Risk Factors", "Contractual Arrangements", "Business", "Regulatory Overview" and "Directors and Senior Management", which were prepared as at the date of this Introductory Document for the purpose of incorporation in this Introductory Document, in the form and context in which they are included in this Introductory Document, and to act in such capacity in relation to this Introductory Document.

22. Commerce & Finance Law Offices, the legal adviser to the Joint Issue Managers as to PRC law has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of (i) its name and all references thereto and (ii) the statements attributed to them in the sections entitled "Contractual Arrangements" and "Risk Factors", which were prepared as at the date of this Introductory Document for the purpose of incorporation in this Introductory Document, in the form and context in which they are included in this Introductory Document, and to act in such capacity in relation to this Introductory Document.

LEGAL MATTERS

23. Certain legal matters in connection with this Introduction will be passed upon for our Company by WongPartnership LLP with respect to matters of Singapore law, by Maples and Calder (Hong Kong) LLP with respect to matters of Cayman Islands law, Skadden, Arps, Slate, Meagher & Flom LLP with respect to matters of US law and Hong Kong law and Han Kun Law Offices with respect to matters of PRC law.

24. Each of WongPartnership LLP, Maples and Calder (Hong Kong) LLP and Skadden, Arps, Slate, Meagher & Flom LLP does not make or purport to make any statement in this Introductory Document, is not aware of any statement in this Introductory Document which purports to be based on a statement made by it, and makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document. Save for the statements attributed to Han Kun Law Offices and Commerce & Finance Law Offices as set out under paragraphs 21 and 22 above respectively, each of Han Kun Law Offices and Commerce & Finance Law Offices does not make or purport to make any statement in this Introductory Document, is not aware of any statement in this Introductory Document which purports to be based on a statement made by it, and makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document.

DOCUMENTS AVAILABLE FOR INSPECTION

25. Copies of the following documents may be inspected at Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Habourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632, during normal business hours for a period of six months from the date of this Introductory Document:

    (a) our Memorandum of Association and Articles of Association;

    (b) our Audited Consolidated Financial Statements for the years ended 31 December 2019, 2020 and 2021;

    (c) the Independent Auditor's Report from PricewaterhouseCoopers Zhong Tian LLP, the text of which is set out in Appendix A;

    (d) the audited financial statements of each of our subsidiaries with audited financial statements for the years ended 31 December 2019, 2020 and 2021;

    (e) the Industry Report prepared by Frost & Sullivan International Limited, a summary of which is set forth in "Industry Overview";

    (f) the material contracts referred to in the section headed "General and Statutory Information – Material Contracts" in this Introductory Document; and

    (g) the written consents referred to in the section headed "General and Statutory Information – Consents" in this Introductory Document.

APPENDIX A – INDEPENDENT AUDITOR'S REPORT ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NIO INC. AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021

NIO INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

To the Shareholders of NIO Inc.

Opinion

What we have audited

The consolidated financial statements of NIO Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages A-6 to A-69, comprise:

- the consolidated balance sheets as at December 31, 2019, 2020 and 2021;
- the consolidated statements of comprehensive loss for the years ended December 31, 2019, 2020 and 2021;
- the consolidated statements of shareholders' (deficit)/equity for the years ended December 31, 2019, 2020 and 2021;
- the consolidated statements of cash flows for the years ended December 31, 2019, 2020 and 2021; and
- notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, 2020 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019, 2020 and 2021 in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the years ended December 31, 2019, 2020 and 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Adoption of ASC 842 – Lease
- Accrual of warranty liabilities

Key Audit Matter	How our audit addressed the Key Audit Matter
Adoption of ASC 842 – Lease *Relevant financial statement period: for the year ended December 31, 2019* Refer to Notes 2(ac) and 15 to the consolidated financial statements. The Group adopted ASC 842 – Leases ("ASC 842") on January 1, 2019 by additional transition approach. Upon adoption, as at January 1, 2019, the Group recognized right-of-use assets of RMB2,029.3 million and lease liabilities of RMB2,109.9 million on the consolidated balance sheet, respectively. The lease liabilities were initially measured at aggregated present value of the lease payments relating to the right-of-use assets during the lease terms, which involved significant judgements and estimates in determining the discount rates. We focused on this area because significant effort was spent auditing the lease liabilities recognized due to the large volume of leases and the significant judgements and estimates involved in determining the appropriate discount rates.	Our procedures performed in relation to the adoption of ASC 842 – Lease mainly included the following: • we understood, evaluated and tested the relevant key controls relating to lease accounting, including key controls in respect of the adoption of ASC 842; • we assessed the appropriateness of management's assessments on the identification of leases based on the contractual agreements and our knowledge of the business of the Group; • we obtained a summary of lease liabilities calculation from management, and tested, on a sample basis, the lease terms and lease payments by tracing such inputs to the underlying lease contracts; • we assessed the reasonableness of the discount rates by considering the length of the lease terms, repayment patterns and our knowledge of the Group's debt financing arrangements; • we tested, on a sample basis, the calculation of the lease liabilities based on lease payments, the discount rates and the expected lease terms. Based on our audit procedures, we found the estimates and judgements adopted by management in the adoption of ASC 842 – Lease are supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accrual of warranty liabilities *Relevant financial statement periods: for the years ended December 31, 2020 and 2021* Refer to Notes 2(q), 12 and 14 to the consolidated financial statements. For the years ended December 31, 2020 and 2021, the Group accrued warranty costs of RMB582.1 million and RMB1,078.9 million, respectively. As of December 31, 2020 and 2021, the Group recorded warranty liabilities of RMB952.9 million and RMB1,963.0 million, respectively. The accounting for accrual of warranty liabilities involves management's judgements and estimates in consideration of the following: • assumptions related to the nature and frequency of future claims; and • estimates of the projected costs to repair or replace items under warranty. We focused on this area as it involves significant estimations and judgements by management, and thus significant auditor judgment and effort were devoted in designing and performing procedures relating to evaluating the reasonableness of management's estimate of the nature, frequency and costs of future claims.	Our procedures performed in relation to the accrual of warranty liabilities mainly included the following: • we understood, evaluated and tested the relevant key controls relating to management's estimate of the accrual of warranty liabilities, including the nature, frequency and costs of future claims as well as controls over the completeness and accuracy of management's data used; • we evaluated the appropriateness of the model applied by the management for the accrual of warranty liabilities; • we evaluated the reasonableness of significant assumptions related to the nature and frequency of future claims and the related projected costs to repair or replace items under warranty, considering current and past performance, including a lookback analysis comparing prior period forecasted claims to actual claims incurred; • we tested, on a sample basis, the completeness, accuracy and relevance of management's data used in the estimation of future claims. • we developed, with the assistance of our internal professionals with specialized skill and knowledge, an independent estimate of the accrual of warranty liabilities and compared this estimate to management's estimate to evaluate its reasonableness. Based on our audit procedures, we found the estimates and judgements adopted by management in determining accrual of warranty liabilities are supported by available evidence.

Other Matter

This report is intended solely for the shareholders of NIO Inc. and for the inclusion in the Introductory Document to be issued in connection with the secondary listing of the ordinary shares of the Company on the Main Board of the Singapore Exchange Securities Trading Limited by way on introduction and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with US GAAP, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the years ended December 31, 2019, 2020 and 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jiajun Song, a practicing member of the Chinese Institute of Certified Public Accountants.

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
May 13, 2022

NIO INC.
CONSOLIDATED BALANCE SHEETS
(All amounts in thousands, except for share and per share data)

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	USD
				Note 2(e)
ASSETS				
Current assets:				
Cash and cash equivalents	862,839	38,425,541	15,333,719	2,406,195
Restricted cash	82,507	78,010	2,994,408	469,888
Short-term investments	111,000	3,950,747	37,057,554	5,815,139
Trade and notes receivables	1,352,093	1,123,920	2,823,222	443,025
Amounts due from related parties	50,783	169,288	1,564,025	245,430
Inventory	889,528	1,081,553	2,056,352	322,687
Prepayments and other current assets	1,579,258	1,422,403	1,854,075	290,945
Expected credit loss provision – current	–	(44,645)	(42,040)	(6,598)
Total current assets	4,928,008	46,206,817	63,641,315	9,986,711
Non-current assets:				
Long-term restricted cash	44,523	41,547	46,437	7,287
Property, plant and equipment, net	5,533,064	4,996,228	7,399,516	1,161,146
Intangible assets, net	1,522	613	–	–
Land use rights, net	208,815	203,968	199,121	31,246
Long-term investments	115,325	300,121	3,059,383	480,084
Amounts due from related parties	–	617	–	–
Right-of-use assets – operating lease	1,997,672	1,350,294	2,988,374	468,941
Other non-current assets	1,753,100	1,561,755	5,598,764	878,568
Expected credit loss provision – non-current	–	(20,031)	(49,309)	(7,737)
Total non-current assets	9,654,021	8,435,112	19,242,286	3,019,535
Total assets	14,582,029	54,641,929	82,883,601	13,006,246
LIABILITIES				
Current liabilities:				
Short-term borrowings	885,620	1,550,000	5,230,000	820,701
Trade and notes payable	3,111,699	6,368,253	12,638,991	1,983,334
Amounts due to related parties	309,729	344,603	687,200	107,837
Taxes payable	43,986	181,658	627,794	98,515
Current portion of operating lease liabilities	608,747	547,142	744,561	116,838
Current portion of long-term borrowings	322,436	380,560	2,067,962	324,508
Accruals and other liabilities	4,216,641	4,604,024	7,201,644	1,130,096
Total current liabilities	9,498,858	13,976,240	29,198,152	4,581,829
Non-current liabilities:				
Long-term borrowings	7,154,798	5,938,279	9,739,176	1,528,289
Non-current operating lease liabilities	1,598,372	1,015,261	2,317,193	363,618
Deferred tax liabilities	–	–	25,199	3,954
Other non-current liabilities	1,151,813	1,849,906	3,540,458	555,575
Total non-current liabilities	9,904,983	8,803,446	15,622,026	2,451,436
Total liabilities	19,403,841	22,779,686	44,820,178	7,033,265

NIO INC.
CONSOLIDATED BALANCE SHEETS
(All amounts in thousands, except for share and per share data)

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	USD
				Note 2(e)
Commitments and contingencies (Note 27)				
MEZZANINE EQUITY				
Redeemable non-controlling interests	1,455,787	4,691,287	3,277,866	514,369
Total mezzanine equity	1,455,787	4,691,287	3,277,866	514,369
SHAREHOLDERS' (DEFICIT)/EQUITY				
Class A Ordinary Shares (US$0.00025 par value; 2,500,000,000 and 2,500,000,000 shares authorized; 786,937,655, 1,252,237,171 and 1,384,955,501 shares issued; 783,942,438, 1,249,745,456 and 1,366,875,248 shares outstanding as of December 31, 2019, 2020 and 2021, respectively)	1,347	2,205	2,418	379
Class B Ordinary Shares (US$0.00025 par value; 132,030,222 shares authorized, 132,030,222, 128,293,932 and 128,293,932 shares issued and outstanding as of December 31, 2019, 2020 and 2021)	226	220	220	35
Class C Ordinary Shares (US$0.00025 par value; 148,500,000 shares authorized, issued and outstanding as of December 31, 2019, 2020 and 2021)	254	254	254	40
Less: Treasury shares (2,995,217, 2,491,715 and 18,080,253) shares as of December 31, 2019, 2020 and 2021, respectively)	–	–	(1,849,600)	(290,243)
Additional paid in capital	40,227,856	78,880,014	92,467,072	14,510,101
Accumulated other comprehensive loss	(203,048)	(65,452)	(276,300)	(43,357)
Accumulated deficit	(46,326,321)	(51,648,410)	(55,634,140)	(8,730,211)
Total NIO Inc. shareholders' (deficit)/equity	(6,299,686)	27,168,831	34,709,924	5,446,744
Non-controlling interests	22,087	2,125	75,633	11,868
Total shareholders' (deficit)/equity	(6,277,599)	27,170,956	34,785,557	5,458,612
Total liabilities, mezzanine equity and shareholders' equity	14,582,029	54,641,929	82,883,601	13,006,246

The accompanying notes are an integral part of these consolidated financial statements.

NIO INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(All amounts in thousands, except for share and per share data)

	For the Year Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	USD
				Note 2(e)
Revenue:				
Vehicle sales	7,367,113	15,182,522	33,169,740	5,205,056
Other sales	457,791	1,075,411	2,966,683	465,537
Total revenues	7,824,904	16,257,933	36,136,423	5,670,593
Cost of sales:				
Vehicle sales	(8,096,035)	(13,255,770)	(26,516,643)	(4,161,040)
Other sales	(927,691)	(1,128,744)	(2,798,347)	(439,122)
Total cost of sales	(9,023,726)	(14,384,514)	(29,314,990)	(4,600,162)
Gross (loss)/profit	(1,198,822)	1,873,419	6,821,433	1,070,431
Operating expenses:				
Research and development	(4,428,580)	(2,487,770)	(4,591,852)	(720,562)
Selling, general and administrative	(5,451,787)	(3,932,271)	(6,878,132)	(1,079,329)
Other operating (loss)/income, net	–	(61,023)	152,248	23,891
Total operating expenses	(9,880,367)	(6,481,064)	(11,317,736)	(1,776,000)
Loss from operations	(11,079,189)	(4,607,645)	(4,496,303)	(705,569)
Interest and investment income	160,279	166,904	911,833	143,086
Interest expenses	(370,536)	(426,015)	(637,410)	(100,024)
Share of (loss)/income of equity investees	(64,478)	(66,030)	62,510	9,809
Other income/(losses), net	66,160	(364,928)	184,686	28,981
Loss before income tax expense	(11,287,764)	(5,297,714)	(3,974,684)	(623,717)
Income tax expense	(7,888)	(6,368)	(42,265)	(6,632)
Net loss	(11,295,652)	(5,304,082)	(4,016,949)	(630,349)
Accretion on redeemable non-controlling interests to redemption value	(126,590)	(311,670)	(6,586,579)	(1,033,578)
Net loss attributable to non-controlling interests	9,141	4,962	31,219	4,899
Net loss attributable to ordinary shareholders of NIO Inc.	(11,413,101)	(5,610,790)	(10,572,309)	(1,659,028)
Net loss	(11,295,652)	(5,304,082)	(4,016,949)	(630,349)
Other comprehensive (loss)/income				
Change in unrealized gains related to available-for-sale debt securities, net of tax	–	–	24,224	3,801
Foreign currency translation adjustment, net of nil tax	(168,340)	137,596	(230,345)	(36,146)
Total other comprehensive (loss)/income	(168,340)	137,596	(206,121)	(32,345)
Total comprehensive loss	(11,463,992)	(5,166,486)	(4,223,070)	(662,694)
Accretion on redeemable non-controlling interests to redemption value	(126,590)	(311,670)	(6,586,579)	(1,033,578)
Net loss attributable to non-controlling interests	9,141	4,962	31,219	4,899
Other comprehensive income attributable to non-controlling interests	–	–	(4,727)	(742)
Comprehensive loss attributable to ordinary shareholders of NIO Inc	(11,581,441)	(5,473,194)	(10,783,157)	(1,692,115)

NIO INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(All amounts in thousands, except for share and per share data)

	For the Year Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	USD
				Note 2(e)
Weighted average number of ordinary shares used in computing net loss per share				
Basic and diluted	1,029,931,705	1,182,660,948	1,572,702,112	1,572,702,112
Net loss per share attributable to ordinary shareholders				
Basic and diluted	(11.08)	(4.74)	(6.72)	(1.05)
Weighted average number of ADS used in computing net loss per ADS				
Basic and diluted	1,029,931,705	1,182,660,948	1,572,702,112	1,572,702,112
Net loss per ADS attributable to ordinary shareholders				
Basic and diluted	(11.08)	(4.74)	(6.72)	(1.05)

The accompanying notes are an integral part of these consolidated financial statements.

NIO INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT)/EQUITY
(All amounts in thousands, except for share and per share data)

	Ordinary Shares		Treasury Shares							
	Shares	Par Value	Shares	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity/(Deficit)	Non-Controlling Interests	Total Equity/ (Deficit)
Balance as of December 31, 2018	1,057,731,012	1,809	(6,931,980)	(9,186)	41,918,936	(34,708)	(35,039,810)	6,837,041	(15,896)	6,821,145
Accretion on redeemable non-controlling interests to redemption value	–	–	–	–	(126,590)	–	–	(126,590)	–	(126,590)
Purchase of capped call options and zero-strike call options in connection with issuance of convertible senior notes	–	–	–	–	(1,939,567)	–	–	(1,939,567)	–	(1,939,567)
Exercise of share options	12,775,127	22	–	–	50,768	–	–	50,790	–	50,790
Share based compensation of restricted shares	–	–	1,636,001	–	3,802	–	–	3,802	–	3,802
Share based compensation of share options	–	–	–	–	329,693	–	–	329,693	–	329,693
Cancellation of restricted shares	(3,038,262)	(4)	2,300,762	9,186	(9,186)	–	–	(4)	–	(4)
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	47,124	47,124
Foreign currency translation adjustment	–	–	–	–	–	(168,340)	–	(168,340)	–	(168,340)
Net loss	–	–	–	–	–	–	(11,286,511)	(11,286,511)	(9,141)	(11,295,652)
Balance as of December 31, 2019	1,067,467,877	1,827	(2,995,217)	–	40,227,856	(203,048)	(46,326,321)	(6,299,686)	22,087	(6,277,599)

NIO INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT)/EQUITY
(All amounts in thousands, except for share and per share data)

	Ordinary Shares		Treasury Shares							
	Shares	Par Value	Shares	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' (Deficit)/Equity	Non-Controlling Interests	Total (Deficit)/ Equity
Balance as of December 31, 2019	1,067,467,877	1,827	(2,995,217)	–	40,227,856	(203,048)	(46,326,321)	(6,299,686)	22,087	(6,277,599)
Cumulative effect of adoption of new accounting standard (Note 2(i))	–	–	–	–	–	–	(22,969)	(22,969)	–	(22,969)
Accretion on redeemable non-controlling interests to redemption value	–	–	–	–	(311,670)	–	–	(311,670)	–	(311,670)
Issuance of ordinary shares	262,775,000	448	–	–	34,571,809	–	–	34,572,257	–	34,572,257
Issuance of restricted shares	2,113,469	4	–	–	54,508	–	–	54,512	–	54,512
Conversion of convertible notes to ordinary shares	181,872,811	309	–	–	3,962,990	–	–	3,963,299	–	3,963,299
Exercise of share options	14,814,462	91	439,038	–	187,427	–	–	187,518	–	187,518
Share based compensation of the restricted shares	–	–	51,948	–	9,551	–	–	9,551	–	9,551
Share based compensation of the share options	–	–	–	–	177,543	–	–	177,543	–	177,543
Cancellation of restricted shares	(12,516)	–	12,516	–	–	–	–	–	–	–
Capital withdrawal by non-controlling interests	–	–	–	–	–	–	–	–	(15,000)	(15,000)
Foreign currency translation adjustment	–	–	–	–	–	137,596	–	137,596	–	137,596
Net loss	–	–	–	–	–	–	(5,299,120)	(5,299,120)	(4,962)	(5,304,082)
Balance as of December 31, 2020	1,529,031,103	2,679	(2,491,715)	–	78,880,014	(65,452)	(51,648,410)	27,168,831	2,125	27,170,956

NIO INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT)/EQUITY
(All amounts in thousands, except for share and per share data)

	Ordinary Shares		Treasury Shares							
	Shares	Par Value	Shares	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
Balance as of December 31, 2020	1,529,031,103	2,679	(2,491,715)	–	78,880,014	(65,452)	(51,648,410)	27,168,831	2,125	27,170,956
Accretion on redeemable non-controlling interests to redemption value	–	–	–	–	(6,586,579)	–	–	(6,586,579)	–	(6,586,579)
Settlement of capped call options and zero strike call options (Note 13(ii))	–	–	(16,402,643)	(1,849,600)	1,849,600	–	–	–	–	–
Conversion of convertible senior notes to ordinary shares – related parties	7,219,872	12	–	–	148,381	–	–	148,393	–	148,393
Conversion of convertible senior notes to ordinary shares -third party	62,508,996	101	–	–	4,199,718	–	–	4,199,819	–	4,199,819
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	100,000	100,000
Shareholder's contribution (Note 10)	–	–	–	–	18,535	–	–	18,535	–	18,535
Issuance of ordinary shares	53,292,401	85	–	–	12,677,469	–	–	12,677,554	–	12,677,554
Exercise of share options	8,891,011	14	228,037	–	120,925	–	–	120,939	–	120,939
Share based compensation of the restricted shares	842,742	1	–	–	457,985	–	–	457,986	–	457,986
Issuance of restricted shares (Note 23(a)(ii))	549,376	–	–	–	148,869	–	–	148,869	–	148,869
Share based compensation of the share options	–	–	–	–	552,155	–	–	552,155	–	552,155
Cancellation of restricted shares	(586,068)	–	586,068	–	–	–	–	–	–	–
Foreign currency translation adjustment	–	–	–	–	–	(230,345)	–	(230,345)	–	(230,345)
Change in fair value of available-for-sale debt securities (Note 10)	–	–	–	–	–	19,497	–	19,497	4,727	24,224
Net loss	–	–	–	–	–	–	(3,985,730)	(3,985,730)	(31,219)	(4,016,949)
Balance as of December 31, 2021	1,661,749,433	2,892	(18,080,253)	(1,849,600)	92,467,072	(276,300)	(55,634,140)	34,709,924	75,633	34,785,557

NIO INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands, except for share and per share data)

	For the Year Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	USD
				Note 2(e)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(11,295,652)	(5,304,082)	(4,016,949)	(630,349)
Adjustments to reconcile net loss to net cash (used in)/provided by operating activities:				
Depreciation and amortization	998,938	1,046,496	1,708,019	268,025
Allowance against receivables	108,459	–	–	–
Expected credit loss expense	–	9,654	54,332	8,526
Inventory write-downs	10,427	5,803	1,105	173
Impairment on other assets	75,278	25,757	–	–
Foreign exchange loss	13,876	457,382	10,111	1,587
Share-based compensation expenses	333,495	187,094	1,010,140	158,513
Gain from disposal of an equity investee	(40,722)	–	–	–
Investment income	–	–	(105,608)	(16,572)
Share of losses/(profits) of equity investees, net of tax	64,478	66,030	(62,510)	(9,809)
Amortization of right-of-use assets	522,035	499,225	643,895	101,041
Loss on disposal of property, plant and equipment	50,845	127,662	31,107	4,881
Changes in operating assets and liabilities:				
Prepayments and other current assets	(68,051)	135,441	(38,908)	(6,106)
Inventory	569,163	(197,828)	(990,550)	(155,439)
Other non-current assets	(326,957)	151,953	(3,705,762)	(581,515)
Amount due from related parties	9,323	(119,128)	(1,444,122)	(226,614)
Operating lease liabilities	(345,323)	(448,466)	(748,799)	(117,503)
Taxes payable	(7,948)	130,542	446,984	70,142
Trade and notes receivable	(681,556)	237,928	(1,717,747)	(269,552)
Trade and notes payable	241,646	3,256,552	6,260,311	982,379
Accruals and other liabilities	658,895	836,511	2,485,101	389,967
Amount due to related parties	64,347	60,673	342,597	53,761
Deferred tax liabilities	–	–	25,199	3,954
Other non-current liabilities	323,298	785,695	1,778,440	279,076
Net cash (used in)/provided by operating activities	(8,721,706)	1,950,894	1,966,386	308,566
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangible assets	(1,706,787)	(1,127,686)	(4,078,764)	(640,046)
Purchases of short-term investments	(2,202,762)	(7,594,110)	(134,316,219)	(21,077,146)
Proceeds from sale of short-term investments	7,246,465	3,738,490	101,121,723	15,868,205
Purchase of available-for-sale debt investment	–	–	(650,000)	(101,999)
Purchase of held to maturity debt investments	–	–	(1,300,000)	(203,998)
Acquisitions of equity investees and equity security investments	(31,500)	(250,826)	(592,570)	(92,988)
Proceeds from disposal of an equity investee	76,653	–	–	–
Loan repayment from related parties	–	–	50,000	7,846
Proceeds from disposal of property and equipment	–	163,072	1,126	177
Net cash provided by/(used in) investing activities	3,382,069	(5,071,060)	(39,764,704)	(6,239,949)

NIO INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands, except for share and per share data)

	For the Year Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	USD
				Note 2(e)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from exercise of stock options	50,790	154,861	144,562	22,685
Capital withdrawal by non-controlling interests	–	(10,500)	(1,000)	(157)
Capital injection from redeemable non-controlling interests	–	5,000,000	–	–
Capital injection from non-controlling interests	–	–	100,000	15,692
Redemption and repurchase of redeemable non-controlling interests	–	(2,071,515)	(8,000,000)	(1,255,375)
Proceeds from issuance of convertible promissory note – third parties	2,802,041	3,014,628	9,560,755	1,500,291
Proceeds from issuance of convertible promissory note – related parties	1,520,416	90,499	–	–
Proceeds from borrowings from third parties	1,350,781	1,605,464	6,112,000	959,106
Repayments of borrowings from third parties	(2,610,958)	(964,813)	(2,432,255)	(381,674)
Proceeds from borrowings from related parties	25,799	260,000	–	–
Repayment of borrowings from related parties	–	(285,799)	–	–
Principal payments on finance leases	(43,916)	(42,529)	(32,873)	(5,158)
Proceeds from issuance of ordinary shares, net of issuance costs	–	34,607,139	12,677,554	1,989,385
Net cash provided by financing activities	3,094,953	41,357,435	18,128,743	2,844,795
Effects of exchange rate changes on cash, cash equivalents and restricted cash	10,166	(682,040)	(500,959)	(78,609)
NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(2,234,518)	37,555,229	(20,170,534)	(3,165,197)
Cash, cash equivalents and restricted cash at beginning of the year	3,224,387	989,869	38,545,098	6,048,567
Cash, cash equivalents and restricted cash at end of the year	989,869	38,545,098	18,374,564	2,883,370
NON-CASH INVESTING AND FINANCING ACTIVITIES				
Accruals related to purchase of property and equipment	1,121,715	749,799	1,458,767	228,912
Acquisition of an equity investee	35,931	–	–	–
Issuance of restricted shares (Note 23(a)(ii))	–	54,512	148,869	23,361
Conversion of convertible senior notes to ordinary shares	–	3,963,299	4,348,212	682,329
Accretion on redeemable non-controlling interests to redemption value	126,590	311,670	6,586,579	1,033,578
Settlement of capped call options and zero strike call options (Note 13(ii))	–	–	1,849,600	290,243
Shareholder's contribution (Note 10)	–	–	18,535	2,909
Supplemental Disclosure				
Interest paid	260,377	333,877	218,830	34,339
Income taxes paid	18,189	13,172	6,007	943

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except for share and per share data)

1. ORGANIZATION AND NATURE OF OPERATIONS

NIO Inc. ("NIO", or "the Company") was incorporated under the laws of the Cayman Islands in November 2014, as an exempted company with limited liability. The Company was formerly known as NextCar Inc.. It changed its name to NextEV Inc. in December 2014, and then changed to NIO Inc. in July 2017. The Company, its subsidiaries and consolidated variable interest entities ("VIEs") are collectively referred to as the "Group".

The Group designs and develops high-performance fully electric vehicles. It launched the first volume manufactured electric vehicle, the ES8, to the public in December 2017. The Group jointly manufactures its vehicles through strategic collaboration with other Chinese vehicle manufacturers. The Group also offers power solutions and comprehensive value-added services to its users. As of December 31, 2019, 2020 and 2021, its primary operations are conducted in the People's Republic of China ("PRC"). The Group began to sell its first vehicles in June 2018. As of December 31, 2021, the Company's principal subsidiaries and VIEs are as follows:

Subsidiaries	Equity interest held	Place and Date of incorporation or date of acquisition	Principal activities
NIO Nextev Limited ("NIO HK") (formerly known as Nextev Limited)	100%	Hong Kong, February 2015	Investment holding
NIO GmbH (formerly known as NextEV GmbH)	100%	Germany, May 2015	Design and technology development
NIO Holding Co., Ltd. ("NIO Holding") (formerly known as NIO (Anhui) Holding Co., Ltd.)	100%	Anhui, PRC, November 2017	Headquarter and technology development
NIO Co., Ltd. ("NIO SH") (formerly known as Nextev Co., Ltd.)	100%	Shanghai, PRC, May 2015	Headquarter and technology development
NIO Automobile (Anhui) Co., Ltd. ("NIO AH")	100%	Anhui, PRC, August 2020	Industrialization and technology development
NIO Automobile Technology (Anhui) Co., Ltd. ("NIO R&D")	100%	Anhui, PRC, August 2020	Design and technology development
NIO Financial Leasing Co., Ltd. ("NIO Leasing")	100%	Shanghai, PRC, August 2018	Financial Leasing
NIO USA, Inc. ("NIO US") (formerly known as NextEV USA, Inc.)	100%	United States, November 2015	Technology development
XPT Limited ("XPT")	100%	Hong Kong, December 2015	Investment holding
XPT Technology Limited ("XPT Technology")	100%	Hong Kong, April 2016	Investment holding
XPT Inc. ("XPT US")	100%	United States, April 2016	Technology development
XPT (Jiangsu) Investment Co., Ltd. ("XPT Jiangsu")	100%	Jiangsu, PRC, May 2016	Investment holding
NIO Norway AS ("NIO NO")	100%	Norway, January 2021	Investment holding and sales and after sales management
NEU Battery Asset Co., Ltd. ("BAC Cayman")	100%	Cayman Islands, May 2021	Investment holding
NEU Battery Asset (Hong Kong) Co., Limited ("BAC HK")	100%	Hong Kong, July 2021	Investment holding
Instant Power Europe B.V. ("BAC NL")	100%	Netherlands, June 2021	Battery Subscription Service
NIO Nextev Europe Holding B.V. ("NIO NL")	100%	Netherlands, December 2020	Investment holding
Shanghai XPT Technology Limited	100%	Shanghai, PRC, May 2016	Technology development

(All amounts in thousands, except for share and per share data)

Subsidiaries	Equity interest held	Place and Date of incorporation or date of acquisition	Principal activities
XPT (Nanjing) E-Powertrain Technology Co., Ltd. ("XPT NJEP")	100%	Nanjing, PRC, July 2016	Manufacturing of E-Powertrain
XPT (Nanjing) Energy Storage System Co., Ltd. ("XPT NJES")	100%	Nanjing, PRC, October 2016	Manufacturing of battery pack
NIO Power Express Limited ("PE HK")	100%	Hong Kong, January 2017	Investment holding
NIO User Enterprise Limited ("UE HK")	100%	Hong Kong, February 2017	Investment holding
NIO Sales and Services Co., Ltd. ("UE CNHC") (formerly known as Shanghai NIO Sales and Service Co., Ltd.)	100%	Shanghai, PRC, March 2017	Investment holding and sales and after sales management
NIO Energy Investment (Hubei) Co., Ltd. ("PE CNHC")	100%	Wuhan PRC, April 2017	Investment holding
Wuhan NIO Energy Co., Ltd. ("PE WHJV")	100%	Wuhan, PRC, May 2017	Investment holding
XTRONICS (Nanjing) Automotive Intelligent Technologies Co. Ltd. ("XPT NJWL")	50%	Nanjing, PRC, June 2017	Manufacturing of components
XPT (Jiangsu) Automotive Technology Co., Ltd. ("XPT AUTO")	100%	Nanjing, PRC, May 2018	Investment holding

VIE and VIE's subsidiaries	Place and Date of incorporation or date of acquisition
Prime Hubs Limited ("Prime Hubs")	BVI, October 2014
Beijing NIO Network Technology Co., Ltd. ("Beijing NIO")	Beijing, PRC, July 2017

As of December 31, 2021, the Company held 92.114% of total paid-in capital of NIO Holding. In accordance with NIO Holding's share purchase agreement, the redemption of the non-controlling interests is at the holders' option and is upon the occurrence of the events that are not solely within the control of the Company. Therefore, these redeemable non-controlling interests in NIO Holding were classified as mezzanine equity and are subsequently accreted to the redemption price using the agreed interest rate as a reduction of additional paid in capital (Note 21). With the redemption feature of the non-controlling interests, the Company is considered to effectively have 100% equity interest of NIO Holding as of December 31, 2021.

As of December 31, 2021, the Company held 51% of total paid-in capital of PE WHJV. In accordance with the joint investment agreement, the investment by Wuhan Donghu New Technology Development Zone Management Committee ("Wuhan Donghu") is accounted for as a loan because it is entitled to fixed interests and subject to repayment within five years or upon the financial covenant violation (Note 13(iv)). With the investment from Wuhan Donghu being accounted for as a loan, the Company is considered to effectively have 100% equity interest of PE WHJV as of December 31, 2021.

In accordance with the Article of Association of XPT NJWL, the Company has the power to control the board of directors of XPT NJWL, to unilaterally govern the financial and operating policies of XPT NJWL, and the non-controlling shareholder does not have substantive participating rights, therefore, the Group consolidates this entity.

Variable interest entities

NIO Technology Co., Ltd ("NIO SHTECH") was established by Li Bin and Qin Lihong (the "Nominee Shareholders") in November 2014. In 2015, NIO SH, NIO SHTECH, and the Nominee Shareholders of NIO SHTECH entered into a series of contractual agreements, including a loan agreement, an equity pledge agreement, an exclusive call option agreement and a power of attorney that irrevocably authorized the Nominee Shareholders designated by NIO SH to exercise the equity owner's rights over NIO SHTECH. These agreements provided the Company, as the only shareholder of NIO SH, with effective control over NIO SHTECH to direct the activities that most significantly impact NIO SHTECH's economic performance and enabled the Company to obtain substantially all of the economic benefits arising from NIO SHTECH. Management concluded that NIO SHTECH was a variable interest entity of the Company and the Company was the ultimate primary beneficiary of NIO SHTECH and hence consolidated the financial results of NIO SHTECH in the Group's consolidated financial statements. In April 2018, the above mentioned contractual agreements were terminated. On the same day, NIO SHTECH became a subsidiary wholly owned by Shanghai Anbin Technology Co., Ltd. ("NIO ABTECH"). According to a series of contractual arrangements with the Nominee Shareholders as well as NIO ABTECH, including a loan agreement, an equity pledge agreement, an exclusive call option agreement and a power of attorney that irrevocably authorized the Nominee Shareholders designated by NIO SH to exercise the equity owner's rights over NIO ABTECH. These agreements provided the Company, as the only shareholder of NIO SH, with effective control over NIO ABTECH to direct the activities that most significantly impact their economic performance and enabled the Company to obtain substantially all of the economic benefits arising from them. Management concluded that NIO ABTECH was a variable interest entity of the Company and the Company was the ultimate primary beneficiary of NIO ABTECH and hence consolidated the financial results of NIO ABTECH in the Group's consolidated financial statements. On March 31, 2021, NIO SH, NIO ABTECH and each shareholder of NIO ABTECH entered into agreement to terminate all above mentioned contractual agreements among NIO SH, NIO ABTECH and its shareholders, after which, the Company no longer has effective control over NIO ABTECH and deconsolidated the financial results of NIO ABTECH and its subsidiaries. The deconsolidation of NIO ABTECH and its subsidiaries did not have significant impact on the Company's consolidated financial statements. Before the deconsolidation, for the years ended December 31, 2019, 2020 and 2021, the financial position, result of operations and cash flow activities of NIO ABTECH were immaterial to the consolidated financial statements.

In April 2018, NIO SH entered into a series of contractual arrangements with the Nominee Shareholders as well as Beijing NIO, including a loan agreement, an equity pledge agreement, an exclusive call option agreement and a power of attorney that irrevocably authorized the Nominee Shareholders designated by NIO SH to exercise the equity owner's rights over Beijing NIO. These agreements provide the Company, as the only shareholder of NIO SH, with effective control over Beijing NIO to direct the activities that most significantly impact their economic performance and enable the Company to obtain substantially all of the economic benefits arising from Beijing NIO. Management concluded that Beijing NIO is a variable interest entity of the Company and the Company is the ultimate primary beneficiary of Beijing NIO and hence consolidates the financial results of Beijing NIO in the Group's consolidated financial statements. Beijing NIO conducts certain R&D activities for the Group's app and website. In addition, Beijing NIO holds Internet Content Provision Licence and the Surveying and Mapping Qualification Certificate to facilitate the Group's certain innovative business which is still under development where foreign ownership may be restricted. For the years ended December 31, 2019, 2020 and 2021, the financial position, result of operations and cash flow activities of Beijing NIO were immaterial to the consolidated financial statements.

In October 2014, Prime Hubs, a British Virgin Islands ("BVI") incorporated company and a consolidated variable interest entity of the Group, was established by the shareholders of the Group to facilitate the adoption of the Company's employee stock incentive plans on behalf of the Company. The Company entered into a management agreement with Prime Hubs and Li Bin. The agreement provides the Company with effective control over Prime Hubs and enables the Company to obtain substantially all of the economic benefits arising from Prime Hubs. As of December 31, 2020 and 2021, Prime Hubs held 4,250,002 Class A Ordinary Shares of the Company, respectively, other than which, Prime Hubs did not have any operations, nor any material assets or liabilities. All restricted shares granted under the Company's Prime Hubs Restricted Shares Plan have been fully vested.

Liquidity and Going Concern

The Group's consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

The Group has been incurring losses from operations since inception. The Group incurred net losses of RMB11.3 billion, RMB5.3 billion and RMB4.0 billion for the years ended December 31, 2019, 2020 and 2021, respectively. Accumulated deficit amounted to RMB46.3 billion, RMB51.6 billion and RMB55.6 billion as of December 31, 2019, 2020 and 2021, respectively.

As of December 31, 2021, the Group's balance of cash and cash equivalents was RMB15.3 billion and the Group had net current assets of RMB34.4 billion. Management has evaluated the sufficiency of its working capital and concluded that the Group's available cash and cash equivalents, short-term investments, and cash generated from operations will be sufficient to support its continuous operations and to meet its payment obligations when liabilities fall due within the next twelve months from the date of issuance of these consolidated financial statements. Accordingly, management continues to prepare the Group's consolidated financial statements on going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and the VIEs for which the Company is the ultimate primary beneficiary.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to appoint or remove the majority of the members of the board of directors (the "Board"): to cast majority of votes at the meeting of the Board or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A VIE is an entity in which the Company, or its subsidiary, through contractual arrangements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entity, and therefore the Company or its subsidiary is the primary beneficiary of the entity.

All significant transactions and balances between the Company, its subsidiaries and the VIE have been eliminated upon consolidation. The non-controlling interests in consolidated subsidiaries are shown separately in the consolidated financial statements.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures of contingent assets and liabilities at the balance sheet date, and the reported revenue and expenses during the reported period in the consolidated financial statements and accompanying notes. Significant accounting estimates reflected in the Group's consolidated financial statements mainly include, but are not limited to, standalone selling price of each distinct performance obligation in revenue recognition, the valuation and recognition of share-based compensation arrangements, depreciable lives of property, equipment and software, assessment for impairment of long-lived assets, inventory valuation for excess and obsolete inventories, lower of cost and net realizable value of inventories, valuation of deferred tax assets, current expected credit loss of receivables, fair value of available-for-sale debt security investments as well as warranty liabilities. Actual results could differ from those estimates.

(d) Functional currency and foreign currency translation

The Group's reporting currency is the Renminbi ("RMB"). The functional currency of the Company and its subsidiaries which are incorporated in HK is United States dollars ("US$"), except NIO Sport which operates mainly in United Kingdom and uses Great Britain pounds ("GBP"). The functional currencies of the other subsidiaries and the VIE are their respective local currencies. The determination of the respective functional currency is based on the criteria set out by ASC 830, Foreign Currency Matters.

Transactions denominated in currencies other than in the functional currency are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the applicable exchange rates at the balance sheet date. Non-monetary items that are measured in terms of historical cost in foreign currency are re-measured using the exchange rates at the dates of the initial transactions. Exchange gains or losses arising from foreign currency transactions are included in the consolidated statements of comprehensive loss.

The financial statements of the Group's entities of which the functional currency is not RMB are translated from their respective functional currency into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB at the exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Income and expense items are translated into RMB using the periodic average exchange rates. The resulting foreign currency translation adjustments are

(All amounts in thousands, except for share and per share data)

recorded in other comprehensive loss in the consolidated statements of comprehensive income or loss, and the accumulated foreign currency translation adjustments are presented as a component of accumulated other comprehensive loss in the consolidated statements of shareholders' (deficit)/equity. Total foreign currency translation adjustment income/(losses) were a loss of RMB168,340, an income of RMB137,596 and a loss of RMB230,345 for the years ended December 31, 2019, 2020 and 2021, respectively. The grant-date fair value of the Group's share-based compensation expenses is reported in US$ as the respective valuation is conducted in US$ and the shares are denominated in US$.

(e) Convenience translation

Translations of balances in the consolidated balance sheets, consolidated statements of comprehensive loss and consolidated statements of cash flows from RMB into US$ as of and for the years ended December 31, 2021 are solely for the convenience of the reader and were calculated at the rate of US$1.00 = RMB6.3726, representing the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2021. No representation is made that the RMB amounts represent or could have been, or could be, converted, realized or settled into US$ at that rate on, or December 31, 2021, or at any other rate.

(f) Fair value

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be either recorded or disclosed at fair value, the Group considers the principal or most advantageous market in which it would transact, and it also considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As disclosed in Note 2(o), the Group's equity security with readily determinable fair values is carried at fair value using quoted market prices that currently available on a securities exchange and classified within Level 1.

The Group's short-term certain investments in money market funds and financial products issued by banks are carried at fair value, which are classified within Level 2 and valued using directly or indirectly observable inputs in the market place. As of December 31, 2019, 2020 and 2021, such investments aggregately amounted to RMB111,000, RMB3,210,000 and RMB27,773,387, respectively.

As disclosed in Note 2(r), the Group's derivative instruments are carried at fair value, which are classified within Level 2 and valued using indirectly observable inputs in the market place.

As disclosed in Note 10, the Group's available-for-sale debt security investment includes an investment the Company made in a private company in 2021 which contains substantive redemption and preferential rights, and is classified within Level 3 for fair value measurement. As of December 31, 2021, the carrying value of the investment was RMB680,723. The Company re-measured the fair value using a market approach by adopting a backsolve method, which determined the estimated fair value of the investment through comparison to a recent transaction and applied significant unobservable inputs and assumptions. For the year ended December 31, 2021, RMB24,224 of fair value changes, net of tax, were recorded in other comprehensive income. The significant unobservable inputs adopted in the valuation as of December 31, 2021 are as follows:

Unobservable Input	
Expected volatility	61% Liquidation scenario: 35% Redemption scenario: 35%
Probability	IPO scenario: 30%

(All amounts in thousands, except for share and per share data)

Financial assets and liabilities of the Group primarily consist of cash and cash equivalents, restricted cash, short-term investments, trade receivable, amounts due from related parties, deposits and other receivables, available-for-sale debt security investments, trade and notes payable, amounts due to related parties, other payables, derivative instruments, short-term borrowings and long-term borrowings. As of December 31, 2019, 2020 and 2021, other than as discussed above, the carrying values of these financial instruments approximated to their respective fair values.

(g) Cash, cash equivalents and restricted cash

Cash and cash equivalents represent cash on hand, time deposits and highly-liquid investments placed with banks or other financial institutions, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less.

Cash which is restricted to withdrawal for use or pledged as security is reported separately on the face of the consolidated balance sheets. The Group's restricted cash mainly represents (a) secured deposits held in designated bank accounts for borrowings and corporate bank credit cards, bank acceptance notes and letters of guarantee; and (b) time deposits that are pledged for property leases.

Cash, cash equivalents and restricted cash as reported in the consolidated statements of cash flows are presented separately on our consolidated balance sheets as follows:

	December 31, 2019	December 31, 2020	December 31, 2021
Cash and cash equivalents	862,839	38,425,541	15,333,719
Restricted cash	82,507	78,010	2,994,408
Long-term restricted cash	44,523	41,547	46,437
Total	989,869	38,545,098	18,374,564

(h) Short-term investments

Short-term investments consist primarily of investments in fixed deposits with maturities between three months and one year, which are stated at amortised cost, and investments in money market funds and financial products issued by banks, which are measured at fair value. As of December 31, 2019, 2020 and 2021, the investment in fixed deposits that were recorded as short-term investments amounted to RMB111,000, RMB3,950,747 and RMB37,057,554, respectively, among which, RMB96,000, RMB2,873,398 and RMB6,646,299, were restricted as collateral for notes payable, bank borrowings and letter of guarantee as of December 31, 2019, 2020 and 2021, respectively.

(i) Expected credit losses

The Group accounts for the impairment of financial instruments in accordance with ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASC Topic 326"), effective from January 1, 2020. The Group's trade and notes receivable, receivables of installment payments, deposits and other receivables are within the scope of ASC Topic 326. The Group has identified the relevant risk characteristics of its customers and the related receivables, prepayments, deposits and other receivables which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Group's receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on the Group's specific facts and circumstances.

(All amounts in thousands, except for share and per share data)

For the years ended December 31, 2020 and 2021, the Group recorded RMB9,654 and RMB54,332, respectively, in expected credit loss provisions in selling, general and administrative expenses. As of December 31, 2020, the expected credit loss reserve for current and non-current assets are RMB44,645 and RMB20,031, respectively. As of December 31, 2021, the expected credit loss reserve for current and non-current assets are RMB42,040 and RMB49,309, respectively.

Balance as at December 31, 2020

	Original amount	Expected credit loss Rate	Expected credit loss provision
Current assets:			
Trade and notes receivable	1,123,920	3.61%	40,548
Amounts due from related parties	169,288	–	–
Prepayments and other current assets	1,422,403	0.29%	4,097
Non-current assets:			
Amounts due from related parties	617	–	–
Other non-current assets	1,561,755	1.28%	20,031

Balance as at December 31, 2021

	Original amount	Expected credit loss Rate	Expected credit loss provision
Current assets:			
Trade and notes receivable	2,823,222	0.90%	25,417
Amounts due from related parties	1,564,025	0.81%	12,691
Prepayments and other current assets	1,854,075	0.21%	3,932
Non-current assets:			
Other non-current assets	5,598,764	0.88%	49,309

(j) Trade Receivable and Allowance for Doubtful Accounts

Trade receivable primarily includes amounts of vehicle sales in relation of government subsidy to be collected from government on behalf of customers, auto financing receivables, current portion of battery installment and receivables due from vehicle users. The Company recorded a provision for current expected credit losses.

The following table summarizes the activity in the allowance for credit losses related to trade receivable for the year ended December 31, 2020 and 2021:

	Allowance for credit losses
Balance as at December 31, 2019	85,824
Adoption of ASC Topic 326	6,775
Balance as at January 1, 2020	92,599
Current period provision, net	2,047
Current period write-offs	(54,098)
Balance as at December 31, 2020	40,548
Current period provision, net	12,201
Current period write-offs	(27,332)
Balance as at December 31, 2021	25,417

Allowance for trade receivable recognized for the year ended December 31 2019 was RMB85,824.

(k) Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is calculated on the average basis and includes all costs to acquire and other costs to bring the inventories to their present location and condition. The Group records inventory write-downs for excess or obsolete inventories based upon assumptions on current and future demand forecasts. If the inventory on hand is in excess of future demand forecast, the excess amounts are written down. The Group also reviews inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires the determination of the estimated selling price of the vehicles less the estimated cost to convert inventory on hand into a finished product. Once inventory is written-down, a new, lower-cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

(l) Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Property and equipment are depreciated at rates sufficient to write off their costs less impairment and residual value, if any, over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

The estimated useful lives are as follows:

	Useful lives
Buildings and constructions	20 years
Production facilities	10 years
Charging & battery swap equipment	5 to 8 years
R&D equipment	5 years
Computer and electronic equipment	3 years
Purchased software	3 to 5 years
Leasehold improvements	Shorter of the estimated useful life or remaining lease term
Others	3 to 5 years

Depreciation for mold and tooling is computed using the units-of-production method whereby capitalized costs are amortized over the total estimated productive life of the related assets.

The cost of maintenance and repairs is expensed as incurred, whereas the cost of renewals and betterment that extends the useful lives of property, plant and equipment is capitalized as additions to the related assets. Interest expense on outstanding debt is capitalized during the period of significant capital asset construction. Capitalized interest on construction-in-progress is included within property, plant and equipment and is amortized over the life of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from their respective accounts, and any gain or loss on such sale or disposal is reflected in the consolidated statements of comprehensive loss.

(m) Intangible assets, net

Intangible assets are carried at cost less accumulated amortization and impairment, if any. Intangible assets are amortized using the straight-line method over the estimated useful lives as below:

	Useful lives
Domain names and others	5 years

The estimated useful lives of amortized intangible assets are reassessed if circumstances occur that indicate the original estimated useful lives have changed.

(n) Land use rights, net

Land use rights are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives which are 536 months representing the shorter of the estimated usage periods or the terms of the agreements.

(o) Long-term investments

The Group's long-term investments include equity investments in entities and debt security investments.

Investments in entities in which the Group can exercise significant influence and holds an investment in voting common stock or in substance common stock (or both) of the investee but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC topic 323, Investments – Equity Method and Joint Ventures ("ASC 323"). Under the equity method, the Group initially records its investments at fair value. The Group subsequently adjusts the carrying amount of the investments to recognize the Group's proportionate share of each equity investee's net income or loss into earnings after the date of investment. The Group evaluates the equity method investments for impairment under ASC 323. An impairment loss on the equity method investments is recognized in earnings when the decline in value is determined to be other-than-temporary.

Equity securities with readily determinable fair values and over which the Group has neither significant influence nor control through investments in common stock or in-substance common stock are measured at fair value, with changes in fair value reported through earnings.

Equity securities without readily determinable fair values and over which the Group has neither significant influence nor control through investments in common stock or in-substance common stock are measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes.

Available-for-sale debt security investment is reported at estimated fair value with the aggregate unrealized gains and losses, net of tax, reflected in accumulated other comprehensive loss in the consolidated balance sheets. Gain or losses are realized when the investment is sold or when dividends are declared or payments are received or when other than temporarily impaired.

Held-to-maturity debt security investment are reported at amortized cost. The securities are held to collect contractual cash flows, and the Group has the positive intent and ability to hold those securities to maturity.

The Group monitors its investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information. No impairment charge was recognized for the years ended December 31, 2019, 2020 and 2021.

(p) Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment by comparing carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets. Impairment charges recognized for the years ended December 31, 2019, 2020 and 2021 was RMB75,278, RMB25,757 and nil, respectively.

(q) Warranty liabilities

The Group accrues a warranty reserve for all new vehicles sold by the Group, which includes the Group's best estimate of the projected costs to repair or replace items under warranty. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given the Group's relatively short history of sales, and changes to the historical or projected warranty experience may cause material changes to the warranty reserve when the Group accumulates more actual data and experience in the future.

The portion of the warranty reserve expected to be incurred within the next 12 months is included within accruals and other liabilities, while the remaining balance is included within other non-current liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of comprehensive loss.

(All amounts in thousands, except for share and per share data)

The following table shows a reconciliation in the current reporting period related to carried-forward warranty liabilities.

	For the Year Ended December 31,		
	2019	2020	2021
Warranty – beginning of year	177,293	412,004	952,946
Provision for warranty	283,647	582,069	1,078,854
Warranty costs incurred	(48,936)	(41,127)	(68,823)
Warranty– end of year	412,004	952,946	1,962,977

(r) Derivative Financial Instruments

Derivative instruments are carried at fair value, which generally represent the estimated amounts expect to receive or pay upon termination of the contracts as of the reporting date. Derivative financial instruments are not used for trading or speculative purposes.

The Group has entered into several currency exchange forward contracts with certain commercial banks in PRC to mitigate the risks of foreign exchange gain/loss generated from the Group's balances of cash and cash equivalents and short-term investments denominated in US dollars. As such instruments do not qualify for hedge accounting treatment, the Group records the changes in fair value of the derivatives in Other (loss)/income, net. For the year ended December 31, 2019, 2020 and 2021, nil, nil and RMB228,887 of changes in fair value were recorded in Other (loss)/income, net, respectively.

(s) Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made, or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities primarily resulted from the multiple performance obligations identified in the vehicle sales contract and the sales of packages, which is recorded as deferred revenue and advance from customers. As of December 31, 2019, 2020 and 2021, the balances of contract liabilities from vehicle sales contracts were RMB491,014, RMB1,253,620 and RMB2,294,528, respectively. As of December 31, 2019, 2020 and 2021, the balances of contract liabilities from the sales of packages were RMB57,842, RMB91,486 and RMB180,732, respectively. As of December 31, 2019, 2020 and 2021, the Company did not record any contract assets.

The Group generates revenue from (i) vehicle sales, (ii) battery upgrade service, (iii) sales of charging piles, (iv) sales of packages, (v) automotive regulatory credits, and (vi) others.

Vehicle sales

The Group generates revenue from sales of electric vehicles, together with a number of embedded products and services through a series of contracts. The Group identifies the users who purchase the vehicle as its customers. There are multiple distinct performance obligations explicitly stated in a series of contracts including sales of vehicles, home chargers, vehicle connectivity services, extended warranty and battery swapping service which are accounted for in accordance with ASC 606. Only initial users are entitled to vehicle connectivity services, extended warranty and battery swapping service. The standard warranty provided by the Group is accounted for in accordance with ASC 460, Guarantees, and the estimated costs are recorded as a liability when NIO transfers the control of vehicle to a user.

Customers only pay the amount after deducting the government subsidies to which they are entitled for the purchase of electric vehicles. The government subsidies are applied and collected by the Group or Jianghuai Automobile Group Co., Ltd. ("JAC") from the government. The government subsidy is considered as a part of the transaction price it charges the customers for the electric vehicle, as the subsidy is granted to the buyer of the electric vehicle instead of the Group and the buyer remains liable for such amount to the Group in the event the subsidies were not received by the Group. The Group or JAC applies and collects the payment on behalf of the customers.

In the instance that some eligible customers elect installment payment for battery or the auto financing program, the Group believes such arrangement contains a significant financing component and as a result adjusts the transaction price to reflect the impact of time value on the transaction price using an appropriate discount rate (i.e. the interest rates of the loan reflecting the credit risk of the borrower). Interest income resulting from arrangements with a significant financing component is presented as other sales. Receivables related to the battery installment payment and auto financing programs that are expected to be repaid by customers beyond one year of the dates of the financial statements are recognized as non-current assets. The difference between the gross receivable and the respective present value is recorded as unrealized finance income. Interest income resulting from arrangements with a significant financing component is presented separately from revenue from contracts with customers.

The Group uses a cost plus margin approach to determine the estimated standalone selling price for each individual distinct performance obligation identified, considering the Group's pricing policies and practices, and the data utilized in making pricing decisions. The overall contract price is then allocated to each distinct performance obligation based on the relative estimated standalone selling price in accordance with ASC 606. The revenue for vehicle sales and home chargers are recognized at a point in time when the control of the product is transferred to the customer. For the vehicle connectivity service and battery swapping service, the Group recognizes the revenue over time using a straight-line method during the estimated beneficial period, based on the estimated length of time that the initial owner owns the vehicles before it is re-sold to secondary market. As for the extended warranty, given limited operating history and lack of historical data, the Group decides to recognize the revenue over time based on a straight-line method initially, and will continue monitoring the cost pattern periodically and adjust the revenue recognition pattern to reflect the actual cost pattern as it becomes available.

As the consideration for the vehicle and all embedded services are generally paid in advance, which means the payments received are prior to the transfer of goods or services by the Group, the Group records a contract liability (deferred revenue) for the allocated amount regarding those unperformed obligations.

Battery as a Service (BaaS)

The Battery as a Service (the "BaaS"), allows users to purchase electric vehicles without battery packs and subscribe for the usage of battery packs separately. In PRC, under the BaaS, the Group sells battery packs to Wuhan Weineng Battery Asset Co., Ltd. (the "Battery Asset Company"), an equity investee of the Company, on a back-to-back basis when the Group sells the vehicle to the BaaS users and the BaaS users subscribe for the usage of the battery packs from the Battery Asset Company by paying a monthly subscription fee to the Battery Asset Company. The promise to transfer the control of the battery packs to the Battery Asset Company is the only performance obligation in the contract with the Battery Asset Company for the sales of battery packs. The Group recognizes revenue from the sales of battery packs to the Battery Asset Company when the vehicles (together with the battery packs) are delivered to the BaaS users which is the point considered then the control of the battery packs is transferred to the Battery Asset Company.

Together with the sales of the battery packs, the Group entered into service agreements with the Battery Asset Company, pursuant to which the Group provides services to the Battery Asset Company including battery packs monitoring, maintenance, upgrade, replacement, IT system support, etc., with monthly service charges. In case of any default in payment of monthly rental fees from users, the Battery Asset Company also has right to request the Group to track and lock down the battery subscribed by the users to limit its usage. In addition, in furtherance of the BaaS, the Group agreed to provide guarantee to the Battery Asset Company for the default in payment of monthly subscription fees from users. The maximum amount of guarantee that can be claimed by the Battery Asset Company for the users' payment default shall not be higher than the accumulated service fees the Group receives from the Battery Asset Company.

For services provided to the Battery Asset Company, revenue is recognized over the period when services are rendered. As for financial guarantee liabilities, the provision of guarantee is linked to and associated with services rendered to the Battery Asset Company and the payment of guarantee amount is therefore accounted for as the reduction to the revenue from the Battery Asset Company.

The fair value of the guarantee liabilities is determined by taking considerations of the default pattern of the Company's existing battery installment programs provided to users. At each period end, the financial liabilities are remeasured with the corresponding changes recorded as the reduction to the revenue.

As of December 31, 2021, both service revenue and guarantee liability were immaterial.

Battery swapping service

The Group also provides battery swapping service to both BaaS users and non-BaaS users, which provides the users with convenient "recharging" experience by swapping the user's battery for another one. As set forth in the vehicle sales contracts, the initial users can have their battery packs swapped certain times a month free of charge (i.e. monthly free-of-charge quota) during the length of time they own vehicles. For additional consideration, initial users can exceed the monthly swapping quota provided for within the sales agreement. When the vehicles are sold by the initial users, the successor owners are not entitled to such monthly free-of-charge quota and need to pay cash consideration for each battery swapping service. The battery swapping service is in substance a charging service instead of non-monetary exchanges or sales of battery packs as the battery packs involved in such swapping are the same in capacity and very similar in performance.

For performance obligation of the battery swapping service sold together with the vehicles (i.e. monthly free-of-charge quota), the Group recognizes the revenue over time using a straight-line method in the estimated beneficial period, being the estimated length of time that the initial owner owns the vehicle. For the battery swapping beyond monthly free-of-charge quota for which additional considerations are paid by the users, the Group recognizes revenue at the amount of consideration paid by users when the battery swapping service is completed.

Practical expedients and exemptions

The Group follows the guidance on immaterial promises when identifying performance obligations in the vehicle sales contracts and concludes that roadside assistance and out-of-town charging services are not performance obligations considering these two services are value-added services to enhance user experience rather than critical items for vehicle driving and forecasted that usage of these two services will be very limited. The Group also performs an estimation on the standalone fair value of each promise applying a cost plus margin approach and concludes that the standalone fair value of roadside assistance and out-of- town charging services are insignificant individually and in aggregate, representing less than 1% of vehicle gross selling price and aggregate fair value of each individual promise.

Considering the qualitative assessment and the result of the quantitative estimate, the Group concluded not to assess whether promises are performance obligations if they are immaterial in the context of the contract and the relative standalone fair value individually and in aggregate is less than 3% of the contract price, namely the road-side assistance and out-of-town charging services. Related costs are recognized as incurred.

Battery upgrade service

The Group provides battery upgrade service to both BaaS users and non-BaaS users. The users can exchange their battery packs with lower capacity for the battery packs with higher capacity from the Group with a fixed cash consideration. The battery upgrade service is in substance the provision of incremental battery capacity to the users instead of non-monetary battery exchanges or sales of battery pack. Therefore, under non-BaaS model, the revenue from the battery upgrade service is recognized at the amount of cash consideration paid by users at a point in time when the service is rendered. Under the BaaS model, since the ownership of originally installed battery belongs to the Battery Asset Company, when a user requests battery upgrade, the Group actually upgrades the battery that belongs to the Battery Asset Company and recognize revenue for the battery upgrade service at the amount paid by the Battery Asset Company when upgrade service is rendered. BaaS users will further pay a higher monthly subscription fee to the Battery Asset Company for subscribing for the battery with higher capacity.

Sales of charging piles

In addition to the home chargers provided as one of the performance obligations in the contract of vehicle sales, the Group also sells charging piles to customers separately. Revenue for charging piles are recognized at a point in time when the control of the product is transferred to customers.

Sales of packages

The Group also sells the two packages, energy package and service package in exchange for cash considerations. The energy package includes battery charging and swapping services and service package includes repair and maintenance services.

The agreements for packages create legal enforceability to both parties on a monthly basis as the respective packages can be canceled at any time without any penalty. The Group concludes that each service provided in the energy or service package is a series and meets the stand-ready criteria as one separate performance obligation within the package. Therefore, other than the customer loyalty program points granted to the customers as discussed below, each service provided in the energy or service package is recognized under the same pattern over time on a monthly basis as customer simultaneously receives and consumes the benefits provided and the term of legally enforceable contract is only one month.

As the consideration for packages are generally paid in advance, which means the payments received are prior to the transfer of services by the Group, the Group records the consideration as a contract liability (advance from customers) upon receipt.

Sales of Automotive Regulatory Credits

New Energy Vehicle ("NEV") mandate policy launched by China's Ministry of Industry and Information Technology ("MIIT") specifies the NEV credit targets and as all of the Group's products are NEVs, the Group is able to generate NEV credits above target. The credits earned per vehicle is dependent on various metrics such as vehicle driving range and battery energy efficiency, and is calculated based on the MIIT published formula. Excess positive NEV credits are tradable to other vehicle manufacturers through a credit management system established by the MIIT on a separately negotiated basis. The Group sells these credits at agreed price to other vehicle manufacturers.

Considerations for automotive regulatory credits are typically received at the point control transfers to the customer, or in accordance with payment terms customary to the business. The Company recognizes revenue on the sale of automotive regulatory credits at the time control of the regulatory credits is transferred to the purchasing party as other sales revenue in the consolidated statements of comprehensive loss. Revenue from the sale of automotive regulatory credits totaled nil, RMB120,648 and RMB516,549 for the years ended December 31, 2019, 2020 and 2021, respectively.

Others

Other revenues primarily comprise revenues generated from (i) sales of accessories, (ii) embedded products and services offered together with vehicle sales, including vehicle connectivity service and extended warranty, and (iii) others. Revenue is recognized when relevant services are rendered or control of the products is transferred.

Incentives

The Group offers a self-managed customer loyalty program points, which can be used in the Group's online store and at NIO houses to redeem NIO merchandise. The Group determines the value of each point based on estimated incremental cost. Customers and NIO fans and advocates have a variety of ways to obtain the points. The major accounting policy for its points program is described as follows:

(i) Sales of vehicle

The Group concludes the points offered linked to the purchase transaction of the vehicle is a material right and accordingly a separate performance obligation according to ASC 606, and should be taken into consideration when allocating the transaction price of the vehicle sales. The Group also estimates the probability of points redemption when performing the allocation. Since historical information does not yet exist for the Group to determine any potential points forfeitures and the fact that most merchandise can be redeemed without requiring a significant amount of points compared with the amount of points provided to users, the Group believes it is reasonable to assume all points will be redeemed and no forfeiture is estimated currently. The amount allocated to the points as separate performance obligation is recorded as contract liability (deferred revenue) and revenue should be recognized when future goods or services are transferred. The Group will continue to monitor when and if forfeiture rate data becomes available and will apply and update the estimated forfeiture rate at each reporting period.

(ii) Sales of packages

Energy package – when the customers charge their vehicles without using the Group's charging network as tracked by the Group's system, the Group will grant points to the customers based on the quantity of electricity charged. The Group records the value of the points as a reduction of revenue from the energy package.

Service package – the Group grants points to the customers when the customers accumulate miles of driving during the service period of the service package. The Group records the value of the points as a reduction of revenue from the service package.

The above customer points arrangement is considered as a separate performance obligation of the energy and service packages sold. The allocated amount to points granted under these packages are deferred and recognized when such points are utilized by the customers. Since historical information is limited for the Group to determine any potential points forfeiture and most merchandise can be redeemed without requiring a significant amount of points compared with the amount of points provided to users, the Group has used an estimated forfeiture rate of zero.

(iii) Other scenarios

Customers or users of the mobile application can also obtain points through any other ways such as frequent sign-ins to the Group's mobile application, sharing articles from the application to users' own social media, etc. The Group believes these points are to encourage user engagement and generate market awareness. As a result, the Group accounts for such points as selling and marketing expenses with a corresponding liability recorded under other current liabilities of its consolidated balance sheets upon the points offering. The Group estimates liabilities under the customer loyalty program based on cost of the NIO merchandise that can be redeemed, and its estimate of probability of redemption. At the time of redemption, the Group records a reduction of inventory and other current liabilities. In certain cases where merchandise is sold for cash in addition to points, the Group records other revenue.

Similar to the reasons above, the Group estimates no points forfeiture currently and continues to assess when and if a forfeiture rate should be applied.

For the years ended December 31, 2019, 2020 and 2021, the revenue portion allocated to the points as a separate performance obligation was RMB66,286, RMB162,485 and RMB371,849, respectively, which is recorded as contract liability (deferred revenue). For the years ended December 31, 2019, 2020 and 2021, the total points recorded as selling and marketing expenses were RMB142,425, RMB78,229 and RMB155,884, respectively.

As of December 31, 2019, 2020 and, 2021, liabilities recorded related to unredeemed points were RMB178,666, RMB221,450 and RMB468,878, respectively.

(t) Cost of Sales

Vehicle

Cost of vehicle revenue includes parts, materials, processing fee, compensation to JAC, labor costs, manufacturing overhead (including depreciation of assets associated with the production), and reserves for estimated warranty expenses. Cost of vehicle revenue also includes reserves for estimated warranty expenses and charges to write-down the carrying value of the inventory when it exceeds its estimated net realizable value and to provide for on-hand inventory that is either obsolete or in excess of forecasted demand.

Service and Other

Cost of service and other revenue includes direct parts, materials, labor costs, vehicle connectivity costs, and depreciation of assets that are associated with sales of packages.

(u) Sales and marketing expenses

Sales and marketing expenses consist primarily of advertising expenses, marketing and promotional expenses, salaries and other compensation-related expenses to sales and marketing personnel. Advertising expenses consist primarily of costs for the promotion of corporate image and product marketing. The Group expenses all advertising costs as incurred and classifies these costs under sales and marketing expenses. For the years ended December 31, 2019, 2020 and 2021, advertising costs totaled RMB230,061, RMB266,569 and RMB529,057, respectively.

(v) Research and development expenses

Certain costs associated with developing internal-use software are capitalized when such costs are incurred within the application development stage of software development. Other than that, all costs associated with research and development ("R&D") are expensed as incurred. R&D expenses are primary comprised of charges for R&D and consulting work performed by third parties; salaries, bonuses, share-based compensation, and benefits for those employees engaged in research, design and development activities; costs related to design tools; license expenses related to intellectual property, supplies and services; and allocated costs, including depreciation and amortization, rental fees, and utilities.

(w) General and administrative expenses

General and administrative expenses consist primarily of salaries, bonuses, share-based compensation and benefits for employees involved in general corporate functions, depreciation and amortization of fixed assets which are used in general corporate activities, legal and other professional services fees, rental and other general corporate related expenses.

(x) Employee benefits

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries and VIEs of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. Total amounts of such employee benefit expenses, which were expensed as incurred, were approximately RMB553,523, RMB366,223 and RMB761,417 for the years ended December 31, 2019, 2020 and 2021, respectively.

(y) Government grants

The Group's PRC based subsidiaries received government subsidies from certain local governments. The Group's government subsidies consisted of specific subsidies and other subsidies. Specific subsidies are subsidies that the local government has provided for a specific purpose, such as product development and renewal of production facilities. Other subsidies are the subsidies that the local government has not specified its purpose for and are not tied to future trends or performance of the Group; receipt of such subsidy income is not contingent upon any further actions or performance of the Group and the amounts do not have to be refunded under any circumstances. The Group recorded specific purpose subsidies as advances payable when received. For specific subsidies, upon government acceptance of the related project development or asset acquisition, the specific purpose subsidies are recognized to reduce related R&D expenses or the cost of asset acquisition. Other subsidies are recognized as other operating income upon receipt as further performance by the Group is not required.

(z) Income taxes

Current income taxes are recorded in accordance with the regulations of the relevant tax jurisdiction. The Group accounts for income taxes under the asset and liability method in accordance with ASC 740, *Income Tax*. Deferred income taxes are recognized for the tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis, and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive loss in the period of change. Valuation allowances are established when necessary to reduce the amount of deferred tax assets if it is considered more likely than not that amount of the deferred tax assets will not be realized.

The Group records liabilities related to uncertain tax positions when, despite the Group's belief that the Group's tax return positions are supportable, the Group believes that it is more likely than not that those positions may not be fully sustained upon review by tax authorities. Accrued interest and penalties related to unrecognized tax benefits are classified as income tax expense. The Group did not recognize uncertain tax positions as of December 31, 2019, 2020 and 2021.

(aa) Share-based compensation

The Company grants restricted shares and share options of the Company and its subsidiary to eligible employees and non-employee consultants and accounts for share-based compensation in accordance with ASC 718, Compensation – Stock Compensation and ASU 2018-07 – Compensation – stock compensation (Topic 718) – Improvements to non-employee share-based payment accounting.

Employees' share-based compensation awards are measured at the grant date fair value of the awards and recognized as expenses a) immediately at the grant date if no vesting conditions are required; or b) for share options or restricted shares granted with only service conditions, using the straight-line vesting method, net of estimated forfeitures, over the vesting period; or c) for share options where the underlying share is liability within the scope of ASC 480, using the graded vesting method, net of estimated forfeitures, over the vesting period, and re-measuring the fair value of the award at each reporting period end until the award is settled.

All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

In April 2019, the Company adopted ASU 2018-07, "Compensation – Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting". Upon the adoption of this guidance, the Group no longer re-measures equity-classified share-based awards granted to consultants or non-employees at each reporting date through the vesting period and the accounting for these share-based awards to consultants or non-employees and employees was substantially aligned. Share-based compensation expenses for share options and restricted shares granted to non-employees are measured at fair value at the date when such awards are granted and recognized over the period during which the service from the non-employees is provided.

The binomial option-pricing model is used to measure the value of share options. The determination of the fair value is affected by the fair value of the ordinary shares as well as assumptions including the expected share price volatility, actual and projected employee and non-employee share option exercise behavior, risk-free interest rates and expected dividends.

The assumptions used in share-based compensation expense recognition represent management's best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period. Moreover, the estimates of fair value of the awards are not intended to predict actual future events or the value that ultimately will be realized by grantees who receive share-based awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Company for accounting purposes.

For restricted shares granted by one of the Company's subsidiaries to employees, determination of related estimated fair values (the subsidiaries are not publicly traded) requires complex and subjective judgments due to limited financial and operating history, unique business risks and limited comparable public information. Key inputs and assumptions underlying the determined fair value of these restricted shares include but are not limited to the pricing of recent rounds of financing, future cash flow forecasts, discount rates, and liquidity factors relevant to each of the respective subsidiaries.

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. The Group uses historical data to estimate pre-vesting options and records share-based compensation expenses only for those awards that are expected to vest.

(ab) Comprehensive income/(loss)

The Group applies ASC 220, *Comprehensive Income,* with respect to reporting and presentation of comprehensive loss and its components in a full set of financial statements. Comprehensive loss is defined to include all changes in equity of the Group during a period arising from transactions and other event and circumstances except those resulting from investments by shareholders and distributions to shareholders. For the years presented, the Group's comprehensive loss includes net loss and other comprehensive income/(loss), which mainly consists of the foreign currency translation adjustment that have been excluded from the determination of net loss.

(ac) Leases

Prior to 2019, the Group accounted for leases under ASC 840, Leases. As the lessee, a lease was a capital lease if any of the following conditions existed: a) ownership was transferred to the lessee by the end of the lease term, b) there was a bargain purchase option, c) the lease term was at least 75% of the property's estimated remaining economic life, or d) the present value of the minimum lease payments at the beginning of the lease term was 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease was accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. All other leases were accounted for as operating leases wherein rental payments were expensed as incurred. Payments made under operating lease to the lessors were charged to the consolidated statement of comprehensive loss on a straight-line basis over the lease period.

In February 2016, the FASB issued ASU No. 2016-02 ("ASC 842"), Leases, to require lessees to recognize all leases, with certain exceptions, on the balance sheet, while recognition on the statement of operations will remain similar to current lease accounting. Subsequently, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases, ASU No. 2018-11, Targeted Improvements, ASU No. 2018-20, Narrow-Scope Improvements for Lessors, and ASU 2019-01, Codification Improvements, to clarify and amend the guidance in ASU No. 2016-02. ASC 842 eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. This standard is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Group adopted ASC 842 as of January 1, 2019 using the additional transition method ("adoption of the new lease standard"). In addition, the Group elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Group to carry forward the historical determination of contracts as leases, lease classification and not reassess initial direct costs for historical lease arrangements. Accordingly, previously reported financial statements, including footnote disclosures, have not been recast to reflect the application of the new standard to all comparative periods presented. The finance lease classification under ASC 842 includes leases previously classified as capital leases under ASC 840.

Operating lease assets are included within right-of-use assets – operating lease, and the corresponding operating lease liabilities are included within operating lease liabilities on the consolidated balance sheet as of December 31, 2019. Finance lease assets are included within other non-current assets, and the corresponding finance lease liabilities are included within accruals and other liabilities for the current portion, and within other non-current liabilities on the Group's consolidated balance sheet as of December 31, 2019.

Adoption of the new lease standard on January 1, 2019 had a material impact on the consolidated financial statements. The most significant impacts related to the 1) recognition of right-of-use assets of RMB2,023.8 million and lease liabilities of RMB2,102.2 million for operating leases on the consolidated balance sheet; 2) recognition of right-of-use assets of RMB5.6 million and lease liabilities of RMB7.7 million for finance leases on the consolidated balance sheet.

There was no impact to accumulated deficit at adoption.

The cumulative effect of the changes made to the Group's consolidated balance sheet as of January 1, 2019 for the adoption of the new lease standard was as follows (in thousands):

	Balances at December 31, 2018	Adjustments from Adoption of New Lease Standard	Balances at January 1, 2019
Assets			
Prepayments and other current assets	1,514,257	(90,074)	1,424,183
Property, plant and equipment, net	4,853,157	(5,563)	4,847,594
Right-of-use assets – operating lease	–	2,023,785	2,023,785
Other non-current assets	–	5,563	5,563

	Balances at December 31, 2018	Adjustments from Adoption of New Lease Standard	Balances at January 1, 2019
Liabilities			
Current portion of operating lease liabilities	–	510,295	510,295
Accruals and other liabilities	3,383,681	(37,137)	3,346,544
Non-current operating lease liabilities	–	1,591,865	1,591,865
Other non-current liabilities	930,812	(131,312)	799,500

As the lessee, the Group recognizes in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, the Group makes an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities and recognizes lease expenses for such lease generally on a straight-line basis over the lease term. Operating lease assets are included within right-of-use assets – operating lease, and the corresponding operating lease liabilities are included within operating lease liabilities on the consolidated balance sheets as of December 31, 2019, 2020 and 2021. Finance lease assets are included within other non-current assets, and the corresponding finance lease liabilities are included within accruals and other liabilities for the current portion, and within other non-current liabilities on the Group's consolidated balance sheets as of December 31, 2019, 2020 and 2021.

(ad) Dividends

Dividends are recognized when declared. No dividends were declared for the the years ended December 31, 2019, 2020 and 2021.

(ae) Earnings/(Loss) per share

Basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to holders of ordinary shares, considering the accretions to redemption value of the preferred shares, by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Diluted earnings/(loss) per share is calculated by dividing net income/(loss) attributable to ordinary shareholders, as adjusted for the accretion and allocation of net income related to the preferred shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of shares issuable upon the conversion of the preferred shares using the if-converted method, unvested restricted shares, restricted share units and ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method). Ordinary equivalent shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive.

(af) Segment reporting

ASC 280, Segment Reporting, establishes standards for companies to report in their financial statements information about operating segments, products, services, geographic areas, and major customers.

Based on the criteria established by ASC 280, the Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. As a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. As the Group's long-lived assets are substantially located in the PRC, no geographical segments are presented.

3. RECENT ACCOUNTING PRONOUNCEMENTS

(a) Recently adopted accounting pronouncements

In December 2019, the FASB issued ASU 2019-12 – Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This ASU provides an exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. This update also (1) requires an entity to recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax, (2) requires an entity to evaluate when a step-up in the tax basis of goodwill should be considered part of the business combination in which goodwill was originally recognized for accounting purposes and when it should be considered a separate transaction, and (3) requires that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The Company adopted ASU No. 2019-12 from January 1, 2021, which did not have a material impact on the Company's consolidated financial statements.

In January 2020, the FASB issued Accounting Standards Update No. 2020-01, Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. The amendments clarified that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The amendments also clarified that for the purpose of applying paragraph 815-10-15-141(a) an entity should not consider whether, upon the settlement of the forward contract or exercise of the purchased option, individually or with existing investments, the underlying securities would be accounted for under the equity method in Topic 323 or the fair value option in accordance with the financial instruments guidance in Topic 825. An entity also would evaluate the remaining characteristics in paragraph 815-10-15-141 to determine the accounting for those forward contracts and purchased options. The Company adopted ASU No. 2020-01 from January 1, 2021, which did not have a material impact on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40). For convertible instruments, the accounting update reduces the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current U.S. GAAP. The accounting update amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. The accounting update also simplifies the diluted earnings per share calculation in certain areas. For public business entities, the update is effective for fiscal years beginning after December 15,

2021, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Entities are allowed to apply this update on either a full or modified retrospective basis. The Company has early adopted this new accounting update on a modified retrospective basis from January 1, 2021 and reported the 2026 Notes as one single unit of account of long-term borrowings on the balance sheet (Note 13(ii)).

In May 2021, the FASB issued ASU No. 2021-04, Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options. The ASU addresses the previous lack of specific guidance in the accounting standards codification related to modifications or exchanges of freestanding equity-classified written call options by specifying the accounting for various modification scenarios. The ASU is effective for interim and annual periods beginning after December 15, 2021, with early adoption permitted for any periods after issuance to be applied as of the beginning of the fiscal year that includes the interim period. The Company has early adopted the ASU during 2021 as of the beginning of our fiscal year, which did not have a material impact on the Group's consolidated financial statements.

(b) Recently issued accounting pronouncements not yet adopted

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting", which provides optional expedients and exceptions for applying U.S. GAAP on contract modifications and hedge accounting to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. These optional expedients and exceptions provided in ASU 2020-04 are effective for the Company as of March 12, 2020 through December 31, 2022. The Company will evaluate transactions or contract modifications occurring as a result of reference rate reform and determine whether to apply the optional guidance on an ongoing basis. The ASU is currently not expected to have a material impact on the Group's consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805). This ASU requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities (deferred revenue) from acquired contracts using the revenue recognition guidance in Topic 606. At the acquisition date, the acquirer applies the revenue model as if it had originated the acquired contracts. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU should be applied prospectively. Early adoption is also permitted, including adoption in an interim period. If early adopted, the amendments are applied retrospectively to all business combinations for which the acquisition date occurred during the fiscal year of adoption. This ASU is currently not expected to have a material impact on our consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, Government Assistance (Topic 832). This ASU requires business entities to disclose information about government assistance they receive if the transactions were accounted for by analogy to either a grant or a contribution accounting model. The disclosure requirements include the nature of the transaction and the related accounting policy used, the line items on the balance sheets and statements of operations that are affected and the amounts applicable to each financial statement line item and the significant terms and conditions of the transactions. The ASU is effective for annual periods beginning after December 15, 2021. The disclosure requirements can be applied either retrospectively or prospectively to all transactions in the scope of the amendments that are reflected in the financial statements at the date of initial application and new transactions that are entered into after the date of initial application. The ASU is currently not expected to have a material impact on our consolidated financial statements.

4. CONCENTRATION AND RISKS

(a) Concentration of credit risk

Assets that potentially subject the Group to significant concentrations of credit risk primarily consist of cash and cash equivalents, restricted cash, short-term investment, trade receivable, amount due from related parties, deposits and other receivables. The maximum exposure of such assets to credit risk is their carrying amounts as of the balance sheet dates. As of December 31, 2019, 2020 and 2021, the great majority of the Group's cash and cash equivalents, restricted cash and short-term investments were held by major financial institutions located in the PRC and the United States which management believes are of high credit quality. The PRC does not have an official deposit insurance program, nor does it have an agency similar to the Federal Deposit Insurance Corporation (FDIC) in the United States. However, the Group believes that the risk of failure of any of these PRC banks is remote. Bank failure is uncommon in China and the Group believes that those Chinese banks that hold the Group's cash and cash equivalents and restricted cash are financially sound based on publicly available information.

(All amounts in thousands, except for share and per share data)

(b) Currency convertibility risk

The PRC government imposes controls on the convertibility of RMB into foreign currencies. The Group's cash and cash equivalents and restricted cash denominated in RMB that are subject to such government controls amounted to RMB829,175, RMB6,219,252 and RMB10,453,728 as of December 31, 2019, 2020 and 2021, respectively. The value of RMB is subject to changes in the central government policies and to international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the PRC must be processed through PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

(c) Foreign currency exchange rate risk

Since July 21, 2005, the RMB has been permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. While the international reaction to the RMB appreciation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against other currencies.

(d) Concentration of customers and suppliers

The following tables summarized the customer with greater than 10% of the total revenue and account receivables:

	For the Year Ended December 31,		
	2019	**2020**	**2021**
Percentage of the total revenue			
Customer A	*	*	12%

	December 31, 2019	December 31, 2020	December 31, 2021
Percentage of the account receivables			
Customer A	*	*	36%

* Less than 10%

The following tables summarized the supplier with greater than 10% of the total purchase and payables:

	Year Ended December 31,		
	2019	**2020**	**2021**
Percentage of the total purchase			
Supplier A	13%	16%	20%

	December 31, 2019	December 31, 2020	December 31, 2021
Percentage of the payables			
Supplier A	13%	*	28%

* Less than 10%

(All amounts in thousands, except for share and per share data)

5. INVENTORY CONSISTS OF THE FOLLOWING:

	December 31, 2019	December 31, 2020	December 31, 2021
Raw materials	510,990	579,842	1,008,348
Work in process	1,862	2,995	3,915
Finished Goods	291,116	381,387	826,011
Merchandise	95,987	121,978	220,931
Less: write-downs	(10,427)	(4,649)	(2,853)
Total	889,528	1,081,553	2,056,352

Raw materials primarily consist of materials for volume production as well as spare parts used for aftersales services.

Finished goods include vehicles ready for transit at production factory, vehicles in transit to fulfill customer orders, new vehicles available for immediate sale at the Group's sales and service center locations and charging piles.

Merchandise includes accessories and branded merchandise which can be redeemed by customer loyalty program.

Inventory write-downs recorded in cost of sales for the years ended December 31, 2019, 2020 and 2021 were RMB10,427, RMB5,803 and RMB1,105, respectively.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consist of the following:

	December 31, 2019	December 31, 2020	December 31, 2021
Deductible VAT input	1,253,617	943,577	1,040,024
Prepayment to vendors	88,900	83,792	167,453
Derivative assets	–	–	104,277
Interest receivable	215	14,046	97,734
Deposits	73,271	45,891	84,421
Receivable of reimbursement from the depositary bank	–	–	80,461
Receivables from third party online payment service providers	47,592	69,009	74,464
Receivables from JAC	78,132	121,012	20,939
Other receivables	60,166	145,076	184,302
Less: Allowance for doubtful accounts	(22,635)	–	–
Total	1,579,258	1,422,403	1,854,075

The Group entered into several currency exchange forward contracts with certain commercial banks in PRC. Pursuant to these contracts, the Group agreed to sell US dollars to the banks in exchange for Renminbi at pre-arranged fixed foreign exchange rates on specific future dates with no upfront payments to mitigate the risks of foreign exchange gain/loss generated from the Group's balances of cash and cash equivalents and short-term investments denominated in US dollars. The Group recorded these currency exchange forward contracts as derivative assets/liabilities at their fair values at each of reporting date.

Receivables from JAC mainly consist of national subsidy applied and collected by JAC on behalf of the Group's customers.

(All amounts in thousands, except for share and per share data)

7. PROPERTY, PLANT AND EQUIPMENT, NET

Property and equipment and related accumulated depreciation were as follows:

	December 31, 2019	December 31, 2020	December 31, 2021
Mold and tooling	1,898,975	2,411,164	2,354,411
Charging & battery swap equipment	608,919	721,583	2,279,893
Leasehold improvements	1,025,570	997,191	1,876,294
Construction in process	475,977	177,457	1,304,548
Buildings and constructions	828,958	862,603	875,562
Production facilities	869,819	787,039	831,776
Computer and electronic equipment	428,028	372,956	575,364
R&D equipment	400,461	432,781	552,956
Purchased software	341,379	409,445	493,374
Others	279,233	374,219	455,063
Subtotal	7,157,319	7,546,438	11,599,241
Less: Accumulated depreciation	(1,548,977)	(2,470,028)	(4,131,352)
Less: Accumulated impairment	(75,278)	(80,182)	(68,373)
Total property and equipment, net	5,533,064	4,996,228	7,399,516

The Group recorded depreciation expenses of RMB993,070, RMB1,041,011 and RMB1,702,559 for the years ended December 31, 2019, 2020 and 2021, respectively.

8. INTANGIBLE ASSETS, NET

Intangible assets and related accumulated amortization were as follows:

	December 31, 2019			December 31, 2020			December 31, 2021		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
Domain names and others	4,342	(2,820)	1,522	4,071	(3,458)	613	3,982	(3,982)	–

The Group recorded amortization expenses of RMB1,021, RMB638 and RMB613 for the years ended December 31, 2019, 2020 and 2021, respectively.

9. LAND USE RIGHTS, NET

Land use rights and related accumulated amortization were as follows:

	December 31, 2019	December 31, 2020	December 31, 2021
Land use rights	216,489	216,489	216,489
Less: Accumulated amortization–land use rights	(7,674)	(12,521)	(17,368)
Total land use rights, net	208,815	203,968	199,121

The Group recorded amortization expense for land use rights of RMB4,847, RMB4,847 and RMB4,847 for the years ended December 31, 2019, 2020 and 2021, respectively.

(All amounts in thousands, except for share and per share data)

10. LONG-TERM INVESTMENTS

The Company's long-term investments consisted of the following:

	December 31, 2019	December 31, 2020	December 31, 2021
Equity investments:			
Equity method investments (i)	115,325	294,679	820,294
Equity securities without readily determinable fair value (ii)	–	5,442	237,920
Equity securities with readily determinable fair value	–	–	20,446
Debt investments:			
Held-to-maturity debt securities – time deposit (iii)	–	–	1,300,000
Available-for-sale debt securities (iv)	–	–	680,723
Total	115,325	300,121	3,059,383

(i) Equity method investments

In August 2020, the Group and three other third party investors jointly established the Battery Asset Company. The Group invested RMB200,000 in the Battery Asset Company and held 25% of the Battery Asset Company's equity interests. In December 2020, the Battery Asset Company entered into an agreement with the other third-party investors for a total additional investment of RMB640,000 by those investors. In 2021, the Group further invested RMB270,000 in the Battery Asset Company and upon the consummation of the investment, the Group owns approximately 19.8% equity interests of the Battery Asset Company. The Group, as a major shareholder of the Battery Asset Company, is entitled to appoint one out of nine directors in the Battery Asset Company's board of directors and can exercise significant influence over the Battery Asset Company. Therefore, the investment in the Battery Asset Company is accounted for using the equity method of accounting.

In November 2021, the Group purchased an equity investment in an investment fund held by Ningbo Meishan Bonded Port Area Weilan Investment Co., Ltd. ("Weilan"), a company controlled by the principal shareholder (and Chief Executive Officer) of the Company (Note 26), with the total consideration of RMB50,000. As at the date of purchase, such investment was recorded at fair value of RMB68,535 with the excessive amount of RMB18,535 over the purchase consideration of RMB50,000 being recorded as an additional paid in capital contribution from the shareholder. The Group has ownership interest of 1.03% in this fund but has the ability to exercise significant influence over this funding its capacity as a member of its investment committee which determines the investment strategies and makes investment decisions for this fund. Therefore, the Group accounts for this investment under equity method.

In April 2018, the Group and certain other third party investors jointly established a private company. The Group invested RMB112,500 and held 22.5% of its equity interests. The Group was entitled to appoint one out of five directors in its board of directors and could exercise significant influence over the private company. Therefore, the investment was accounted for under equity method. As of December 31, 2020, the carrying amount of the investment was nil due to the share of losses of the investee. In February 2021, with the dilution of the Group's ownership in the investee to 4.5% as a result of a financing transaction completed by the investee which issued new shares to new investors, the Group, after taking into consideration unrecognized losses of the investee (any losses cumulatively in excess of carrying value), recognized a dilution gain of RMB104,653 in the share of income of equity investee as an indirect disposal with a like adjustment to the investment carrying amount. The gain became the Group's new cost basis in this investment. Upon the completion of the financing transaction of the investee, the Group lost the ability to exercise significant influence, and accordingly, the Group discontinued the equity method accounting and elected to account for this investment as an equity investment without a readily determinable fair value. Immediately following, and in applying this new accounting treatment, the Group remeasured the investment at fair value of 133,767 with reference to the price of the financing and recorded a gain of RMB29,114.

(All amounts in thousands, except for share and per share data)

During the years ended December 31, 2019, 2020 and 2021, the Group recognized RMB64,478 and RMB66,030 of shares of loss of equity investees and RMB62,510 of shares of income of equity investees, respectively, from all of its equity method investments.

As of December 31, 2019, 2020 and 2021, none of the Group's equity method investment, both individually or in aggregate, was considered as significant under Reg S-X Rules.

(ii) Equity securities without readily determinable fair value

	December 31, 2019	December 31, 2020	December 31, 2021
Equity securities without readily determinable fair value:			
Initial cost	–	5,442	143,209
Net cumulative fair value adjustments	–	–	94,711
Carrying value	–	5,442	237,920

The Group has certain equity investments which are measured under the measurement alternative. During the years ended December 31, 2019, 2020 and 2021, in addition to the transaction discussed above, the Group invested nil, RMB5,442 and RMB4,000 in equity securities without readily determinable fair value, respectively. The Group re-measured these investments based on recent financing transactions of these investees, which were considered as observable transactions, and recorded fair value gains of nil, nil and RMB94,711 in investment income during the year ended December 31, 2019, 2020 and 2021, respectively.

(iii) Held-to-maturity debt securities – time deposit

Held-to-maturity investments represent time deposits in commercial banks with maturities of more than one year with carrying amounts of nil, nil and RMB1.3 billion as of December 31, 2019, 2020 and 2021 respectively. As of December 31, 2021, the weighted average maturities periods are 2.2 years.

(iv) Available-for-sale debt securities

In July 2021, the Company, together with several third party investors, established a fund with total capital contributions of RMB650,000, among which the Group contributed RMB550,000. According to the fund agreement, the fund is established for the sole purpose of investing in a pre-determined private company and the Company is able to unilaterally determine the operation and investment strategy of the fund. Therefore, the Company consolidated the financial statements of the fund. The investments provided by other investors to the fund with amount of RMB100,000 are classified as non-controlling interest. The fund purchased a minority interest of a private company that was pre-determined with total consideration of RMB650,000. Since the investment contains certain substantive preferential rights, including redemption at the holders' option upon occurrence of certain contingent events that are out of the investee's control and liquidation preference over the common shareholders, it is not considered as common stock or in-substance common stock and is therefore classified as available-for-sale debt investment which is measured at its fair value with the change of fair value recognized as other comprehensive income. As of December 31, 2021, the Company valued this investment using a market approach by adopting a backsolve method, which benchmarked to a recent comparable financing transaction of this private company and recognized a gain from the increase of the fair value of RMB30,723. After deducting the tax impact of RMB6,499, the Group recorded RMB24,224 in other comprehensive income, among which RMB4,727 was attributed to non-controlling interests.

No impairment charges were recognized for the years ended December 31, 2019, 2020 and 2021.

(All amounts in thousands, except for share and per share data)

11. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	December 31, 2019	December 31, 2020	December 31, 2021
Non-current portion of auto financing receivables	–	–	2,162,417
Non-current portion of national subsidy receivable	–	651,006	1,933,971
Long-term deposits	848,655	128,355	636,124
Non-current portion of receivables of installment payments for battery	657,698	637,402	409,197
Non-current portion of prepayments for purchase of property and equipment	17,603	15,072	376,675
Non-current portion of right of use assets – finance lease	155,051	95,887	66,052
Others	74,093	34,033	14,328
Total	1,753,100	1,561,755	5,598,764

Long-term deposit mainly consists of deposits to vendors for guarantee of production capacity as well as rental deposit which will not be collectible within one year.

12. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities consist of the following:

	December 31, 2019	December 31, 2020	December 31, 2021
Payables for purchase of property and equipment	1,121,715	715,561	1,458,767
Salaries and benefits payable	344,922	494,726	972,333
Payable for R&D expenses	694,081	402,777	887,593
Payables for marketing events	436,610	596,110	855,984
Current portion of deferred revenue/income	189,172	383,430	746,453
Advance from customers	297,096	620,907	638,147
Warranty liabilities	120,161	297,446	518,426
Accrued expenses	246,121	273,676	497,381
Payable to employees for options exercised	–	278,209	151,158
Interest payables	105,940	98,462	41,147
Current portion of deferred construction allowance	84,495	60,695	32,254
Current portion of finance lease liabilities	40,334	33,237	27,815
Payables for traveling expenses of employees	17,685	18,672	26,212
Other payables	363,666	330,116	347,974
Investment deposit from investors	154,643	–	–
Total	4,216,641	4,604,024	7,201,644

(All amounts in thousands, except for share and per share data)

13. BORROWINGS

Borrowings consist of the following:

	December 31, 2019	December 31, 2020	December 31, 2021
Short-term borrowing			
Bank loan (i)	188,000	1,550,000	5,230,000
Current portion of convertible notes (ii)	697,620	–	1,228,278
Current portion of long-term borrowings (iii)	322,436	380,560	39,840
Current portion of loan from joint investor (iv)	–	–	456,190
Current portion of Asset-backed Securities (v)	–	–	343,654
Long-term borrowings:			
Bank loan (iii)	950,154	303,822	42,260
Convertible notes (ii)	5,784,984	5,196,507	9,440,626
Asset-backed Securities (v)	–	–	256,290
Loan from joint investor (iv)	419,660	437,950	–
Total	8,362,854	7,868,839	17,037,138

(i) Short-term bank loan

As of December 31, 2019, the Group obtained short-term borrowings from several banks of RMB128,000 in aggregate and bank acceptance of RMB60,000. The annual interest rate of these borrowings is approximately 3.45% to 4.87%.

As of December 31, 2020, the Group obtained short-term borrowings from several banks of RMB1,550,000 in aggregate. The annual interest rate of these borrowings is approximately 3.3% to 4.85%.

As of December 31, 2021, the Group obtained short-term borrowings from several banks of RMB5,230,000 in aggregate. The annual interest rate of these borrowings is approximately 2.95% to 4.45%.

The short-term borrowings contain covenants including, among others, limitation on liens, consolidation, merger, sale of the Group's assets and certain financial measures. The Group is in compliance with all of the loan covenants as of December 31, 2019, 2020 and 2021. As of December 31, 2019, 2020 and 2021, certain of the Group's short-term borrowings were guaranteed by the Company's subsidiaries or pledged with trade receivable of nil, RMB49,800 and RMB440,159, short-term investments of nil, RMB155,498 and RMB556,299, and restricted cash of RMB60,000, nil and RMB1,123,596, respectively.

(ii) Convertible notes

In February, 2019, the Group issued US$650,000 convertible senior notes and additional US$100,000 senior notes (collectively the "2024 Notes") to the notes purchasers (the "Notes Offering"). The 2024 Notes bears interest at a rate of 4.50% per year, payable semi-annually in arrears on February 1 and August 1 of each year, beginning on August 1, 2019. The 2024 Notes is convertible into the Company's American Depositary Shares at the pre-agreed fixed conversion price at the discretion of the holders and will mature for repayment on February 1, 2024. Holders of the 2024 Notes are entitled to require the Company to repurchase all or part of the 2024 Notes in cash on February 1, 2022 or in the event of certain fundamental changes. In connection with the Notes Offering, the Company entered into capped call transactions with certain notes purchasers and/or their respective affiliates and/or other financial institutions (the "Capped Call Option Counterparties") and used a portion of the net proceeds of the Notes Offering to pay the cost of such transactions. In addition, the Company also entered into privately negotiated zero-strike call option transactions with certain notes purchasers or their respective affiliates (the "Zero-Strike Call Option Counterparties") and used a portion of the net proceeds of the Notes Offering to pay the aggregate premium under such transactions. The Company accounts for the 2024 Notes as a single instruments as a long-term debt. The debt issuance cost were recorded as reduction to the long-term debts and are amortized as

interest expenses using the effective interest method. The value of the 2024 Notes are measured by the cash received. The cost for the capped call transactions have been recorded as deduction of additional paid-in capital within total shareholders' deficit. The zero-strike call option was deemed as a prepaid forward to purchase the Company's own shares and recognized as permanent equity at its fair value at inception as a reduction to additional paid in capital in the consolidated balance sheet. In November 2020, US$7.0 in aggregate principal amount of such Notes were converted, pursuant to which the Company issued 735 Class A ordinary shares to the holders of such Notes. Accordingly, the balance of the notes converted were derecognized and recorded as ordinary shares and additional paid-in capital.

On January 15, 2021, the Company entered into separate and individually privately negotiated agreements with certain holders of its outstanding 2024 Notes to exchange US$581,685 principal amount of the outstanding 2024 Notes for 62,192,017 ADSs with a conversion premium of US$56,359 (the "2024 Notes Exchanges"). In connection with the 2024 Notes Exchanges, the Company also entered into agreements with certain financial institutions to terminate a portion of the capped call transactions and Zero-Strike Call transactions with the amount corresponding to the portion of the principal amount of the 2024 Notes that were exchanged. With the termination of the capped call transactions and Zero-Strike Call transactions, the Company received 16,402,643 treasury shares accordingly.

For the 2024 Notes Exchanges, the 2024 Notes with carrying amount of US$578,902 were derecognised with a corresponding amount being recognised as share capital and additional paid-in capital. The conversion premium of US$56,359 was recorded as interest expenses according to ASC 470-20-40-16, which requires a reporting entity to recognize an expense equal to the fair value of the shares or other consideration issued to induce conversion, i.e., the fair value of all consideration transferred in excess of the fair value of the securities transferred pursuant to the original conversion terms. For the terminations of the capped call transactions and Zero-Strike Call transactions, the amount of the purchase price of the capped call transactions and Zero-Strike Call transactions terminated of RMB1,849,600 that was previously recorded in the additional paid-in capital was reclassified to treasury stock.

During the year ended December 31, 2021, US$3,080 in aggregate principal amount of such notes were converted, pursuant to which the Company issued 316,979 Class A ordinary shares to the holders of such notes. The balance of the notes converted were derecognized and was recorded as ordinary shares and additional paid-in capital.

As of December 31, 2021, the Company reclassified the carrying value of the remaining 2024 Notes with the amount of RMB1,053,112 in current liabilities to reflect the early redemption right by 2024 Notes holders on February 1, 2022. Subsequently in 2022, no early redemption right were exercised by 2024 Notes holders.

On September 5, 2019, the Group issued US$200,000 convertible senior notes to an affiliate of Tencent Holdings Limited and Mr. Bin Li, chairman and chief executive officer of the Company. Tencent and Mr. Li each subscribed for US$100,000 principal amount of the convertible notes, each in two equally split tranches. The 360-day Notes would be convertible into Class A ordinary shares (or ADSs) of the Company at a conversion price of US$2.98 per ADS at the holder's option from the 15th day immediately prior to maturity, and the 3-year Notes will be convertible into Class A ordinary shares (or ADSs) of the Company at a conversion price of US$3.12 per ADS at the holder's option from the first anniversary of the issuance date. The holders of the 3-year Notes will have the right to require the Company to repurchase for cash all of the Notes or any portion thereof on February 1, 2022. The 360-day Notes was recorded in short-term borrowings and the 3-year Notes were recorded in long-term borrowings. The Company will pay an annual premium of 2% at maturity. Interest expenses were accrued over the term of each note using the effective interest method.

In September and December 2020, all of the 360-day Notes due in 2020 and US$50,000 in aggregate principal amount of the 3-year Notes due in 2022 were converted, pursuant to which the Company issued 49,582,686 Class A ordinary shares to the holders of such notes. Such notes were derecognized and recorded as ordinary shares and additional paid-in capital. In January 2021, US$22,526 (RMB148,393) in aggregate principal amount of the 3-year Notes due in 2022 were converted, pursuant to which the Company issued 7,219,872 Class A ordinary shares to the holders of such notes. Such notes were derecognized and recorded as ordinary shares and additional paid-in capital. As of December 31, 2019 and 2020, the balances of these convertible notes outstanding were RMB1,303,577 and RMB326,245. As of December 31, 2021, the Company reclassified the carrying value of the remaining Notes with the amount of RMB175,166 in current liabilities as a result of the early redemption right by Tencent Holdings Limited on February 1, 2022. Subsequently in 2022, Tencent Holdings Limited didn't exercise its early redemption right.

In January and February 2020, the Company consummated the issuance of convertible notes to several third party investors in an aggregate principal amount of US$200,000. The notes issued bore zero interest and matured on February 4, 2021. Prior to maturity, the holder of the notes has the right to convert the notes (a) after the six-month anniversary, into ADSs representing Class A ordinary shares of the Company at an initial conversion price of US$3.07 per ADS or (b) upon the completion of a bona fide issuance of equity securities of the Company for fundraising purposes, into ADSs representing Class A ordinary shares of the Company at the conversion price derived from such equity financing. The notes were recorded in short-term borrowings with interest expenses accrued over the term using the effective interest method. The debt issuance cost were recorded as reduction to the short-term borrowings and are amortized as interest expenses using the effective interest method. In July and August 2020, all of such notes were converted, pursuant to which the Company issued 65,146,600 ADSs to the holders of such notes. Such notes were derecognized and recorded as ordinary shares and additional paid-in capital. As of December 31, 2019, 2020 and 2021, the balances of these convertible notes outstanding were nil.

In March 2020, the Company consummated the issuance of convertible notes to several third party investors with an aggregate principal amount of US$235,000. The notes issued bore zero interest and matured on March 5, 2021. Prior to maturity, holders of the notes had the right to convert either all or part of the principal amount of the notes into Class A ordinary shares (or ADSs) of the Company from September 5, 2020, at a conversion price of US$3.50 per ADS, subject to certain adjustments. The notes were recorded in short-term borrowings with interest expenses accrued over the term using the effective interest method. The debt issuance costs were recorded as reduction to the short-term borrowings and are amortized as interest expenses using the effective interest method. In September and October 2020, all of such notes were converted, pursuant to which the Company issued 67,142,790 Class A ADSs to the holders of such notes. Such notes were derecognized and recorded as ordinary shares and additional paid-in capital. As of December 31, 2019, 2020 and 2021, the balances of these convertible notes outstanding were nil.

In January 2021, the Group issued US$750,000 convertible senior notes due 2026 (the “2026 Notes”) and US$750,000 convertible senior notes due 2027 (the “2027 Notes,” and, together with the 2026 Notes, the “Notes”). The 2026 Notes bears no interest and the 2027 Notes bears interest at a rate of 0.50% per year, which is payable semiannually in arrears on February 1 and August 1 of each year, beginning on August 1, 2021. Holders may convert their 2026 Notes at their option prior to the close of business on the business day immediately preceding August 1, 2025, and holders may convert their 2027 Notes at their option prior to the close of business on the business day immediately preceding August 1, 2026. The initial conversion price is US$93.06 per ADS for the Notes, subject to customary anti-dilution adjustments. Upon conversion, the Company will pay or deliver, as the case may be, cash, ADSs, or a combination of cash and ADSs, at the Company’s discretion. Holders of the 2026 notes have the right to require the Company to repurchase for cash all or part of their notes on February 1, 2024 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased. Holders of the 2027 Notes have the right to require the Company to repurchase for cash all or part of their notes on February 1, 2025 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest.

The Company early adopted ASU 2020-06 which eliminates the cash conversion accounting models for the Notes. Accordingly, the principal amount of the Notes was reported as one single unit of account in long-term borrowings at its principal amount, net of debt issuance costs of US$26,340, on the basis of not electing fair value option for the notes and no substantial premium to be offered. The Notes are subsequently measured at amortized cost with interest expenses accrued over the term of the Notes using the effective interest method. As of December 31, 2021, the carrying amount of the Notes were RMB9,440,626.

(All amounts in thousands, except for share and per share data)

(iii) Long-term bank loan

Ref.	Date of borrowing	Lender/Banks	Maturity/ Repayment date	As of December 31, 2019			As of December 31, 2020			As of December 31, 2021		
				Outstanding loan	Current portion according to the repayment schedule	Long-term portion	Outstanding loan	Current portion according to the repayment schedule	Long-term portion	Outstanding loan	Current portion according to the repayment schedule	Long-term portion
1. . . .	May 17, 2017	Bank of Nanjing	May 17, 2022	475,382	200,000	275,382	275,382	200,000	75,382	–	–	–
2. . . .	January 25, 2018	China Merchants Bank	January 25, 2021	48,000	6,000	42,000	42,000	42,000	–	–	–	–
3. . . .	September 14, 2018	China Merchants Bank	September 13, 2021	48,000	2,000	46,000	46,000	46,000	–	–	–	–
4. . . .	February 2, 2018	China CITIC Bank	February 1, 2021	44,500	10,000	34,500	34,500	34,500	–	–	–	–
5. . . .	August 17, 2018	China CITIC Bank	March 7, 2021	49,500	10,000	39,500	39,500	39,500	–	–	–	–
6. . . .	November 30, 2018	Bank of Shanghai	November 30, 2021	4,102	1,014	3,088	–	–	–	–	–	–
7. . . .	December 24, 2018	Bank of Shanghai	November 30, 2021	32,305	7,695	24,610	–	–	–	–	–	–
8. . . .	January 3, 2019	Bank of Shanghai	November 30, 2021	16,145	3,855	12,290	–	–	–	–	–	–
9. . . .	January 10, 2019	Bank of Shanghai	November 30, 2021	32,305	7,695	24,610	–	–	–	–	–	–
10 . . .	January 17, 2019	Bank of Shanghai	November 30, 2021	32,305	7,695	24,610	–	–	–	–	–	–
11 . . .	January 24, 2019	Bank of Shanghai	November 30, 2021	28,257	6,743	21,514	–	–	–	–	–	–
12 . . .	March 25, 2019	Bank of Shanghai	November 30, 2021	128,353	28,862	99,491	–	–	–	–	–	–
13 . . .	March 27, 2019	Bank of Shanghai	November 30, 2021	42,777	9,631	33,146	–	–	–	–	–	–

(All amounts in thousands, except for share and per share data)

Ref.	Date of borrowing	Lender/Banks	Maturity/ Repayment date	As of December 31, 2019			As of December 31, 2020			As of December 31, 2021		
				Outstanding loan	Current portion according to the repayment schedule	Long-term portion	Outstanding loan	Current portion according to the repayment schedule	Long-term portion	Outstanding loan	Current portion according to the repayment schedule	Long-term portion
14 . . .	March 29, 2019	Hankou Bank	March 29, 2022	199,000	2,000	197,000	197,000	2,000	195,000	–	–	–
15 . . .	June 26, 2019	Bank of Shanghai	November 30, 2021	18,072	3,855	14,217	–	–	–	–	–	–
16 . . .	September 11, 2019	Bank of Shanghai	November 30, 2021	73,587	15,391	58,196	–	–	–	–	–	–
17 . . .	December 24, 2020	Bank of Shanghai	December 24, 2023	–	–	–	50,000	16,560	33,440	33,440	16,560	16,880
18 . . .	February 8, 2021	Bank of Shanghai	February 8, 2024	–	–	–	–	–	–	48,660	23,280	25,380
	Total			1,272,590	322,436	950,154	684,382	380,560	303,822	82,100	39,840	42,260

The long-term borrowings contain covenants including, among others, limitation on liens, consolidation, merger and sale of the Group's assets and certain financial measures. The Group is in compliance with all of the loan covenants as of December 31, 2019, 2020 and 2021. As of December 31, 2019, 2020 and 2021, certain of the Group's long-term borrowings were guaranteed by the Company's subsidiaries or pledged with trade receivable of RMB601,236, RMB65,138 and RMB104,424, respectively.

As of December 31, 2019, 2020 and 2021, the total size the Group's bank facilities were RMB2,860,000, RMB16,255,000 and RMB29,340,000, of which RMB1,105,600, RMB1,875,400 and RMB5,180,000, RMB1,385,500, RMB680,000 and RMB590,000 and RMB30,000, RMB985,000 and RMB3,828,600 were utilized for borrowing, letters of guarantee and banker's acceptance, respectively.

(All amounts in thousands, except for share and per share data)

(iv) Loan from joint investor

On May 18, 2017, the Group entered into a joint investment agreement with Wuhan Donghu to set up PE WHJV. Wuhan Donghu subscribed for RMB384,000 paid in capital in PE WHJV with 49% of the shares.

On June 30, 2017, September 29, 2017 and April 16, 2018, Wuhan Donghu injected RMB50,000, RMB100,000 and RMB234,000 in cash to PE WHJV, respectively. Pursuant to the investment agreement, Wuhan Donghu does not have substantive participating rights to PE WHJV, nor is allowed to transfer its equity interest in PE WHJV to other third party. In addition, within five years or when the net assets of PE WHJV is less than RMB550,000, the Group is obligated to purchase from Wuhan Donghu all of its interest in PE WHJV at its investment amount paid plus interest at the current market rate announced by PBOC. As such, the Group consolidates PE WHJV. The investment by Wuhan Donghu is accounted for as a loan because it is only entitled to fixed interest income and subject to repayment within five years or upon the financial covenant violation. As of December 31, 2019, 2020 and 2021, RMB35,660, RMB53,950 and RMB72,190 of interest were accrued at the benchmark rate of medium and long-term loan announced by PBOC.

As of December 31, 2021, the Group reclassified the carrying value of the remaining loan from joint venture with the amount of RMB456,190 in current liabilities as a result of the maturity date of the loan on May 17, 2022.

(v) Asset-backed securities

In October 2021, the Group entered into asset-backed securitization arrangements with third-party financial institutions and set up a securitization vehicle to issue the senior debt securities to third party investors, which are collateralized by the auto financing receivables (the "transferred financial assets"). The Group also acts as servicer to provide management, administration and collection services on the transferred financial assets. As a result, the Group consolidated the securitization vehicle since economic interests are retained in the form of subordinated interests. The proceeds from the issuance of debt securities are reported as securitization debt. The securities are repaid as collections on the underlying collateralized assets occur and the amounts are included in "Current portion of long-term borrowings" or "Long-term borrowings" according to the contractual maturities of the debt securities. As of December 31, 2021, the balance of current and non-current portion of asset-backed securities are RMB343,654 and RMB256,290, respectively.

14. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the following:

	December 31, 2019	December 31, 2020	December 31, 2021
Deferred revenue	295,915	677,824	1,451,313
Warranty liabilities	291,843	655,500	1,444,551
Deferred government grants	340,667	326,373	312,837
Non-current finance lease liabilities	88,790	55,107	31,646
Deferred construction allowance	72,762	49,484	12,298
Others	61,836	85,618	287,813
Total	1,151,813	1,849,906	3,540,458

Deferred government grants mainly consist of specific government subsidies for purchase of land use right and buildings, product development and renewal of production facilities, which is amortized using the straight-line method as a deduction of the amortization expense of the land use right over its remaining estimated useful life.

On January 1, 2019, the Group adopted ASC 842 Leases and used the additional transition method to initially apply this new lease standard at the adoption date. Lease liabilities were recognized on the Company's consolidated financial statements.

Deferred construction allowance consists of long-term payable of construction projects, with payment terms over one year.

(All amounts in thousands, except for share and per share data)

15. LEASES

The Group has entered into various non-cancellable operating and finance lease agreements for certain offices, warehouses, retail and service locations, equipment and vehicles worldwide. The Group determines if an arrangement is a lease, or contains a lease, at inception and record the leases in the financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

The balances for the operating and finance leases where the Group is the lessee are presented as follows within the consolidated balance sheet:

	December 31, 2019	December 31, 2020	December 31, 2021
Operating leases:			
Right-of-use assets – operating lease	1,997,672	1,350,294	2,988,374
Current portion of operating lease liabilities	608,747	547,142	744,561
Non-current operating lease liabilities	1,598,372	1,015,261	2,317,193
Total operating lease liabilities	2,207,119	1,562,403	3,061,754
Finance leases:			
Right-of-use assets – finance lease	155,051	95,887	66,052
Current portion of finance lease liabilities	40,334	33,237	27,815
Non-current finance lease liabilities	88,790	55,107	31,646
Total finance lease liabilities	129,124	88,344	59,461

The components of lease expenses were as follows:

	Year Ended December 31,		
Lease cost:	**2019**	**2020**	**2021**
Amortization of right-of-use assets	522,035	499,225	643,895
Interest of operating lease liabilities	137,459	96,430	105,990
Expenses for short-term leases within 12 months and other non-lease component	155,613	81,022	315,054
Total lease cost	815,107	676,677	1,064,939

Other information related to leases where the Group is the lessee is as follows:

	As of December 31, 2019	As of December 31, 2020	As of December 31, 2021
Weighted-average remaining lease term:			
Operating leases	4.7 years	3.8 years	6.1 years
Finance leases	3.9 years	3.1 years	3.1 years
Weighted-average discount rate:			
Operating leases	5.83%	5.82%	5.63%
Finance leases	5.77%	5.70%	5.79%

(All amounts in thousands, except for share and per share data)

Supplemental cash flow information related to leases where we are the lessee is as follows:

	For the Year Ended December 31,		
	2019	2020	2021
Operating cash outflows from operating leases	482,782	544,896	707,721
Operating cash outflows from finance leases (interest payments)	5,969	5,729	4,199
Financing cash outflows from finance leases	43,916	42,529	32,873
Right-of-use assets obtained in exchange for lease liabilities	777,169	279,274	2,133,428

As of December 31, 2019, 2020 and 2021, the maturities of our operating and finance lease liabilities (excluding short-term leases) are as follows:

	As of December 31, 2019		As of December 31, 2020		As of December 31, 2021	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases	Operating Leases	Finance Leases
2020	716,289	50,043	–	–	–	–
2021	574,702	36,585	609,011	36,494	–	–
2022	466,041	28,206	421,579	29,561	904,537	30,900
2023	332,357	20,042	287,087	22,515	770,669	23,516
2024	173,133	7,858	146,459	7,996	517,892	9,021
2025	107,809	–	84,925	36	365,739	106
Thereafter	146,798	–	175,950	–	1,086,610	35
Total minimum lease payments	2,517,129	142,734	1,725,011	96,602	3,645,447	63,578
Less: Interest	(310,010)	(13,610)	(162,608)	(8,258)	(583,693)	(4,117)
Present value of lease obligations	2,207,119	129,124	1,562,403	88,344	3,061,754	59,461
Less: Current portion	(608,747)	(40,334)	(547,142)	(33,237)	(744,561)	(27,815)
Long-term portion of lease obligations	1,598,372	88,790	1,015,261	55,107	2,317,193	31,646

As of December 31, 2019, 2020 and 2021, the Group had future minimum lease payments for non-cancelable short-term operating leases of RMB33,580, RMB55,977 and RMB194,067, respectively.

(All amounts in thousands, except for share and per share data)

16. REVENUE

Revenue by source consists of the following:

	Year Ended December 31,		
	2019	2020	2021
Vehicle sales	7,367,113	15,182,522	33,169,740
Sales of packages	111,448	244,072	526,171
Sales of automotive regulatory credits	–	120,648	516,549
Sales of charging piles	127,632	229,781	319,386
Battery upgrade service	–	5,346	291,218
Others	218,711	475,564	1,313,359
Total	7,824,904	16,257,933	36,136,423

For the years ended December 31, 2019, 2020 and 2021, revenue recognised at a point in time was RMB7,696,238, RMB15,969,390 and RMB35,416,050, respectively, and revenue recognised over time was RMB128,666, RMB288,543 and RMB720,373, respectively.

17. DEFERRED REVENUE/INCOME

The following table shows a reconciliation in the current reporting period related to carried-forward deferred revenue/income.

	Year Ended December 31,		
	2019	2020	2021
Deferred revenue/income – beginning of year	301,774	485,087	1,061,254
Additions	428,786	1,013,397	1,934,086
Recognition	(246,861)	(432,069)	(795,878)
Effects on foreign exchange adjustment	1,388	(5,161)	(1,696)
Deferred revenue/income – end of year	485,087	1,061,254	2,197,766

Deferred revenue mainly includes the transaction price allocated to the performance obligations that are unsatisfied, or partially satisfied, which mainly arises from the undelivered home chargers, the vehicle connectivity service, the extended warranty service, the points offered to customers as well as battery swapping service embedded in the vehicle sales contract, with unrecognized deferred revenue balance of RMB405,326, RMB1,006,824 and RMB2,164,288 as of December 31, 2019, 2020 and 2021, respectively.

The Group expects that 34% of the transaction price allocated to unsatisfied performance obligation as at December 31, 2021 will be recognized as revenue during the period from January 1, 2022 to December 31, 2022. The remaining 66% will be recognized during the period from January 1, 2023 to June 30, 2026.

Deferred income includes the reimbursement from a depository bank in connection with the advancement of the Company's ADS and investor relations programs in the next five years. The Company initially recorded the payment from the depository bank as deferred income and then recognized as other income over the beneficial period, with unrecognized deferred income balance of RMB79,761, RMB54,430 and RMB33,478 as of December 31, 2019, 2020 and 2021, respectively.

(All amounts in thousands, except for share and per share data)

18. MANUFACTURING IN COLLABORATION WITH JAC

In May 2016, April 2019 and March 2020, the Group entered into several arrangements with JAC for the manufacture of the ES8, the ES6 and the EC6 for five years. Pursuant to the arrangements, JAC built up a new manufacturing plant ("**Hefei Manufacturing Plant**") and is responsible for the equipment used on the product line while NIO is responsible for the tooling. For each vehicle produced the Group pays processing fee to JAC on a per-vehicle basis monthly for the first three years on the basis that NIO provides all the raw materials to JAC. In addition, for the first 36 months after agreed time of start of production, which was April 2018, the Group should compensate JAC operating losses incurred in Hefei Manufacturing Plant. In May 2021, the Group and JAC entered into a renewed manufacturing agreement pursuant to which, from May 2021 to May 2024, JAC will continue to manufacture the ES8, ES6, EC6, ET7 and other NIO models. The fee arrangements under the renewed arrangements consist of the following: (i) asset depreciation and amortization with regard to the assets JAC invested and to invest for the manufacture of NIO models as actually incurred, payable monthly and subject to adjustment annually; (ii) vehicle production and processing fees recorded on per-vehicle basis, payable monthly and subject to adjustment annually; (iii) certain compensatory arrangements up to a capped amount for JAC's investment into JAC-NIO manufacturing plant, including for the land, factory and equipment; (iv) relevant tax; and (v) purchase amount of certain production materials.

For the years ended December 31, 2019, 2020 and 2021, the aggregate fees to JAC under the above collaboration arrangement were RMB440,812, RMB531,565 and RMB715,118, respectively, in cost of sales.

19. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses consist of the following:

	For the Year Ended December 31,		
	2019	2020	2021
Employee compensation	2,004,931	1,362,231	2,658,158
Design and development expenses	2,041,024	778,463	1,572,834
Depreciation and amortization expenses	187,137	255,544	214,312
Rental and related expenses	57,401	51,123	53,846
Travel and entertainment expenses	63,998	15,720	43,732
Others	74,089	24,689	48,970
Total	4,428,580	2,487,770	4,591,852

20. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses consist of the following:

	For the Year Ended December 31,		
	2019	2020	2021
Employee compensation	2,231,698	1,687,945	2,894,308
Marketing and promotional expenses	818,053	675,142	1,428,290
Rental and related expenses	737,578	498,601	845,512
Professional services	487,537	307,658	521,327
Depreciation and amortization expenses	457,364	325,478	337,708
IT consumable, office supply and other low value consumable	109,501	69,954	247,828
Travel and entertainment expenses	126,571	39,328	80,726
Expected credit losses	–	9,654	54,332
Allowance against receivables	108,459	–	–
Others	375,026	318,511	468,101
Total	5,451,787	3,932,271	6,878,132

21. REDEEMABLE NON-CONTROLLING INTERESTS

Investment in XPT Auto

XPT Auto, the Group's wholly owned subsidiary had its redeemable preferred share ("XPT Auto PS") financing of RMB1,269,900 to certain third party strategic investors in the second quarter of 2018. These third party strategic investors' contributions in XPT Auto were accounted for as the Group's redeemable non-controlling interests and were classified as mezzanine equity. Pursuant to XPT Auto's share purchase agreement, the XPT Auto PS issued to third party strategic investors have the same rights as the existing ordinary shareholder of XPT Auto except that they have following privileges:

Redemption

The holders of XPT Auto PS have the option to request XPT Auto to redeem those shares under certain circumstance: (1) a qualified initial public offering of XPT Auto has not occurred by the fifth anniversary after the issuance of XPT Auto PS; (2) XPT Auto doesn't meet its performance target (revenue and net profit) for each of the year during FY2019 and FY2023; or (3) a deadlock event lasts for 60 working days and cannot be resolved.

The redemption price should be equal to the original issue price plus simple interest on the original issue price at the rate of 10% per annum minus the dividends paid up to the date of redemption.

Liquidation

In the event of any liquidation, the holders of XPT Auto PS have preference over holders of ordinary shares. On a return of capital on liquidation, XPT Auto's assets available for distribution among the investors shall first be paid to XPT Auto PS investors at the amount equal to the original issue price plus simple interest on the original issue price at the rate of 10% per annum minus the dividends paid up to the date of liquidation. The remaining assets of XPT Auto shall all be distributed to its ordinary shareholders.

The Company recognized accretion to the respective redemption value of the XPT Auto PS as a reduction of additional paid in capital over the period starting from issuance date. For the years ended December 31, 2019, 2020 and 2021, the Company recorded RMB126,590, RMB104,270 and nil, respectively, of accretion on redeemable non-controlling interests to redemption value.

In November 2020, the Company, through its wholly owned subsidiary, purchased all the equity interests in XPT Auto held by its minority shareholders with a cash consideration of RMB1.6 billion, which equaled the redemption price. As a result, the Company indirectly wholly owned XPT Auto thereafter. The Company accounted for such transaction as an equity transaction. The equity interests held by the minority shareholders, which were recorded as redeemable non-controlling interests with the carrying value of RMB1.6 billion, were derecognized accordingly.

Investment in NIO China

On April 29, 2020, the Company entered into definitive agreements, as amended and supplemented in May and June 2020, for investments in NIO China, with a group of investors (collectively, the "Strategic Investors"), pursuant to which, the Strategic Investors agreed to invest an aggregate of RMB7.0 billion in cash into NIO China for its non-controlling interest. In June and July 2020, the Company received RMB5.0 billion. On September 16, 2020, pursuant to a share transfer agreement, the Company repurchased 8.612% equity interests owned by one of the Strategic Investors with the total consideration of RMB511,458, consisting of the actual capital investment plus accrued interest, and the Company assumed the remaining cash consideration obligation of RMB2.0 billion of the strategic investors. On February 2021, the Company, purchased from two of the Strategic Investors an aggregate of 3.305% equity interests in NIO China for a total consideration of RMB5.5 billion and subscribed for newly increased registered capital of NIO China at a subscription price of RMB10.0 billion. In September 2021, the Company repurchased 1.418% equity interests from the strategic investors for a total consideration of RMB2.5 billion and recorded an amount of RMB2,023,534 in accretion on redeemable non-controlling interests to redemption value. As of December 31, 2021, the Company held 92.114% controlling equity interests in NIO China.

Each of the Strategic Investors has the right to request the Company to redeem their equity interests in NIO China at an agreed price in case of NIO China's failure to submit the application for a qualified initial public offering in 48 months commencing from June 29, 2020, failure to complete a qualified initial public offering in 60 months commencing from June 29, 2020, or other events as set forth in the share purchase agreement. The agreed price is calculated based on each non-controlling shareholder's cash investment to NIO China plus an annual interest rate of 8.5% that is not solely within the control of the Company.

(All amounts in thousands, except for share and per share data)

As the redemption is at the holders' option and is upon the occurrence of the events that are not solely within the control of the Company, these Strategic Investors' contributions in NIO China were classified as mezzanine equity and is subsequently accreted to the redemption price using the agreed interest rate as a reduction of additional paid in capital.

For the years ended December 31, 2019, 2020 and 2021, the Company recorded nil, RMB207,400 and RMB6,586,579 of accretion on redeemable non-controlling interests to redemption value. As of December 31, 2019, 2020 and 2021, the balance of redeemable non-controlling interests was RMB1,455,787, RMB4,691,287 and RMB3,277,866, respectively.

22. ORDINARY SHARES

Upon inception, each ordinary share was issued at a par value of US$0.00025 per share. Various numbers of ordinary shares were issued to share-based compensation award recipients. Each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of our company, each Class B ordinary share shall entitle the holder thereof to four (4) votes on all matters subject to vote at general meetings of our company, and each Class C ordinary share shall entitle the holder thereof to eight (8) votes on all matters subject to vote at general meetings of our company.

As of December 31, 2019, 2020 and 2021, the authorized share capital of the Company is US$1,000 divided into 4,000,000,000 shares, comprising of: 2,500,000,000 Class A Ordinary Shares, 132,030,222 Class B Ordinary Shares, 148,500,000 Class C Ordinary Shares, each at a par value of US$0.00025 per share, and 1,219,469,778 shares of a par value of US$0.00025 each of such class or classes as the board of directors may determine.

In 2020, the Company consummated the follow-on offerings of a total of 82,800,000, 101,775,000 and 78,200,000 American depositary shares (the "ADSs") at a price of US$5.95, US$17.00 and US$39.00 per ADS, respectively.

As disclosed in Note 13 (ii), the Company induced early conversion of its outstanding 2024 Notes and with US$581,685 principal amount (including additional 9% premium) in January 2021 and issued a total of 62,192,017 ADSs. In May 2021, US$1,000 in aggregate principal amount of such notes were converted, pursuant to which the Company issued 115,665 ADSs to the holders of such notes. In August and September 2021, US$1,765 in aggregate principal amount of such notes were converted, pursuant to which the Company issued 178,729 ADSs to the holders of such notes.

In 2021, the Company completed the issuance of 53,292,401 ADSs with net proceeds of RMB12,677,554 (US$1,974,000) through an at-the-market offering.

As of December 31, 2019, 2020 and 2021, 4,000,000,000 ordinary shares were authorized, 1,067,467,877, 1,529,031,103 shares and 1,661,749,433 shares were issued, and 1,064,472,660, 1,526,539,388 shares and 1,643,669,180 shares were outstanding, respectively. The share number excludes 30,378,056 Class A Ordinary Shares issued to the depositary bank for bulk issuance of ADSs reserved for future issuance upon the exercise or vesting of awards granted under the Company's share incentive plans.

23. SHARE-BASED COMPENSATION

Compensation expenses recognized for share-based awards granted by the Company were as follows:

	For the Year Ended December 31,		
	2019	2020	2021
Cost of sales	9,763	5,564	34,009
Research and development expenses	82,680	51,024	406,940
Selling, general and administrative expenses	241,052	130,506	569,191
Total	333,495	187,094	1,010,140

There was no income tax benefit recognized in the consolidated statements of comprehensive loss for share-based compensation expenses and the Group did not capitalize any of the share-based compensation expenses as part of the cost of any assets in the years ended December 31, 2019, 2020 and 2021.

(All amounts in thousands, except for share and per share data)

(a) NIO Incentive Plans

In 2015, the Company adopted the 2015 Stock Incentive Plan (the "2015 Plan"), which allows the plan administrator to grant share options and restricted shares of the Company to its employees, directors, and consultants.

The Company granted both share options and restricted shares to the employees. The share options and restricted shares of the Company under 2015 Plan have a contractual term of ten years from the grant date, and vest over a period of four years of continuous service, one fourth (1/4) of which vest upon the first anniversary of the stated vesting commencement date and the remaining vest ratably over the following 36 months. Under the 2015 Plan, share options granted to the non-NIO US employees of the Group are only exercisable upon the occurrence of an initial public offering by the Company.

In 2016, 2017 and 2018, the Board of Directors further approved the 2016 Stock Incentive Plan (the "2016 Plan"), the 2017 Stock Incentive Plan (the "2017 Plan") and the 2018 Stock Incentive Plan (the "2018 Plan"). The share options of the Company under 2016, 2017 Plan and 2018 Plans have a contractual term of seven or ten years from the grant date, and vest immediately or over a period of four or five years of continuous service.

The Group recognized the share options and restricted shares of the Company granted to the employees of the Group on a straight-line basis over the vesting term of the awards, net of estimated forfeitures.

(i) Share Options

The following table summarizes activities of the Company's share options under the 2017, 2018 and 2019 Plans for the years ended December 31, 2019, 2020 and 2021:

	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
		US$	In Years	US$
Outstanding as of December 31, 2018	91,074,140	1.69	8.23	425,988
Granted	33,964,176	3.29	–	–
Exercised	(20,133,668)	0.49	–	–
Cancelled	(14,759,778)	2.69	–	–
Expired	(1,300,898)	4.11	–	–
Outstanding as of December 31, 2019	88,843,972	2.38	6.77	164,363
Granted	16,077,700	8.09	–	–
Exercised	(15,253,500)	1.55	–	–
Cancelled	(9,030,781)	3.02	–	–
Expired	(1,318,892)	4.49	–	–
Outstanding as of December 31, 2020	79,318,499	3.59	6.39	3,581,119

(All amounts in thousands, except for share and per share data)

	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
		US$	In Years	US$
Granted	2,468,150	13.89	–	–
Exercised	(9,119,048)	2.31	–	–
Cancelled	(2,143,711)	12.59	–	–
Expired	(25,940)	19.03	–	–
Outstanding as of December 31, 2021	70,497,950	4.76	5.44	1,944,597
Vested and expected to vest as of December 31, 2021	70,021,318	4.74	5.44	1,932,535
Exercisable as of December 31, 2021	46,055,277	3.08	5.48	1,326,035

The total share-based compensation expenses recognized for share options during the years ended December 31, 2019, 2020 and 2021 was RMB329,693, RMB177,543 and RMB534,641, respectively.

The weighted-average grant date fair value for options granted under the Company's 2017, 2018 and 2019 Plans during the years ended December 31, 2019, 2020 and 2021 was US$1.46, US$4.03 and US$33.54, respectively, computed using the binomial option pricing model with the assumptions (or ranges thereof) in the following table:

	For the Year Ended December 31,		
	2019	2020	2021
Exercise price (US$)	1.80 – 7.09	2.38 – 48.45	2.39 – 42.20
Fair value of the ordinary shares on the date of option grant (US$)	1.80 – 7.09	2.38 – 48.45	39.54 – 42.20
Risk-free interest rate	1.66% – 2.54%	0.50% – 1.00%	1.08% – 1.47%
Exercise multiple	2.5x	2.5x	2.5x
Expected dividend yield	0%	0%	0%
Expected volatility	44% – 52%	54% – 55%	55%
Expected forfeiture rate (post-vesting)	6% – 8%	2% – 6%	2%

Risk-free interest rate is estimated based on the yield curve of US Sovereign Bond as of the option valuation date. The expected volatility at the grant date and each option valuation date is estimated based on annualized standard deviation of daily stock price return of comparable companies with a time horizon close to the expected expiry of the term of the options. The Company has never declared or paid any cash dividends on its capital stock, and the Group does not anticipate any dividend payments in the foreseeable future. Expected term is the contract life of the options.

As of December 31, 2019, 2020, and 2021, there were RMB89,896, RMB540,319 and RMB396,098 of unrecognized compensation expenses related to the stock options granted to the employees, which is expected to be recognized over a weighted-average period of 2.78, 2.10 and 1.32 years, respectively.

(ii) Restricted shares

The fair value of each restricted share granted with service conditions is estimated based on the fair market value of the underlying ordinary shares of the Company on the date of grant.

Share-based compensation expenses of RMB2,357, nil and RMB20,820 related to restricted shares granted to the employees of NIO US was recognized for the years ended December 31, 2019, 2020 and 2021, respectively.

(All amounts in thousands, except for share and per share data)

The following table summarizes activities of the Company's restricted shares to US employees under the 2016 plan:

	Number of Restricted Shares Outstanding	Weighted Average Grant Date Fair Value
		US$
Unvested at December 31, 2019 and December 31, 2020	–	–
Grant	1,179,976	41.87
Vested	(1,728)	41.53
Forfeited	(40,052)	40.09
Unvested at December 31, 2021	1,138,196	41.93

As of December 31, 2019, 2020, and 2021, there were nil, nil and RMB283,784 of unrecognized compensation expenses related to restricted shares granted to the employees of NIO US, which is expected to be recognized over a weighted-average period of nil, nil and 3.83 years, respectively.

The following table summarizes activities of the Company's restricted shares to non-US employees under the 2017 and 2018 plan:

	Number of Restricted Shares Outstanding	Weighted Average Grant Date Fair Value
		US$
Unvested at December 31, 2018	63,897	6.60
Vested	(31,949)	6.60
Unvested at December 31, 2019	31,948	6.60
Granted	3,869,213	20.07
Vested	(2,165,417)	3.85
Unvested at December 31, 2020	1,735,744	40.05
Granted	22,551,227	36.55
Vested	(841,014)	39.81
Forfeited	(546,016)	36.22
Unvested at December 31, 2021	22,899,941	33.02

During the year ended December 31,2021, the Company granted and issued 549,376 restricted shares to non-US employees as a settlement of a portion of employee bonus of RMB148,869 for the year ended December 31, 2020, which was accrued during the year ended December 31, 2020.

As of December 31, 2019, 2020, and 2021, there were RMB1,028, RMB472,628 and RMB5,017,974 of unrecognized compensation expenses related to restricted shares granted to the non-US employees, which is expected to be recognized over a weighted-average period of 0.7, 3.65 and 3.83 years, respectively.

Share-based compensation expenses of RMB1,445, RMB9,551 and RMB437,166 related to restricted shares granted to the non-US employees was recognized for years ended December 31, 2019, 2020 and 2021, respectively.

(All amounts in thousands, except for share and per share data)

(b) Share-based compensation of subsidiaries

In November 2021, a subsidiary of the Company ("Subsidiary A") adopted the 2021 Share Incentive Plan (the "A Plan") which allows Subsidiary A to grant share options to its employees.

Under the A plan, the share options have a contractual term of ten years from the grant date, and vest over a period of four years of continuous service, one fourth (1/4) of which vest upon the first anniversary of the stated vesting commencement date and the remaining vest ratably over the following 36 months.

Before the completion of Subsidiary A's possible future initial public offering and listing, its employees are entitled to convert the vested share options to the Class A ordinary shares of the Company at a fixed conversion rate. The corresponding share options will be cancelled if the conversion right is exercised.

The following table summarizes activities of A Plan for the year ended December 31, 2021:

	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
		US$	In Years	US$
Outstanding as of December 31, 2020	–	–	–	–
Granted	31,931,249	0.00001	–	–
Outstanding as of December 31, 2021	31,931,249	0.00001	9.84	166,376

The weighted average grant date fair value of options granted was US$1.12 per share. The estimated fair value of each option granted is estimated on the date of grant using the binominal option-pricing model with the assumptions (or ranges thereof) in the following table:

	For the Year Ended December 31,
	2021
Fair value of the ordinary shares on the date of option grant (US$)	1.00-1.01
Risk-free interest rate	1.58%
Expected term (in years)	10
Expected dividend yield	0%
Expected volatility	52%
Expected forfeiture rate (pre-vesting)	2%

For the year ended December 31, 2021, total share-based compensation expenses for the share options granted under A Plan were RMB17,513. As of December 31, 2021, there were RMB211,178 of unrecognized share-based compensation expenses related to the share options granted. The expenses were expected to be recognized over a weighted-average period of 3.2 years.

24. TAXATION

(a) Income taxes

Cayman Islands

The Company was incorporated in the Cayman Islands and conducts most of its business through its subsidiaries located in Mainland China, Hong Kong, United States, United Kingdom, Germany, Norway and Netherlands. Under the current laws of the Cayman Islands, the Company is not subject to tax on either income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

(All amounts in thousands, except for share and per share data)

PRC

Effective January 1, 2008, the Enterprise Income Tax Law (the "EIT Law") in China unifies the enterprise income tax rate for the entities incorporated in China at 25%, unless they are eligible for preferential tax treatment, which will be granted to companies conducting businesses in certain encouraged sectors. NIO SH, the Group's WFOE, was qualified as a "high and new technology enterprise" ("HNTE") for the fiscal years from 2017 to 2023, which entitled the qualified entity a preferential tax rate of 15%. Its qualification as a HNTE is subject to self-evaluation, and the relevant documents should be retained for future examination purpose. Upon the expiration of qualification, re-accreditation of certification from the relevant authorities is necessary for NIO SH to continue enjoying the preferential tax treatment. Other than NIO SH, the remaining Chinese companies are subject to enterprise income tax ("EIT") at a uniform rate of 25%.

Under the EIT Law enacted by the National People's Congress of PRC on March 16, 2007 and its implementation rules which became effective on January 1, 2008, dividends generated after January 1, 2008 and payable by a foreign investment enterprise in the PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Under the taxation arrangement between the PRC and Hong Kong, a qualified Hong Kong tax resident which is the "beneficial owner" and directly holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5%. The Cayman Islands, where the Company was incorporated, does not have a tax treaty with PRC.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located". Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC will be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, there is uncertainty as to the application of the EIT Law. Should the Company be treated as a resident enterprise for PRC tax purposes, the Company will be subject to PRC income tax on worldwide income at a uniform tax rate of 25%.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 200% or 175% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ('Super Deduction'). The additional deduction of 100% or 75% of qualified research and development expenses can only be claimed directly in the annual EIT filing and subject to the approval from the relevant tax authorities.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the subsidiaries of the Group incorporated in Hong Kong are subject to 8.25% profit tax on the first HKD2,000 taxable income and 16.5% profit tax on the remaining taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

Other Countries

The maximum applicable income tax rates of other countries where the Company's subsidiaries having significant operations for the years ended December 31, 2019, 2020 and 2021 are as follows:

	For the Year Ended December 31,		
	2019	**2020**	**2021**
United States	29.84%	29.84%	29.84%
United Kingdom	19.00%	19.00%	19.00%
Germany	32.98%	32.98%	32.98%
Norway	–	–	22.00%
Netherlands	–	–	25.00%

(All amounts in thousands, except for share and per share data)

Composition of income tax expense for the periods presented are as follows:

	For the Year Ended December 31,		
	2019	2020	2021
Current income tax expense	7,888	6,368	23,565
Deferred income tax expense	–	–	18,700
Total	7,888	6,368	42,265

Reconciliations of the income tax expense computed by applying the PRC statutory income tax rate of 25% to the Group's income tax expense of the years presented are as follows:

	For the Year Ended December 31,		
	2019	2020	2021
Loss before income tax expense	(11,287,764)	(5,297,714)	(3,974,684)
Income tax benefit computed at PRC statutory income tax rate of 25%	(2,821,941)	(1,324,429)	(993,671)
Non-deductible expenses	58,374	47,151	29,325
Foreign tax rates differential	107,617	(81,668)	100,690
Additional 100%/75% tax deduction for qualified research and development expenses	(22,630)	(36,775)	(546,805)
Tax exempted interest income	(3,093)	–	(2,194)
Non-taxable offshore income	–	(523,276)	–
US tax credits	(72,448)	(21,633)	(30,273)
Effect of tax rate change	–	–	286,693
Prior year adjustments	(16,259)	(4,324)	–
Others	2,285	1,241	(1,206)
Change in valuation allowance	2,775,983	1,950,081	1,199,706
Income tax expense	7,888	6,368	42,265

The PRC statutory income tax rate was used because the majority of the Group's operations are based in PRC.

(b) Deferred tax

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more-likely-than-not realized. This assessment primarily considers the nature, frequency and extent of the losses incurred and other historical objective evidences, as well as the considerations of forecasts of future profitability. These assumptions require significant judgment on the forecasts of future taxable income. The PRC statutory income tax rate of 25% or applicable preferential income tax rates were applied when calculating deferred tax assets.

(All amounts in thousands, except for share and per share data)

The Group's deferred tax assets and liabilities consist of the following components:

	As of December 31,		
	2019	2020	2021
Deferred tax assets			
Net operating loss carry-forwards	6,005,461	6,831,387	7,294,844
Accrued and prepaid expenses	420,714	534,693	1,136,278
Deferred revenue	105,840	251,778	559,815
Tax credit carry-forwards	213,773	233,326	243,198
Property, plant and equipment, net	10,584	64,191	–
Unrealized financing income	29,200	40,800	28,796
Intangible assets	36,362	36,702	85,439
Allowance against receivables	27,196	9,027	19,500
Deferred rent	19,035	9,791	–
Share-based compensation	7,688	6,857	10,695
Write-downs of inventory	2,607	1,162	713
Advertising expenses in excess of deduction limit	353	507	705
Unrealized foreign exchange loss	55	(971)	–
Others	162	269	711
Less: Valuation allowance	(6,879,030)	(8,019,519)	(9,216,725)
Subtotal	–	–	163,969
Deferred tax liabilities			
Equity investments measured at measurement alternative	–	–	(18,700)
Available for sale debt investment	–	–	(6,499)
Property, plant and equipment, net	–	–	(143,512)
Deferred rent	–	–	(18,752)
Unrealized foreign exchange loss	–	–	(1,705)
Subtotal	–	–	(189,168)
Total deferred tax liabilities, net	–	–	(25,199)

For the year ended December 31, 2021, California Water's Edge Election for state franchise and income tax purposes was made for NIO US, the Company's subsidiary in California, the United States. Consequently, the effective state income tax rate of NIO US decreased from 8.84% to 0.045% and the Group made adjustments to the tax benefit accumulated in prior years amount to USD511,506 accordingly. The change in effective tax rate did not give rise to any material impact on the Group's consolidated balance sheets or consolidated statements of comprehensive loss due to the Group's historical worldwide loss position and the full valuation allowance recorded against the Group's net U.S. deferred tax assets.

(All amounts in thousands, except for share and per share data)

Full valuation allowances have been provided where, based on all available evidence, management determined that deferred tax assets are not more likely than not to be realizable in future tax years. Movement of valuation allowance is as follow:

	As of December 31,		
	2019	2020	2021
Valuation allowance			
Balance at beginning of the year	4,369,687	6,879,030	8,019,519
Additions	2,509,343	1,140,489	1,199,706
Balance at end of the year	6,879,030	8,019,519	9,216,725

The Group has tax losses arising in Mainland China of RMB22,247,463 that will expire in one to eight years for deduction against future taxable profit.

Loss expiring in 2022	43,246
Loss expiring in 2023	1,532,204
Loss expiring in 2024	3,307,450
Loss expiring in 2025	4,462,460
Loss expiring in 2026	4,884,362
Loss expiring in 2027	–
Loss expiring in 2028	2,683,178
Loss expiring in 2029	5,334,563
Total	22,247,463

The Group has tax losses arising in Hong Kong of RMB3,674,853 for which could be carried forward indefinitely against future taxable income. The Group has tax losses arising in United States of RMB22,655, RMB229,341, RMB745,183 and RMB1,728,310 that will expire in fourteen, fifteen, sixteen and infinite years for deduction against future taxable income.

Uncertain Tax Position

The Group did not identify any significant unrecognized tax benefits for each of the periods presented. The Group did not incur any interest related to unrecognized tax benefits, did not recognize any penalties as income tax expense and also does not anticipate any significant change in unrecognized tax benefits within 12 months from December 31, 2021.

(All amounts in thousands, except for share and per share data)

25. LOSS PER SHARE

Basic loss per share and diluted loss per share have been calculated in accordance with ASC 260 on computation of earnings per share for the years ended December 31, 2019, 2020 and 2021 as follows:

	For the Year Ended December 31,		
	2019	2020	2021
Numerator:			
Net loss	(11,295,652)	(5,304,082)	(4,016,949)
Accretion on redeemable non-controlling interests to redemption value	(126,590)	(311,670)	(6,586,579)
Net loss attributable to non-controlling interests	9,141	4,962	31,219
Net loss attributable to ordinary shareholders of NIO Inc. for basic/dilutive net loss per share	(11,413,101)	(5,610,790)	(10,572,309)
Denominator:			
Weighted-average number of ordinary shares outstanding – basic and diluted	1,029,931,705	1,182,660,948	1,572,702,112
Basic and diluted net loss per share attributable to ordinary shareholders of NIO Inc.	(11.08)	(4.74)	(6.72)

For the years ended December 31, 2019, 2020 and 2021, the Company had potential ordinary shares, including non-vested restricted shares, option granted and Convertible Notes. As the Group incurred losses for the years ended December 31, 2020 and 2021, these potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share of the Company. Such weighted average numbers of ordinary shares outstanding are as following:

	For the Year Ended December 31,		
	2019	2020	2021
Restricted shares	459,199	–	1,358,110
Outstanding weighted average options granted	31,276,979	52,558,756	56,768,907
Convertible notes	92,512,382	183,942,782	45,323,169
Total	124,248,560	236,501,538	103,450,186

26. RELATED PARTY BALANCES AND TRANSACTIONS

The principal related parties with which the Group had transactions during the years presented are as follows:

Name of Entity or Individual	Relationship with the Company
Kunshan Siwopu Intelligent Equipment Co., Ltd.	Affiliate
Nanjing Weibang Transmission Technology Co., Ltd.	Affiliate
Suzhou Zenlead XPT New Energy Technologies Co., Ltd.	Affiliate
Wuhan Weineng Battery Assets Co., Ltd.	Affiliate
Xunjie Energy (Wuhan) Co., Ltd.	Affiliate
Beijing Bitauto Interactive Technology Co., Ltd.	Controlled by Principal Shareholder

Name of Entity or Individual	Relationship with the Company
Beijing Bit Ep Information Technology Co., Ltd.	Controlled by Principal Shareholder
Beijing Chehui Hudong Guanggao Co., Ltd.	Controlled by Principal Shareholder
Beijing Weixu Business Consulting Co., Ltd.	Controlled by Principal Shareholder
Beijing Xinyi Hudong Guanggao Co., Ltd.	Controlled by Principal Shareholder
Beijing Yiche Information Science and Technology Co., Ltd.	Controlled by Principal Shareholder
Beijing Yiche Interactive Advertising Co., Ltd.	Controlled by Principal Shareholder
Bite Shijie (Beijing) Keji Co., Ltd.	Controlled by Principal Shareholder
Huang River Investment Limited	Controlled by Principal Shareholder
Ningbo Meishan Bonded Port Area Weilan Investment Co., Ltd.	Controlled by Principal Shareholder
Serene View Investment Limited	Controlled by Principal Shareholder
Shanghai Weishang Business Consulting Co., Ltd.	Controlled by Principal Shareholder
Shanghai Yiju Information Technology Co., Ltd.	Controlled by Principal Shareholder
Tianjin Boyou Information Technology Co., Ltd.	Controlled by Principal Shareholder
Wistron Info Comm (Kunshan) Co., Ltd.	Subsidiary's non-controlling shareholder
Xtronics Innovation Ltd.	Subsidiary's non-controlling shareholder

In December 2020, Mr. Bin Li resigned as chairman of the Board in Beijing Bitauto Interactive Technology Co., Ltd Since then, Beijing Bitauto Interactive Technology Co., Ltd., Beijing Xinyi Hudong Guanggao Co., Ltd., Bite Shijie (Beijing) Keji Co., Ltd. and Beijing Chehui Hudong Guanggao Co., Ltd. were no longer controlled by Mr. Bin Li, and were no longer the Group's related parties.

(a) The Group entered into the following significant related party transactions:

(i) Provision of service

For the years ended December 31, 2019, 2020 and 2021, service income was primarily generated from property management and miscellaneous research and development services the Group provided to its related parties.

	For the Year Ended December 31,		
	2019	2020	2021
Wuhan Weineng Battery Assets Co., Ltd.	–	38	56,095
Nanjing Weibang Transmission Technology Co., Ltd.	2,417	1,523	1,586
Beijing Weixu Business Consulting Co., Ltd.	–	–	220
Shanghai Weishang Business Consulting Co., Ltd.	1,806	–	–
Total	4,223	1,561	57,901

(All amounts in thousands, except for share and per share data)

(ii) Acceptance of advertising and IT support services

	For the Year Ended December 31,		
	2019	**2020**	**2021**
Beijing Bit Ep Information Technology Co., Ltd.	3,627	4,159	4,533
Beijing Yiche Interactive Advertising Co., Ltd.	6,132	–	472
Tianjin Boyou Information Technology Co., Ltd.	264	1,594	217
Beijing Chehui Hudong Guanggao Co., Ltd.	29,599	92,356	–
Beijing Xinyi Hudong Guanggao Co., Ltd.	37,935	39,919	–
Beijing Yiche Information Science and Technology Co., Ltd.	466	280	–
Shanghai Yiju Information Technology Co., Ltd.	76	142	–
Bite Shijie (Beijing) Keji Co., Ltd.	1,664	47	–
Total	79,763	138,497	5,222

(iii) Cost of manufacturing consignment

	For the Year Ended December 31,		
	2019	**2020**	**2021**
Suzhou Zenlead XPT New Energy Technologies Co., Ltd	132,511	174,680	89,286

(iv) Purchase of raw material, property and equipment

	For the Year Ended December 31,		
	2019	**2020**	**2021**
Kunshan Siwopu Intelligent Equipment Co., Ltd.	7,982	22,797	876,510
Nanjing Weibang Transmission Technology Co., Ltd.	34,220	114,329	213,867
Xunjie Energy (Wuhan) Co., Ltd	–	460	67,350
Total	42,202	137,586	1,157,727

(All amounts in thousands, except for share and per share data)

(v) Sales of goods

	For the Year Ended December 31,		
	2019	**2020**	**2021**
Wuhan Weineng Battery Assets Co., Ltd.	–	290,135	4,138,187
Beijing Yiche Interactive Advertising Co., Ltd.	–	1,453	485
Kunshan Siwopu Intelligent Equipment Co., Ltd.	–	–	370
Shanghai Weishang Business Consulting Co., Ltd.	–	–	157
Beijing Bit Ep Information Technology Co., Ltd.	–	4,402	–
Beijing Bitauto Interactive Technology Co., Ltd.	–	1,974	–
Beijing Yiche Information Science and Technology Co., Ltd.	–	525	–
Total	–	298,489	4,139,199

(vi) Acceptance of R&D and maintenance service

	For the Year Ended December 31,		
	2019	**2020**	**2021**
Kunshan Siwopu Intelligent Equipment Co., Ltd.	341	1,449	7,265
Xunjie Energy (Wuhan) Co., Ltd.	–	–	929
Suzhou Zenlead XPT New Energy Technologies Co., Ltd.	–	1,953	–
Total	341	3,402	8,194

(vii) Loan from related party

	For the Year Ended December 31,		
	2019	**2020**	**2021**
Beijing Bitauto Interactive Technology Co., Ltd.	–	260,000	–
Beijing Changxing Information Technology Co., Ltd.	25,799	–	–
Total	25,799	260,000	–

In 2019, the Company signed a loan agreement with Beijing Changxing Information Technology Co., Ltd. for a loan of RMB25,799 at an interest rate of 15%. As of December 31, 2020, the loan has been fully repaid by the Company.

In 2020, the Company signed loan agreements with Beijing Bitauto Interactive Technology Co., Ltd. for an aggregate loan amount of RMB260,000 at an interest rate of 6%. As of December 31, 2021, the loans have been fully repaid by the Company.

(All amounts in thousands, except for share and per share data)

(viii) Sale of raw material, property and equipment

	For the Year Ended December 31,		
	2019	2020	2021
Wistron Info Comm (Kunshan) Co., Ltd.	725	358	–
Wuhan Weineng Battery Assets Co., Ltd.	–	120	–
Total	725	478	–

(ix) Convertible notes issued to related parties and interest accrual

	For the Year Ended December 31,		
	2019	2020	2021
Huang River Investment Limited	920,914	22,018	15,316
Serene View Investment Limited	614,926	101,927	–
Total	1,535,840	123,945	15,316

(x) Purchase of equity investee

	For the Year Ended December 31,		
	2019	2020	2021
Weilan (Note 10)	–	–	50,000

(b) The Group had the following significant related party balances:

(i) Amounts due from related parties

	As of December 31,		
	2019	2020	2021
Wuhan Weineng Battery Assets Co., Ltd.	–	118,779	1,563,757
Nanjing Weibang Transmission Technology Co., Ltd.	674	509	268
Weilan (Note 10)	–	50,000	–
Kunshan Siwopu Intelligent Equipment Co., Ltd.	–	617	–
Ningbo Meishan Bonded Port Area Weilan Investment Co., Ltd.	50,000	–	–
Wistron Info Comm (Kunshan) Co., Ltd.	109	–	–
Total	50,783	169,905	1,564,025

In 2017, the Group provided a loan with the amount of RMB50,000, to Weilan, an entity controlled by a principal shareholder and also the executive of the Company. On December 31, 2021, RMB50,000 of the loan has been fully repaid by Weilan.

(All amounts in thousands, except for share and per share data)

(ii) Amounts due to related parties

	As of December 31,		
	2019	**2020**	**2021**
Kunshan Siwopu Intelligent Equipment Co., Ltd.	379	11,986	426,420
Suzhou Zenlead XPT New Energy Technologies Co., Ltd.	180,687	273,982	165,219
Nanjing Weibang Transmission Technology Co., Ltd.	33,018	51,687	58,025
Xunjie Energy (Wuhan) Co., Ltd.	–	513	32,186
Wistron Info Comm (Kunshan) Co., Ltd.	–	3,007	2,339
Beijing Bit Ep Information Technology Co., Ltd.	2,598	1,768	1,350
Xtronics Innovation Ltd.	–	1,493	1,161
Beijing Yiche Interactive Advertising Co., Ltd.	3,500	–	500
Beijing Yiche Information Science and Technology Co., Ltd.	205	167	–
Beijing Xinyi Hudong Guanggao Co., Ltd.	36,714	–	–
Beijing Changxing Information Technology Co., Ltd.	25,799	–	–
Beijing Chehui Hudong Guanggao Co., Ltd.	25,170	–	–
Bite Shijie (Beijing) Keji Co., Ltd.	1,549	–	–
Shanghai Yiju Information Technology Co., Ltd.	80	–	–
Tianjin Boyou Information Technology Co., Ltd.	30	–	–
Total	309,729	344,603	687,200

(iii) Short-term borrowing and interest payable

	As of December 31,		
	2019	**2020**	**2021**
Huang River Investment Limited	354,840	3,391	381,785
Serene View Investment Limited	350,255	–	–
Total	705,095	3,391	381,785

(iv) Long-term borrowings and interest payable

	As of December 31,		
	2019	**2020**	**2021**
Huang River Investment Limited	560,325	531,507	–
Serene View Investment Limited	258,213	–	–
Total	818,538	531,507	–

(All amounts in thousands, except for share and per share data)

27. COMMITMENT AND CONTINGENCIES

(a) Capital commitments

Capital expenditures contracted for at the balance sheet dates but not recognized in the Group's consolidated financial statements are as follows:

	As of December 31,		
	2019	2020	2021
Property and equipment	551,582	428,448	2,987,743
Leasehold improvements	68,652	54,911	392,910
Total	620,234	483,359	3,380,654

(b) Contingencies

Between March and July 2019, several putative securities class action lawsuits were filed against the Company, certain of the Company's directors and officers, the underwriters in the IPO and the process agent, alleging, in sum and substance, that the Company's statements in the Registration Statement and/or other public statements were false or misleading and in violation of the U.S. federal securities laws. Some of these actions have been withdrawn, transferred or consolidated. Currently, three securities class actions remain pending in the U.S. District Court for the Eastern District of New York (E.D.N.Y.), Supreme Court of the State of New York, New York County (N.Y. County), and Supreme Court of the State of New York, County of Kings (Kings County) respectively. In the E.D.N.Y. action, the Company and other defendants filed their Motion to Dismiss on October 19, 2020. Certain of the Company's directors and officers, who were named as defendants in this action, joined the company's Motion. On August 12, 2021, the Court denied the Motion to Dismiss. The action has since proceeded to the discovery stage. The Company and other Defendants submitted their respective Answers to Plaintiffs' Complaint on October 25, 2021, and will continue to proceed with the discovery process, subject to further negotiations with Plaintiffs regarding the scope, steps and timeline for the exchange of documents. In the New York county action, by an order dated March 23, 2021, the Court granted the plaintiffs' motion to lift the stay in favor of the federal action. Plaintiffs subsequently filed an amended complaint on April 2, 2021.The Company and other defendants filed a motion to dismiss on May 17, 2021. Briefing on the Motion to Dismiss was completed on August 2, 2021. The Court's decision on the Motion is pending. On October 4, 2021, the Court granted the Company and other Defendants' Motion to Dismiss. The Court dismissed Plaintiffs' claims with respect to the subsidy issue with prejudice (not permitting Plaintiffs to amend their claims), and dismissed Plaintiffs' claims with respect to the quality and design of ES8 without prejudice. Plaintiffs have not amended their claims by December 31, 2021. In the Kings County action, the judge has yet to be assigned and there has not been any major development. These actions remain in their preliminary stages. The Company is currently unable to determine any estimate of the amount or range of any potential loss, if any, associated with resolution of such lawsuits, if they proceed.

The Group is subject to legal proceedings and regulatory actions in the ordinary course of business, such as disputes with landlords, suppliers, employees, etc. The results of such proceedings cannot be predicted with certainty, but the Group does not anticipate that the final outcome arising out of any of such matters will have a material adverse effect on the consolidated balance sheets, comprehensive loss or cash flows on an individual basis or in the aggregate. As of December 31, 2020 and 2021, other than as disclosed above, the Group is not a party to any material legal or administrative proceedings.

28. SUBSEQUENT EVENTS

In March 2022, the Company, through its wholly owned subsidiary, consummated a selling of RMB1,030 million of asset-backed notes by issuing senior debt notes to investors.

In late March and April 2022, the Group's vehicle production has been impacted by the supply chain volatilities and other constraints caused by a new wave of COVID-19 outbreaks in certain regions in China. The vehicle production has not reached full capacity of operations as of the date of issuance of financial statements. The Company will closely monitor the situation and its impact to the Company's business and financial conditions.

(All amounts in thousands, except for share and per share data)

29. PARENT COMPANY (THE "COMPANY") ONLY FINANCIAL INFORMATION

The Company performed a test on the restricted net assets of its consolidated subsidiaries and VIEs in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial information for the Company only.

The subsidiaries did not pay any dividends to the Company for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements are not the general-purpose financial statements of the reporting entity and should be read in conjunction with the notes to the consolidated financial statements of the Company.

The Company did not have significant capital and other commitments, or guarantees as of December 31, 2021.

Condensed Balance Sheets

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US$ Note 2(e)
ASSETS				
Current assets:				
Cash and cash equivalents	11,629	22,173,454	2,207,347	346,381
Restricted cash	–	–	1,123,596	176,317
Short-term investments	–	–	11,495,387	1,803,877
Amounts due from subsidiaries of Group	–	–	138,415	21,720
Amounts due from related parties	22,698	19,680	80	13
Prepayments and other current assets	–	34,664	91,252	14,319
Total current assets	34,327	22,227,798	15,056,077	2,362,627
Non-current assets:				
Investments in subsidiaries and VIEs	2,884,635	10,540,521	30,541,632	4,792,649
Total non-current assets	2,884,635	10,540,521	30,541,632	4,792,649
Total assets	2,918,962	32,768,319	45,597,709	7,155,276
LIABILITIES				
Current liabilities:				
Short-term borrowing	697,620	–	–	–
Amounts due to subsidiaries of the Group	2,555,511	246,800	25,348	3,978
Current portion of long-term borrowings	–	–	1,228,278	192,744
Accruals and other liabilities	100,772	101,750	179,765	28,209
Total current liabilities	3,353,903	348,550	1,433,391	224,931
Long-term borrowings	5,784,984	5,196,507	9,440,625	1,481,440
Deferred revenue	79,761	54,431	13,769	2,161
Total non-current liabilities	5,864,745	5,250,938	9,454,394	1,483,601
Total liabilities	9,218,648	5,599,488	10,887,785	1,708,532

(All amounts in thousands, except for share and per share data)

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US$ Note 2(e)
SHAREHOLDERS' EQUITY				
Class A Ordinary Shares	1,347	2,205	2,418	379
Class B Ordinary Shares	226	220	220	35
Class C Ordinary Shares	254	254	254	40
Treasury shares	–	–	(1,849,600)	(290,243)
Additional paid in capital	40,227,856	78,880,014	92,467,072	14,510,101
Accumulated other comprehensive loss	(203,048)	(65,452)	(276,300)	(43,357)
Accumulated deficit	(46,326,321)	(51,648,410)	(55,634,140)	(8,730,211)
Total shareholders' equity	(6,299,686)	27,168,831	34,709,924	5,446,744
Total liabilities and shareholders' equity	2,918,962	32,768,319	45,597,709	7,155,276

Condensed Statements of Comprehensive Loss

	For the Year ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US$ Note 2(e)
Operating expenses:				
Selling, general and administrative	(97)	(7,463)	(4,735)	(743)
Total operating expenses	(97)	(7,463)	(4,735)	(743)
Loss from operations	(97)	(7,463)	(4,735)	(743)
Interest and investment income	4,212	10,086	61,292	9,618
Interest expense	(237,374)	(312,662)	(471,270)	(73,953)
Equity in loss of subsidiaries and VIEs	(11,076,907)	(5,089,371)	(3,632,893)	(570,081)
Other income	23,655	100,290	61,876	9,709
Loss before income tax expense	(11,286,511)	(5,299,120)	(3,985,730)	(625,450)
Income tax expense	–	–	–	–
Net loss	(11,286,511)	(5,299,120)	(3,985,730)	(625,450)
Accretion on redeemable non-controlling interests to redemption value	(126,590)	(311,670)	(6,586,579)	(1,033,578)
Net loss attributable to ordinary shareholders of NIO Inc.	(11,413,101)	(5,610,790)	(10,572,309)	(1,659,028)
Net loss	(11,286,511)	(5,299,120)	(3,985,730)	(625,450)
Total comprehensive loss	(11,454,851)	(5,161,524)	(4,196,578)	(658,537)
Accretion on redeemable non-controlling interests to redemption value	(126,590)	(311,670)	(6,586,579)	(1,033,578)
Comprehensive loss attributable to ordinary shareholders of NIO Inc.	(11,581,441)	(5,473,194)	(10,783,157)	(1,692,115)

(All amounts in thousands, except for share and per share data)

Condensed Statements of Cash Flows

	For The Year ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US$ Note 2(e)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash generated from/(used in) operating activities	438,465	(2,460,216)	(8,697)	(1,365)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash used in investing activities	(4,817,498)	(12,998,602)	(40,770,898)	(6,397,844)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash provided by financing activities	4,373,247	37,867,127	22,382,871	3,512,361
Effects of exchange rate changes on cash and cash equivalents	236	(246,484)	(445,786)	(69,953)
NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(5,550)	22,161,825	(18,842,510)	(2,956,801)
Cash, cash equivalents and restricted cash at beginning of the year	17,179	11,629	22,173,454	3,479,499
Cash, cash equivalents and restricted cash at end of the year	11,629	22,173,454	3,330,943	522,698

Basis of presentation

The Company's accounting policies are the same as the Group's accounting policies with the exception of the accounting for the investments in subsidiaries and VIEs.

For the company only financial information, the Company records its investments in subsidiaries and VIEs under the equity method of accounting as prescribed in ASC 323, Investments – Equity Method and Joint Ventures.

Such investments are presented on the Balance Sheets as "Investments in subsidiaries and VIEs" and shares in the subsidiaries and VIEs' loss are presented as "Equity in loss of subsidiaries and VIEs" on the Statements of Comprehensive Loss. The parent company only financial information should be read in conjunction with the Group' consolidated financial statements.

APPENDIX B – PROPOSED ARTICLES AMENDMENTS

In view of the secondary listing of the Company on the Hong Kong Stock Exchange, the Company will seek shareholders' approval to incorporate the following Proposed Articles Amendments into its Articles at the upcoming annual general meeting to be convened on or before 31 August 2022 (the "**First AGM**"):–

Appointment of Auditors, Register of Members, General Meetings, Voting and Variation of Rights

1. For so long as the shares of the Company are listed on the Hong Kong Stock Exchange, where the Company has knowledge that any Shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;

2. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied only with the consent in writing of the holders of three-fourths of the issued shares of the class in question or with the sanction of a resolution passed at a separate general meeting of the holders of the shares of that class by holders of three-fourths of the issued shares of that class present in person or by proxy and voting at such meeting. To every such separate general meeting the provisions of the Company's articles relating to general meetings shall mutatis mutandis apply, but the quorum provisions relevant to any such meeting may be varied. The ability of the directors to treat all the classes or any two or more classes as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes will be deleted;

3. Any annual general meeting must be called by written notice of at least 21 days, and any other general meeting (other than an annual general meeting) must be called by written notice of at least 14 days;

4. The appointment, removal and remuneration of auditors must be approved by Ordinary Resolutions at every annual general meeting (and the Company in general meeting may delegate the fixing of such remuneration to the directors);

5. The branch register of members in Hong Kong shall be open for inspection by members but the Company may close the register in terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) except when the register of members is closed;

6. An annual general meeting shall be held in each financial year and the auditors' reports shall be laid before the Company in the annual general meeting;

7. A general meeting postponed by the directors shall be postponed to a specific date, time and place;

Weighted Voting Rights Structure

8. Holders of Class A ordinary shares and Class C ordinary shares shall at all times vote together as one class on all resolutions submitted to a vote by members and each Class C ordinary share will entitle the holder to eight votes on all matters subject to vote at general meetings of the Company. During the Relevant Period, the Company shall have only one class of shares that each of such share entitles the holder thereof to more than one vote on all matters subject to vote at general meetings of the Company. Only Class C ordinary shares shall carry such enhanced voting rights during the Relevant Period. Save for voting rights and conversion rights, the rights attached to the Class C ordinary shares shall otherwise be the same as the rights attached to Class A ordinary shares;

9. During the Relevant Period, the Company shall not take any action (including the issue or repurchase of shares of any class) that would result in (a) the aggregate number of votes entitled to be cast by all holders of Class A ordinary shares (for the avoidance of doubt, excluding those who are also holders of Class C ordinary shares) present at a general meeting to be less than 10% of the votes entitled to be cast by all members at a general meeting; or (b) an increase in the proportion of Class C ordinary shares to the total number of shares in issue;

10. During the Relevant Period, no further Class C ordinary shares shall be issued by the Company, except with the prior approval of the Hong Kong Stock Exchange and pursuant to (a) an offer to subscribe for shares made to all the members pro rata (apart from fractional entitlements) to their existing holdings; (b) a pro rata issue of shares to all the members by way of scrip dividends; or (c) pursuant to a share subdivision or other similar capital reorganisation; provided that, each member shall be entitled to subscribe for (in a pro rata offer) or be issued (in an issue of shares by way of scrip dividends) shares in the same class as the shares then held by him, notwithstanding article 16 of the Company's existing Articles; and further provided that the proposed allotment or issuance will not result in an increase in the proportion of Class C ordinary shares in issue, so that:

    a. if, under a pro rata offer, any holder of Class C ordinary shares does not take up any part of the Class C ordinary shares or the rights thereto offered to him, such untaken shares (or rights) shall only be transferred to another person on the basis that such transferred rights will only entitle the transferee to an equivalent number of Class A ordinary shares; and

    b. to the extent that rights to Class A ordinary shares in a pro rata offer are not taken up in their entirety, the number of Class C ordinary shares that shall be allotted, issued or granted in such pro rata offer shall be reduced proportionately;

11. During the Relevant Period, if the Company reduces the number of its shares in issue (e.g. through a purchase of its own shares) the WVR beneficiary must reduce their weighted voting rights in the Company proportionately (for example through conversion of a proportion of their shareholding with those rights into shares without those rights), if the reduction in the number of shares in issue (which, for the purpose of this article, excludes all of the treasury shares) would otherwise result in an increase in the proportion of the Company's shares that carry weighted voting rights;

12. During the Relevant Period, the Company must not change the terms of the Class C ordinary shares to increase the number of votes to which each WVR share is entitled;

13. During the Relevant Period, WVR shares shall only be held by a director or a limited partnership, trust, private company or other vehicle wholly owned or wholly controlled by a director ("**Director Holding Vehicle**"). Subject to the Hong Kong Listing Rules or other applicable laws or regulations, each Class C ordinary share shall be automatically converted into one Class A ordinary share upon the occurrence of any of the following events:

    a. the decease of the holder of such Class C ordinary share (or, where the holder is a Director Holding Vehicle, the decease of the director holding or controlling such Director Holding Vehicle);

    b. the holder of such Class C ordinary share ceasing to be a director or a Director Holding Vehicle for any reason;

c. the holder of such Class C ordinary share (or, where the holder is a Director Holding Vehicle, the director holding or controlling such Director Holding Vehicle) being deemed by the Hong Kong Stock Exchange to be incapacitated for the purpose of performing his duties as a director;

d. the holder of such Class C ordinary share (or, where the holder is a Director Holding Vehicle, the director holding or controlling such Director Holding Vehicle) being deemed by the Hong Kong Stock Exchange to no longer meet the requirements of a director set out in the Hong Kong Listing Rules;

e. the transfer to another person of the beneficial ownership of, or economic interest in such Class C ordinary share or the control over the voting rights attached to such Class C ordinary share (through voting proxies or otherwise), other than (a) the grant of any encumbrance, lien or mortgage over such share which does not result in the transfer of the legal title or beneficial ownership of, or the voting rights attached to, such share, until the same is transferred upon the enforcement of such encumbrance, lien or mortgage; (b) a transfer of the legal title to such shares by a director to a Director Holding Vehicle held or controlled by him, or by a Director Holding Vehicle to the director holding or controlling it or another Director Vehicle held or controlled by such director; and (c) any transfer of legal title to such share by a holder of Class C ordinary shares to a limited partnership, trust, private company or other vehicle which holds Class C ordinary shares on behalf of such holder; or

f. if a vehicle holding shares carrying weighted voting rights in the Company on behalf of a beneficiary no longer complies with the Hong Kong Listing Rules, the beneficiary's weighted voting rights in the Company must cease. The Company and beneficiary must notify the Hong Kong Stock Exchange as soon as practicable with details of the non-compliance.

14. Any conversion of Class C ordinary shares into Class A ordinary shares pursuant to these Articles shall be effected by the re-designation of each Class C ordinary share into one Class A ordinary share;

15. During the Relevant Period, the Company's WVR structure must cease when none of the beneficiaries of the weighted voting rights at the time of the issuer's initial listing have beneficial ownership of shares carrying weighted voting rights;

16. Non-WVR Shareholders must be able to convene an extraordinary general meeting and add resolutions to the meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights on a one vote per share basis in the share capital of the Company;

17. During the Relevant Period, notwithstanding any provisions in the Company's Articles to the contrary, each Class A ordinary share and Class C ordinary share shall entitle its holder to one vote on a poll at a general meeting in respect of a resolution on any of the following matters:

    a. any amendment to the Company's Memorandum or Articles, including the variation of the rights attached to any class of shares;

    b. the appointment or removal of any independent non-executive director;

    c. the appointment or removal of the auditors; or

    d. the voluntary winding-up of the Company.

Appointment of Directors and Corporate Governance

18. The director nomination right of NIO Users Trust shall cease to be effective, and shall only be restored after the Relevant Period.

19. The role of an independent non-executive director shall include, but is not limited to:

    a. participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

    b. taking the lead where potential conflicts of interests arise;

    c. serving on the audit, remuneration, nomination and other governance committees, if invited; and

    d. scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

    The independent non-executive directors shall give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of the members.

    The independent non-executive directors shall make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

20. The board shall establish a nominating committee (which may be combined with the Corporate Governance Committee to form a single nominating and corporate governance committee, which shall perform the following duties:

    a. review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the Company's corporate strategy;

    b. identify individuals suitably qualified to become directors and select or make recommendations to the board on the selection of individuals nominated for directorships;

    c. assess the independence of independent non-executive directors; and

    d. make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive officer of the Company.

21. The board shall establish a corporate governance committee (which may be combined with the nominating committee to form a single nominating and corporate governance committee) which shall perform the following duties:

    a. develop and review the Company's policies and practices on corporate governance and make recommendations to the board;

    b. review and monitor the training and continuous professional development of directors and senior management;

c. review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

e. review the Company's compliance with the code and disclosure in the Corporate Governance Report;

f. review and monitor whether the Company is operated and managed for the benefit of all of its Members;

g. confirm, on an annual basis, that each holder of Class C Ordinary Shares (or where a holder is a Director Holding Vehicle, the person holding or controlling such vehicle) has been a director throughout the year and that none of the events set out in paragraph 13(a) to (d) have occurred during the relevant financial year;

h. confirm, on an annual basis, that each holder of Class C Ordinary Shares (or where a holder is a Director Holding Vehicle, the person holding or controlling such vehicle) has complied with paragraphs 10, 11, 13, 17 throughout the year;

i. review and monitor the management of conflicts of interests and make a recommendation to the board on any matter where there is a potential conflict of interest between the Company, a subsidiary of the Company and/or holders of Class A Ordinary Shares (considered as a group) on the one hand, and any holder of Class C Ordinary Shares on the other;

j. review and monitor all risks related to the Company's weighted voting rights structure, including connected transactions between the Company and/or a subsidiary of the Company on one hand and any beneficiary of weighted voting rights on the other and make a recommendation to the board on any such transaction;

k. make a recommendation to the board as to the appointment or removal of the Company's compliance adviser (appointed pursuant to the Hong Kong Listing Rules);

l. seek to ensure effective and ongoing communication between the Company and its Members, particularly with regards to the requirements set out in paragraph 27;

m. report on the work of the Corporate Governance Committee on at least a half-yearly and annual basis covering all areas set out in this paragraph (the "**Corporate Governance Report**"); and

n. disclose, on a comply or explain basis, its recommendations to the board in respect of matters set out in paragraph 21(m) to (o) in its Corporate Governance Report.

The nominating and corporate governance committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on the Hong Kong Stock Exchange's website and the Company's website.

The Company should provide the nominating and corporate governance committee sufficient resources to perform its duties. Where necessary, the nominating and corporate governance committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

i. the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent;

ii. if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;

iii. the perspectives, skills and experience that the individual can bring to the board; and

iv. how the individual contributes to diversity of the board;

22. The nominating and corporate governance committee shall comprise entirely of independent non-executive directors, one of whom shall act as its chairman. Where separate committees are established, the nominating committee shall comprise a majority of independent non-executive directors, and the chairman of the nominating committee shall be an independent non-executive director, while the corporate governance committee shall comprise entirely of independent non-executive directors, one of whom shall act as its chairman;

23. Notwithstanding any other provisions in the Articles of the Company and so long as the shares of the Company are listed on the Hong Kong Stock Exchange, at each annual general meeting one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years;

24. The Corporate Governance Report produced by the Company pursuant to the Hong Kong Listing Rules shall include a summary of the work of the nominating and corporate governance committee, with regards to its charter on corporate governance matters, for the accounting period covered by both the half-yearly and annual report and disclose any significant subsequent events for the period up to the date of publication of the half-yearly and annual report, to the extent possible;

25. The Company shall appoint a compliance adviser on a permanent basis commencing on the date of the Company's initial listing;

26. The board shall consult with, and if necessary, seek advice from the compliance adviser, on a timely and ongoing basis, on any matters related to:

a. the WVR structure of the Company;

b. transactions in which the holders of Class C ordinary shares have an interest; and

c. where there is a potential conflict of interest between the Company, a subsidiary of the Company and/or holders of Class A ordinary shares (considered as a group) on the one hand, and any holder of Class C ordinary shares on the other;

Communication with Shareholders

27. The Company shall comply with the provisions of Appendix 14 of the Hong Kong Listing Rules regarding communication with Shareholders or members of the Company;

28. The Company shall include the words "A company controlled through weighted voting rights" or such language as may be specified by the Hong Kong Stock Exchange from time to time on the front page of all its listing documents, periodic financial reports, circulars, notifications and announcements required by the Hong Kong Listing Rules, and describe its weighted voting rights structure, the rationale of such structure and the associated risks for the members prominently in its listing documents and periodic financial reports. This statement shall inform prospective investors of the potential risks of investing in the Company and that they should make the decision to invest only after due and careful consideration;

29. The documents of or evidencing title for the listed equity securities of the Company shall prominently include the warning "A company controlled through weighted voting rights";

30. The Company shall, in its listing documents and its interim and annual reports:

    a. identify the holders of Class C ordinary shares (and, where a holder is a Director Holding Vehicle, the director holding or controlling such vehicle);

    b. disclose the impact of a potential conversion of Class C ordinary shares into Class A ordinary shares on its share capital; and

    c. disclose all circumstances in which the weighted voting rights attached to the Class C ordinary shares shall cease.

The Relevant Period

In the proposed Articles to be put forth at the First AGM, we refer to the period commencing from the date on which any of the Shares first become secondary listed on the Hong Kong Stock Exchange to and including the date immediately before the day which the secondary listing is withdrawn from the Hong Kong Stock Exchange (and so that if at any time listing of any such Shares is suspended from trading on the Hong Kong Stock Exchange for any reason whatsoever and for any length of time, they shall nevertheless be treated, for the purpose of this definition, as listed); provided that Articles 9 and 88(d) shall cease to have effect upon the Share becoming primary listed on the Hong Kong Stock Exchange, as the relevant period (the "**Relevant Period**"). During the Relevant Period, (i) NIO Users Trust will not have any director nomination right; (ii) our Company shall have only one class of shares with enhanced, multiple or weighted voting rights; (iii) our directors shall not have the power to, amongst others, authorise share split or designate a new share class with enhanced or weighted voting rights; and (iv) certain restrictions on the WVR structure of the Company under the Hong Kong Listing Rules shall be applicable, such as, amongst others, no further increase in the proportion of WVR shares, that only a director or a director holding vehicle is permitted to hold WVR shares and automatic conversion of WVR shares into Class A ordinary shares under certain circumstances.

Notwithstanding the above and at any time after the Relevant Period, the provisions which are subject to the Relevant Period will continue to apply in the circumstances where the Company has a change of listing status on the Hong Kong Stock Exchange other than in the case where the secondary listing of the Company is withdrawn from the Hong Kong Stock Exchange pursuant to the applicable Hong Kong Listing Rules.

Notwithstanding the current provisions of the Articles, our Company has undertaken to comply with (a) the Proposed Articles Amendments; and (b) the requirement that where a general meeting is postponed by the directors, the specific date, time and place of the postponed meeting must be specified, before the Articles are formally amended in the First AGM such that immediately upon the Hong Kong Listing, the Company will be subject to, and will fully comply with, such Proposed Articles Amendments as if they have already been incorporated into the existing Articles upon the Hong Kong Listing (save for exceptions to the required threshold for passing a resolution in a separate class meeting and a special resolution in the general meeting to facilitate the approval process for passing the Proposed Articles Amendments). For further details, please see "Appendix B – Proposed Articles Amendments".

SUMMARY OF OUR MEMORANDUM AND ARTICLES OF ASSOCIATION

1 Memorandum' of Association

Our Memorandum of Association, as currently in effect, states, *inter alia*, that the liability of the members of our Company is limited, that the objects for which our Company is established are unrestricted and our Company shall have full power and authority to carry out any object not prohibited by the Cayman Islands Companies Act or any other law of the Cayman Islands.

Our Memorandum of Association is available on display at the location specified in "General and Statutory Information" in this Introductory Document under the section headed "Documents available for inspection".

2 Articles of Association

Our Articles of Association, as currently in effect, include provisions to the following effect:

Objects of Our Company

The objects of our Company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Shares

Our ordinary shares are divided into Class A ordinary shares, Class B ordinary shares and Class C ordinary shares. Holders of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares have the same rights except for voting and conversion rights. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our Shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Our board of directors may issue additional ordinary shares, including additional Class B and Class C ordinary shares, from time to time as our board of directors shall determine, to the extent of available authorised but unissued shares.

Unless the authorised share capital of the Company is insufficient for share issuance, there is no specific requirement for shareholders' approval for issuances of additional ordinary shares, including Class B ordinary shares and/or Class C ordinary shares.

Our board of directors will have the authority, without shareholder approval, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, rights and terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding ordinary shares, at such times and on such other terms as they think proper.

Conversion

Each Class B ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. Each Class C ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. In no event shall Class A ordinary shares be convertible into Class B ordinary shares or Class C ordinary shares. Upon any sale, transfer, assignment or disposition of any Class B ordinary share or Class C ordinary share by a Shareholder to any person who is not an affiliate of such Shareholder, or upon a change of ultimate beneficial ownership of any Class B ordinary share or Class C ordinary share to any person who is not an affiliate of the registered Shareholder of such share, each such Class B ordinary share and Class C ordinary share, as applicable, shall be automatically and immediately converted into one (1) Class A ordinary share.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors, subject to our Articles of Association. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. In either case, under the laws of the Cayman Islands, our Company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business.

There are no provisions in our articles governing the time limit after which entitlement to dividend lapses and an indication of the party in whose favour the lapse operates.

Voting Rights

Voting at any shareholders' meeting is by show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. Each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of our Company, each Class B ordinary share shall entitle the holder thereof to four (4) votes on all matters subject to vote at general meetings of our Company, and each Class C ordinary share shall entitle the holder thereof to eight (8) votes on all matters subject to vote at general meetings of our Company. A poll may be demanded by the chairman of such meeting or any one or more Shareholders present in person or by proxy at the meeting.

An ordinary resolution to be passed at a meeting by the Shareholders requires the affirmative vote of a simple majority of the votes cast by such Shareholders at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes by such Shareholders at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our Memorandum of Association and/or our Articles of Association. Holders of our ordinary shares may effect certain changes by ordinary resolution, including increasing the amount of our authorised share capital, consolidating all or any of our share capital into shares of larger amount than our existing shares, subdividing our shares or any of them into shares of an amount smaller than that fixed by our Memorandum and Articles of Association, and cancelling any unissued shares. Both ordinary resolution and special resolution may also be passed by a unanimous written resolution signed by all the Shareholders of our Company, as permitted by the Cayman Islands Companies Act and our Memorandum and Articles of Association.

Transfer of Shares

Subject to the restrictions of our Memorandum and Articles of Association, as applicable, any of our Shareholders may transfer any or all of his or her ordinary shares by an instrument of transfer in writing and in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of shares which is not fully paid up or on which we have lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

(a) the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of ordinary shares;

(c) the instrument of transfer is properly stamped, if required;

(d) in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and

(e) a fee of such maximum sum as the Designated Stock Exchange (as defined in the Articles of Association) may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall notify the transferee within three months after the date on which the instrument of transfer was lodged.

The registration of transfers may be suspended at such time and for such period as our directors may from time to time determine, provided always that such registration shall not be suspended for more than 30 days in any year.

Liquidation

On the winding-up of our Company, if the assets available for distribution among our Shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding-up, the surplus shall be distributed amongst our Shareholders in proportion to the par value of the shares held by them at the commencement of the winding-up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our Company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our Shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon Shareholders for any amounts unpaid on their shares in a notice served to such Shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors or by special resolution of our Shareholders. Our Company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our Shareholders.

Under the Cayman Islands Companies Act, the redemption or repurchase of any share may be paid out of our Company 's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Cayman Islands Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our Company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class), whether or not our Company is being wound-up, may only be materially adversely varied with the consent in writing of holders of not less than two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued within preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by, inter alia, the creation, allotment or issue of further shares ranking pari passu with or subsequent to such existing class of shares or the redemption or purchase of any ordinary shares of any class by us. The rights of the holders of ordinary shares shall not be deemed to be materially adversely varied by the creation or issue of ordinary shares with preferred or other rights including, without limitation, the creation of ordinary shares with enhanced or weighted voting rights.

Changes in Capital

We may by ordinary resolution:

(a) increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;

(b) consolidate and divide all or any of our share capital into shares of larger amount than our existing shares;

(c) sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and

(d) cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

Limitations on the Right to Own Shares

There are no limitations on the right to own our Class A ordinary shares. Holders of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares have the same rights except for voting and conversion rights. Each Class B ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. Each Class C ordinary share is convertible into one (1) Class A ordinary share at any time at the option of the holder thereof. In no event shall Class A ordinary shares be convertible into Class B ordinary shares or Class C ordinary shares.

Directors

Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than three (3) directors, the exact number of directors to be determined from time to time by our board of directors.

A director may vote with respect to any contract, proposed contract or arrangement in which he is interested provided (a) such director has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of our Company to borrow money, mortgage our Company's undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our Company or of any third party.

The remuneration of the directors may be determined by the directors or by ordinary resolution. The directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the directors, or any committee of the directors, or general meetings of our Company, or otherwise in connection with the business of our Company, or to receive such fixed allowance in respect thereof as may be determined by our board of directors from time to time, or a combination partly of one such method and partly the other.

Our directors shall not be required to hold any shares in our Company by way of qualification.

There are no age limitations or retirement requirements in respect of our directors.

SUMMARY OF CAYMAN ISLANDS CORPORATE LAW AND TAXATION

1 INTRODUCTION

The Cayman Islands Companies Act is derived, to a large extent, from the older companies acts of England, although there are significant differences between the companies act and the current companies act of England. Set out below is a summary of certain provisions of the companies act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 INCORPORATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 November 2014 under the Cayman Islands Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the registrar of companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 SHARE CAPITAL

The Cayman Islands Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman Islands Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Islands Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Islands Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Islands Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 DIVIDENDS AND DISTRIBUTIONS

With the exception of section 34 of the Cayman Islands Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 (Share Capital) above for details).

5 SHAREHOLDERS' SUITS

The Cayman Islands courts can be expected to follow English case law precedents. The rule in Foss v. Harbottle (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 PROTECTION OF MINORITIES

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 DISPOSAL OF ASSETS

The Cayman Islands Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 ACCOUNTING AND AUDITING REQUIREMENTS

The Cayman Islands Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 REGISTER OF MEMBERS

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman Islands Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 INSPECTION OF BOOKS AND RECORDS

Members of a company will have no general right under the Cayman Islands Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 SPECIAL RESOLUTIONS

The Cayman Islands Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 SUBSIDIARY OWNING SHARES IN PARENT

The Companies Act does not prohibit a Cayman Islands company from acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 MERGERS AND CONSOLIDATIONS

The Cayman Islands Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 RECONSTRUCTIONS

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 TAKE-OVERS

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 INDEMNIFICATION

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 LIQUIDATION

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 STAMP DUTY ON TRANSFERS

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 TAXATION

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, our Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to our Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of our Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to our Company.

Payments of dividends and capital in respect of our Class A ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our Class A ordinary shares or ADSs, nor will gains derived from the disposal of our Class A ordinary shares or ADSs be subject to Cayman Islands income or corporation tax.

20 EXCHANGE CONTROL

There are no exchange control regulations or currency restrictions in the Cayman Islands.

APPENDIX D – COMPARISON OF SELECTED CAYMAN ISLANDS CORPORATE LAW PROVISIONS AND SINGAPORE CORPORATE LAW PROVISIONS

COMPARISON OF CAYMAN ISLANDS AND SINGAPORE CORPORATE LAW

The following table sets forth a summary of certain differences between the provisions of the laws of the Cayman Islands applicable to our Company (namely, the Cayman Islands Companies Act (As Revised)) and the laws applicable to Singapore-incorporated companies (namely, the Singapore Companies Act) and their shareholders. The summaries below are not to be regarded as advice on Cayman Islands corporate law or the differences between it and the laws of any jurisdiction, including, without limitation, the Singapore Companies Act. The summaries below do not purport to be a comprehensive description of all of the rights and privileges of shareholders conferred by the Cayman Islands Companies Act as compared to the Singapore Companies Act that may be relevant to prospective investors. In addition, prospective investors should also note that the laws applicable to Singapore-incorporated companies and Cayman Islands exempted companies may change, whether as a result of proposed legislative reforms to the Singapore Companies Act or the Cayman Islands Companies Act, as the case may be, or otherwise. In addition, the summaries below do not describe the regulations and requirements prescribed by the Listing Manual.

Our Company is incorporated in the Cayman Islands as an exempted company and is therefore subject to the Cayman Islands Companies Act. Our Company's corporate affairs are governed by our Memorandum and Articles of Association and the provisions of applicable Cayman Islands laws, including Cayman Islands common law.

	Cayman Islands Corporate Law	**Singapore Corporate Law**
Power of Directors to Allot and Issue Shares	The power to allot and issue shares in a Cayman Islands exempted company normally lies with the directors of the company subject to any restrictions in the memorandum and articles of association of the relevant company. The Cayman Islands Companies Act (As Revised) has no statutory provisions requiring shareholders' approval for an issue of shares by a Cayman Islands exempted company. There is also no requirement for the filing of returns of share issuances with the Cayman Islands Registrar of Companies.	The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the constitution of that company. However, notwithstanding anything to the contrary in the constitution of a company, prior approval of the company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, or the share issue is void under the Singapore Companies Act. Such approval may be confined to a particular exercise of that power or may apply to the exercise of that power generally and, once given, will only continue in force until the conclusion of the annual general meeting commencing next after the date on which the approval was given or the expiration of the period within which the next annual general meeting after that date is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.

	Cayman Islands Corporate Law	Singapore Corporate Law
Power of Directors to Dispose of the Issuer's or any of its Subsidiaries' Assets	The management of a Cayman Islands exempted company is the responsibility of, and is carried on, by its board of directors who must act in accordance with their fiduciary duties under Cayman Islands law. Except as may be expressly provided in the company's memorandum and articles of association, the shareholders can exercise control over the directors and management of the company through their power to appoint and remove its directors. The Cayman Islands Companies Act (As Revised) contains no specific restrictions on the powers of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director, chief executive officer and secretary, in exercising such officer's powers and discharging their duties (including their fiduciary duties), must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.	The Singapore Companies Act provides that the business of a company is to be managed by or under the direction or supervision of the directors. The directors may exercise all the powers of a company except any power that the Singapore Companies Act or the constitution of the company require the company to exercise in general meeting. Under the Singapore Companies Act, prior approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property notwithstanding anything in the company's constitution.
Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares	There is no statutory restriction under the Cayman Islands Companies Act (As Revised) on the provision of financial assistance by a Cayman Islands exempted company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a Cayman Islands exempted company may provide financial assistance if the directors of the company act in accordance with their fiduciary duties such as to consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's length basis.	Generally, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving any financial assistance to any person directly or indirectly for the purpose of, or in connection with, the acquisition or proposed acquisition of that company's shares or shares in its holding company or ultimate holding company. Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise.

	Cayman Islands Corporate Law	Singapore Corporate Law
		Certain transactions are specifically provided by the Singapore Companies Act as transactions not to be prohibited. These include, among others: (a) a distribution of a company's assets by way of dividends lawfully made; (b) a distribution in the course of a company's winding up; (c) a payment made by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act; (d) the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares in the company; and (e) and the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments. The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to: (a) where the amount of financial assistance, together with any other financial assistance given by the company under this exception repayment of which remains outstanding, does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance; (b) where the financial assistance does not materially prejudice the interests of the company, its shareholders or the company's ability to pay its creditors; and (c) where the company, by special resolution, resolves to give financial assistance for the purpose of, or in connection with, that acquisition, provided that certain conditions and procedures under the Singapore Companies Act are also complied with.

	Cayman Islands Corporate Law	Singapore Corporate Law
		Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.
Loans to Directors	There is no express provision under the Cayman Islands Companies Act (As Revised) prohibiting the making of loans by a Cayman Islands exempted company to any of its directors, unless otherwise prescribed by the company's memorandum and articles of association.	A company (other than an exempt private company) is prohibited from, among others, (a) making a loan or quasi-loan[11] to a director of the company or a director of a related company (a "relevant director") (and to the spouse or natural, step or adopted children of any such director); (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to a relevant director by any other person; (c) entering into a credit transaction[12] as creditor for the benefit of a relevant director; and (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of a relevant director (the "restricted transactions"), except in the following circumstances, where a transaction which would otherwise be a restricted transaction is: • (subject to, among others, the prior approval of the company in a general meeting) made to or for the benefit of a relevant director to meet expenditure incurred or to be incurred for the purposes of the company or for the purpose of enabling him to properly perform his duties as an officer of the company;

[11] A quasi-loan means a transaction under which one party (the "creditor") agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (the "borrower") or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for the borrower: (i) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or (ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor.

[12] A credit transaction means a transaction under which one party (the "creditor"): (i) supplies any goods or disposes of any immovable property under a hire-purchase agreement or a conditional sale agreement; (ii) leases or hires any immovable property or goods in return for periodic payments; or (iii) otherwise disposes of immovable property or supplies goods or services on the understanding that payment (whether in a lump sum or instalments or by way of periodic payments or otherwise) is to be deferred.

	Cayman Islands Corporate Law	Singapore Corporate Law
		• (subject to, among others, the prior approval of the company in a general meeting) made to or for the benefit of a relevant director who is engaged in full-time employment of the company or a related corporation, as the case may be, for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director; however, not more than one such restricted transaction may be outstanding from the director at any one time; • made to or for the benefit of a relevant director who is engaged in full-time employment of the company or a related corporation as the case may be, where the company has at a general meeting approved of a scheme for the making of such transaction to or for the benefit of employees of the company, and the restricted transaction is in accordance with that scheme; and • made to or for the benefit of a relevant director in the ordinary course of business by a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans, quasi-loans or credit transactions made or entered into by other persons if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the MAS.

	Cayman Islands Corporate Law	Singapore Corporate Law
		For these purposes, a related corporation of a company means its holding company, its subsidiary and a subsidiary of its holding company. A company (the "first mentioned company") (other than an exempt private company) is also prohibited from, among others, (a) making a loan or quasi-loan to another company, a limited liability partnership or a variable capital company ("**VCC**"); (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to another company, a limited liability partnership or a VCC by a person other than the first mentioned company; (c) entering into a credit transaction as creditor for the benefit of another company, a limited liability partnership or a VCC; and (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of another company, a limited liability partnership or a VCC, if the director(s) of the first mentioned company (and the spouse, natural, step and adopted children of such director(s)), individually or collectively, have an interest in 20.0% or more of the total voting power in the other company, the limited liability partnership or the VCC (as the case may be), unless there is prior approval by the company in general meeting for the making of, provision for or entering into the loan, quasi-loan, credit transaction, guarantee or security (as the case may be) at which the interested director(s) and his or their family members abstained from voting. This prohibition does not apply to: • anything done by a company where the other company (whether incorporated in Singapore or otherwise) or VCC is its subsidiary, holding company or a subsidiary of its holding company; or

	Cayman Islands Corporate Law	Singapore Corporate Law
		• a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the company in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the MAS.
Transactions Affecting Share Capital	The Cayman Islands Companies Act (As Revised) contains provisions relating to the reduction of share capital, and the redemption and repurchase of shares and these procedures are also regulated by any prescribed provisions in the company's memorandum and articles of association. Fully paid shares may be redeemed or repurchased if the articles of association so provide, and repayment of par value or premium may be made out of profits available for distribution, the share premium account or the proceeds of a fresh issue of shares. Share capital may be applied towards repayment of par value (notwithstanding that profits and/or share premium have not been fully exhausted) provided that the directors determine that the company is able to pay its debts as they fall due immediately following the date of the redemption or repurchase.	The Singapore Companies Act contains provisions relating to share capital reductions, permitted share buy-backs and redeemable preference shares.

	Cayman Islands Corporate Law	Singapore Corporate Law
Mergers and Similar Arrangements	The Cayman Islands Companies Act (As Revised) provides a statutory merger procedure that has become by far the most common method of structuring a more complex acquisition or business combination involving a Cayman Islands company. In certain cases, however, the statutory merger regime may not be suitable, and the traditional options, such as contractual equity or asset acquisition, remain. The threshold for a statutory merger (subject to the relevant constitutional documents of the company) requires only a special resolution passed in accordance with the company's memorandum and articles of association (typically, a two-thirds majority of those shareholders attending and voting at the relevant meeting unless the threshold for a special resolution to approve a merger is prescribed to be higher pursuant to the relevant company's memorandum and articles of association). Dissenters in a merger have the right to be paid in cash the fair value of their shares, and may compel the company to institute Cayman Islands court proceedings to determine that fair value. This can be a factor where the offer involves a share-for-share swap as opposed to a cash buyout, or where the bidder anticipates issues with minority shareholders.	The Singapore Companies Act provides that the Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and where under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the transferor company) is to be transferred to another company (the transferee company), to order the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to any corporation liable to be wound up under the Singapore Companies Act. The Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more Singapore incorporated companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating companies must make a solvency statement in relation to both the amalgamating company and the amalgamated company.

	Cayman Islands Corporate Law	Singapore Corporate Law
	Schemes of arrangement are also available under the Cayman Islands Companies Act (As Revised) and are appropriate in certain circumstances, such as where a capital reduction is required as part of the acquisition structure. A scheme of arrangement is a flexible form of corporate restructuring. A range of transactions involving reorganisations of Cayman Islands companies may be effected by a court-supervised scheme under the Companies Act (As Revised) between a company, its shareholders (or classes thereof) such as takeovers, spin-offs, amalgamations, mergers, de-mergers, re-domicilings, re-stating NAVs, de-mutualisations and/or between it and its creditors, such as debt-for-debt, debt-for-equity and debt-for-assets swaps, and re-organisations of options and warrants. A scheme of arrangement transaction will involve the production of a circular, typically a detailed disclosure document which must provide stakeholders with all information required to make an informed decision on the merits of the proposed scheme. A scheme is a collective procedure. It operates both as a contract and a court order (so it has statutory effect). The principal benefit of a scheme is that if all the necessary majorities are obtained and hurdles are cleared, and the Cayman Islands court approves the scheme, then the terms of the scheme become binding on all members of the relevant class(es) of shareholders/creditors, whether or not they (a) received notice of the scheme, (b) voted at the meeting, (c) voted for or against the scheme, and (d) changed their minds afterwards. The range of possible objections that can be raised is very narrow. The process would involve convening a meeting of each of the relevant class(es) of members of the target whose rights are to be subject to the scheme. Those meetings are convened by the Cayman Islands court. For the scheme to proceed to be approved by the Cayman Islands court, the majorities which must be achieved at the meeting of each class of members in attendance and voting at the meeting (in person or by proxy) are: (a) 50% + 1 in number; and (b) 75% in value.	The Singapore Companies Act also provides for a short form amalgamation procedure for (a) the amalgamation of a Singapore-incorporated company (the amalgamating holding company) with one or more of its wholly-owned subsidiaries (the amalgamating subsidiary company); and (b) two or more wholly-owned Singapore incorporated subsidiary companies of the same corporation. The Singapore Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.

	Cayman Islands Corporate Law	Singapore Corporate Law
	A tender offer procedure is available under the Cayman Islands Companies Act (As Revised). In a tender offer, private contractual acquisition, or public takeover, where control of the majority of the voting equity is required, the statutory squeeze-out remains available where the relevant statutory thresholds are met. Where a bidder has acquired 90% or more of the shares in a Cayman Islands exempted company, it can compel the acquisition of the shares of the remaining minority shareholders, and thereby become the sole shareholder. Such a "squeeze-out" requires the acceptance of the offer by holders of no less than 90% in value of the shares to which the offer relates, excluding shares held or contracted to be acquired prior to the date of the offer. Shares held by the bidder or its affiliates are typically not counted for purposes of the 90% requirement. Dissenters have limited rights to object to the acquisition, and in the case of a tender offer which is not on an exclusively cash basis, dissenters have no right to compel a cash alternative.	
Remuneration	There is no provision in the Cayman Islands Companies Act (As Revised) or under Cayman Islands law regulating remuneration for directors. This is entirely a matter for the board of the relevant company to determine, subject to any provisions of the memorandum and articles of association.	The Singapore Companies Act provides that a company must not at any meeting or otherwise provide emoluments or improve emoluments for a director of a company in respect of his office as such unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void. For this purpose, the term "emoluments" in relation to a director includes fees and percentages, any sums paid by way of expenses allowance in so far as those sums are charged to income tax in Singapore, any contribution paid in respect of a director under any pension scheme, and any benefits received by him otherwise than in cash in respect of his services as a director.

	Cayman Islands Corporate Law	Singapore Corporate Law
Disclosure of Interest in Contracts with the Company	There is no provision under Cayman Islands Companies Act (As Revised) relating to directors in a position of conflict of interest. The common law principles under Cayman Islands law that a director must not put himself in a position of conflict between his personal interest and his duty to the company will apply to the directors of a Cayman Islands exempted company. This obligation, however, is often varied by the company's memorandum and articles of association, for example, by permitting such director to vote on a matter in which such director has an interest provided that the director has disclosed the nature of this interest to the board at the earliest opportunity. Directors should also be mindful to act in accordance with their fiduciary duties.	The Singapore Companies Act provides that, where a director or chief executive officer of a company is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with that company, such a director or chief executive officer must, as soon as is practicable after the relevant facts have come to his knowledge, (a) declare the nature of his interest at a meeting of the directors of the company; or (b) send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the company. The Singapore Companies Act also provides that every director and chief executive officer of a company who holds any office or possesses any property whereby whether directly or indirectly, any duty or interest might be created in conflict with their duties or interests as director or chief executive officer shall (i) declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict; or (ii) send a written notice to the company setting out the fact and the nature, character and extent of the conflict. For these purposes, an interest of a member of a director's or chief executive officer's family (this includes his or her spouse, natural, step or adopted children) is treated as an interest of that director or chief executive officer.

	Cayman Islands Corporate Law	Singapore Corporate Law
Appointment, Qualification, Retirement, Resignation and Removal of Directors	(a) Number Qualification and Appointment of Directors	
	There must be at least one director of a Cayman Islands exempted company. There is no requirement that any of the directors be ordinarily resident in the Cayman Islands. The initial director(s) is (are) appointed by the subscriber(s) to the memorandum of association. Thereafter, the addition and/or removal of directors will normally be effected in accordance with the provisions of the company's memorandum and articles of association. The names and addresses of the directors and officers of a company must be entered in a register of directors and officers and kept at the registered office of the company. A copy of the register and notice of any amendments must be filed with the Registrar of Companies in the Cayman Islands. A list of the names of the then–current directors of a Cayman Islands exempted company can be inspected at the offices of the Cayman Islands Registrar of Companies, but the register of directors and officers is not a public document. The Cayman Islands Companies Act (As Revised) does not contain provisions on the retirement age of directors.	Under the Singapore Companies Act, every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company. No person other than a natural person who has attained the age of 18 and who is otherwise of full legal capacity shall be a director of a company. Every director, who is by the constitution of the company required to hold a specified share qualification and who is not already qualified, must obtain his qualification within two months after his appointment or such shorter period as is fixed by the constitution. In the case of a public company, the appointment of directors at a general meeting must generally be voted on individually. A motion for the appointment of two or more persons as directors by a single resolution must not be made unless a resolution that it may be so made has first been agreed to by the meeting without any vote being given against it. A resolution passed in pursuance of a motion made in contravention of this shall be void, whether or not its being so moved was objected to at the time. The Singapore Companies Act does not contain provisions on the age limit of directors.

	Cayman Islands Corporate Law	Singapore Corporate Law
Appointment, Qualification, Retirement, Resignation and Removal of Directors	(b) Disqualification of Directors	
	The Cayman Islands Companies Act (As Revised) does not contain provisions on disqualification of directors. The circumstances under which a person is disqualified from acting as a director will be as provided in the company's memorandum and articles of association.	Under the Singapore Companies Act, a person may not act as a director of, or directly or indirectly take part in or be concerned in the management of, any corporation if he is an undischarged bankrupt unless he has the permission of the Singapore courts or the written permission of the Official Assignee appointed under the Insolvency, Restructuring and Dissolution Act 2018 of Singapore to do so. A person may be disqualified from acting as a director of a company by the Singapore courts for a period not exceeding five years if: (a) he is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or within three years of his ceasing to be a director) and was insolvent at that time; and (b) his conduct as director of that company either taken alone or taken together with his conduct as a director of any other company or companies makes him unfit to be a director of or in any way, whether directly or indirectly, be concerned in, or take part in, the management of a company. A person may, subject to certain exceptions, also be disqualified from acting as a director by the Singapore courts for a period of three years from the date of the making of the winding up order if he is a director of a company which is ordered to be wound up by the Singapore courts on the ground that it is being used for purposes against national security or interest.

	Cayman Islands Corporate Law	Singapore Corporate Law
		He could also be disqualified on other grounds, such as conviction of any offence (whether in Singapore or elsewhere) involving fraud or dishonesty which is punishable with imprisonment for three months or more, or any offence under Part 12 of the SFA where the conviction was on or after 1 July 2015 or where he is subject to the imposition of a civil penalty under Section 232 of the SFA on or after 1 July 2015. The Singapore courts may also make a disqualification order against a person who is convicted in Singapore of any offence in connection with the formation or management of a corporation or any offence under Section 157 or 396B of the Singapore Companies Act. A director may also be disqualified because of persistent default in relation to delivery of documents to the Registrar of Companies. A person could be the subject of a debarment order made against him by the Registrar of Companies, if the Registrar of Companies is satisfied that a company of which he is a director at the time the order is made is in default of a relevant requirement of the Singapore Companies Act. A person who has a debarment order made against him may not act as director of any company (except in respect of a company of which he was a director immediately before the order was made), and the debarment order applies from the date the order is made and continues in force until the Registrar of Companies cancels or suspends the order.

	Cayman Islands Corporate Law	Singapore Corporate Law
Appointment, Qualification, Retirement, Resignation and Removal of Directors	(c) Resignation of Directors	
	The Cayman Islands Companies Act (as Revised) does not contain provisions on the resignation of directors. The resignation of directors will normally be effected in accordance with the provisions of the company's memorandum and articles of association.	Under the Singapore Companies Act, a director of a company must not resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore, and any purported resignation or vacation of office in breach of this provision is invalid. Subject to the provisions of the Singapore Companies Act, unless the constitution of the company otherwise provide, a director's resignation is effective by giving written notice to the company, and his resignation is not conditional upon the company's acceptance of such resignation.
Appointment, Qualification, Retirement, Resignation and Removal of Directors	(d) Removal of Directors	
	The Cayman Islands Companies Act (as Revised) does not contain provisions on the removal of directors. The removal of directors will normally be effected in accordance with the provisions of the company's memorandum and articles of association.	A director of a public company may be removed before the expiration of his period of office by an ordinary resolution (which requires special notice to be given in accordance with the provisions of the Singapore Companies Act) of the shareholders, despite anything in the constitution of that company or in any agreement between that company and the director, but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove the director does not take effect until his successor has been appointed. Subject to the provisions of the Singapore Companies Act, the constitution of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office.

	Cayman Islands Corporate Law	Singapore Corporate Law
Alteration of Governing Documents	(a) Alteration of Constitution, Memorandum of Association or Articles of Association	
	The Cayman Islands Companies Act (As Revised) provides that a Cayman Islands exempted company may, by special resolution of its shareholders, alter its memorandum of association with respect to any of the objects, powers or other matters specified therein. The amended memorandum of association and a copy of the special resolution must be filed with the Registrar of Companies in the Cayman Islands. A resolution is a special resolution when it has been passed (a) by either not less than a two-thirds majority (or such higher majority or majorities as may be set out in the company's memorandum and articles of association) of such members as, being entitled to do so vote at a meeting in person or by proxy where the articles of association permit proxies or (b) by unanimous written resolution.	Unless otherwise provided in the Singapore Companies Act, a company's constitution may be altered by way of special resolution, except that any entrenching provision in the constitution and any provision contained in the constitution before 1 April 2004 which could not be altered before that date may be removed or altered only if all members of the company agree. For these purposes, the term "entrenching provision" means a provision of the constitution of a company to the effect that other specified provisions of the constitution: (a) may not be altered in the manner provided by the Singapore Companies Act; or (b) may not be so altered except by a resolution passed by a specified majority greater than 75.0%, or where other specified conditions are met. Unless otherwise provided in the Singapore Companies Act, any alteration to the constitution of the company takes effect on and from the date of the special resolution approving such alteration or such later date as is specified in the resolution.

	Cayman Islands Corporate Law	Singapore Corporate Law
		Subject to Section 33 of the Singapore Companies Act, a company may by special resolution alter the provisions of its constitution with respect to the objects of the company, if any. Where a company proposes to alter its constitution, with respect to the objects of the company, it shall give 21 days' written notice by post or by electronic communications in accordance with the provisions of Singapore Companies Act, specifying the intention to propose the resolution as a special resolution and to submit it for passing at a meeting of the company to be held on a day specified in the notice. Notwithstanding any other provision of the Singapore Companies Act, a copy of the resolution altering the objects of a company shall not be lodged with the Registrar, among others, before the expiration of 21 days after the passing of the resolution, and a copy of the resolution shall be lodged with the Registrar within 14 days thereafter, on compliance with which the alteration, if any, of the objects shall take effect.
Alteration of Governing Documents	(b) Alteration of articles of association	
	The Cayman Islands Companies Act (as Revised) provides that a Cayman Islands exempted company may, by special resolution of its shareholders, but subject otherwise to the memorandum of association of the company, alter or add to its articles of association. On an amendment of the articles of association, the amended version of the articles of association must be registered with the Registrar of Companies in the Cayman Islands. A copy of the special resolution must be filed with the Registrar.	

	Cayman Islands Corporate Law	Singapore Corporate Law
Variation of Rights Attached to Shares	The Cayman Islands Companies Act (As Revised) does not contain provisions determining the action necessary to change the rights of holders of shares. The variation of the rights attached to any class of shares is usually dealt with generally in the company's memorandum and articles of association of a company.	Under the Singapore Companies Act, if a provision is made in the constitution of a company for authorising the variation or abrogation of the rights attached to any class of shares in the company, subject to the consent of any specified proportion of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares, and pursuant to that provision such rights are at any time varied or abrogated, the holders of not less in aggregate than 5.0% of the total number of the issued shares of that class may apply to the Singapore courts to have the variation or abrogation cancelled in accordance with the Singapore Companies Act. The Singapore courts may, if satisfied, having regard to all the circumstances of the case, that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation, and shall, if not so satisfied, confirm it and this decision shall be final.
Shareholders' Proposals	The Cayman Islands Companies Act (As Revised) provides that, in the absence of any provision in the articles of association as to the persons to summon general meetings, three members shall be competent to summon the same.	Under the Singapore Companies Act, (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates; or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S$500, may requisition the company to give to members notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting, and circulate to members any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

	Cayman Islands Corporate Law	Singapore Corporate Law
		Notwithstanding anything in its constitution, the directors of a company shall, on the requisition of members holding at the date of the deposit of the requisition not less than 10.0% of the total number of paid-up shares (excluding treasury shares) as at the date of the deposit carries the right of voting at general meetings or, in the case of a company not having a share capital, of members representing not less than 10.0% of the total voting rights of all members having at that date a right to vote at general meetings, immediately proceed duly to convene an extraordinary general meeting of the company to be held as soon as practicable but in any case not later than two months after the receipt by the company of the requisition. If the directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting, the requisitionists, or any of them representing more than 50.0% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by directors convene a meeting, but any meeting so convened shall not be held after the expiration of three months from that date. Under the Singapore Companies Act, two or more members holding not less than 10.0% of the total number of issued shares of the company (excluding treasury shares) or, if the company has not a share capital, not less than 5.0% in number of the members of the company or such lesser number as is provided by the constitution may call a meeting of the company.

	Cayman Islands Corporate Law	Singapore Corporate Law
		A meeting of a company or of a class of members, other than a meeting for the passing of a special resolution, shall be called by notice in writing of not less than 14 days or such longer period as is provided in the constitution. Shorter notice can be given if, (a) in the case of an annual general meeting, all the members entitled to attend and vote thereat so agree; or (b) in the case of any other meeting, a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than 95.0% of the total voting rights of all the members having a right to vote at that meeting so agree.
Shareholders' Action by Written Consent	Certain matters are required by the Cayman Islands Companies Act (As Revised) to be decided by special resolution which, if passed by written resolution, are required to be passed by unanimous written resolution. A resolution is a special resolution when it has been passed (a) by either not less than a two-thirds majority (or such higher majority or majorities as may be set out in the company's memorandum and articles of association such as our Company where the threshold is a three-quarters majority) of such members as, being entitled to do so vote at a meeting in person or by proxy where the articles of association permit proxies or (b) by unanimous written resolution.	Notwithstanding any other provision of the Singapore Companies Act, a private company or an unlisted public company may pass any resolution by written means (save for any resolution to dispense with the holding of annual general meetings or any resolution for which special notice is required) in accordance with the provisions of the Singapore Companies Act. There is no corresponding provision in the Singapore Companies Act which applies to a public listed company, whether listed in Singapore or elsewhere.

	Cayman Islands Corporate Law	Singapore Corporate Law
Shareholders' Suits and Protection of Minority Shareholders	In addition to following Cayman Islands case law precedents, the Cayman Islands courts would ordinarily be expected to follow English case law precedents (which would be of persuasive effect in the Cayman Islands) which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal; (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority. In the case of a company (not being a bank) having a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint one or more inspectors to examine into the affairs of the company and to report thereon in such manner as the court shall direct. The inspectors shall on the completion of their investigation report to the court. Such report is not, unless the court so directs, open to public inspection. A company also may, by special resolution, appoint inspectors for the purpose of examining into the affairs of the company. Inspectors so appointed will have the same powers and perform the same duties as inspectors appointed by the court, except that instead of making their report to the court they will report in such manner and to such persons as the company by resolution of its members directs.	A member or a holder of a debenture of a company may apply to the Singapore courts for an order under Section 216 of the Singapore Companies Act to remedy situations where: • a company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the members, shareholders or holders of debentures of the company, including the applicant; or • a company has done an act, or threatens to do an act, or the members or holders of debentures have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant. Singapore courts have wide discretion as to the relief they may grant under such application, including, among others: (a) directing or prohibiting any act or cancelling or varying any transaction or resolution; (b) providing that the company be wound up; or (c) authorising civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.

	Cayman Islands Corporate Law	Singapore Corporate Law
	A shareholder of a company who has held shares in a company for at least six months may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.	In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company. Further, Section 216A of the Singapore Companies Act prescribes a procedure to bring a statutory derivative action or arbitration in the name and on behalf of a Singapore-incorporated company. The statutory procedure is available to, among others, a member of a company and any other person who, in the discretion of the court, is a proper person to make an application under Section 216A of the Singapore Companies Act.
Winding Up	A Cayman Islands exempted company may be wound up: (a) compulsorily by an order of the Cayman Islands court, (b) voluntarily by, among others, a special resolution of its members; or (c) under the supervision of the Cayman Islands court. The Cayman Islands court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the court, or where the company is unable to pay its debts, or where it is, in the opinion of the Cayman Islands court, just and equitable to do so.	The winding up of a company may be done in the following ways: (a) members' voluntary winding up; (b) creditors' voluntary winding up; (c) court compulsory winding up; and/or (d) an order made pursuant to Section 216 of the Singapore Companies Act for the winding up of the company. The type of winding up depends, among others, on whether the company is solvent or insolvent.

	Cayman Islands Corporate Law	Singapore Corporate Law
Dissolution	A Cayman Islands exempted company may be dissolved following: (a) voluntary winding up; or (b) winding up by the court. Where an application is made to the Cayman Islands court for the sanctioning of a compromise or arrangement proposed between a company and its members or creditors and it is shown to the Cayman Islands court that the compromise or arrangement has been proposed for the purpose of or in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme ("**a transferor company**") is to be transferred to another company the Cayman Islands court, may either by the order sanctioning the compromise or arrangement or by any subsequent order make provision for, inter alia, the dissolution, without winding up, of any transferor company. Where the Cayman Islands Registrar of Companies has reasonable cause to believe that a company is not carrying on business or is not in operation, he may strike the company off the register and the company shall be dissolved. The company may be restored to the register within 2 years or such long period not exceeding 10 years after the strike off.	A company may be dissolved: (a) through the process of liquidation pursuant to the winding up of the company; (b) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or (c) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.

The past and present principal directorships held by our directors and executive officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

DIRECTORS

	Present Directorships	Past Directorships
Mr. Bin Li	*Group Companies*	*Group Companies*
	NIO Nextev Limited (formerly known as Nextev Limited)	Nil
	NIO Power Express Limited (formerly known as Nextev Power Express Limited)	
	NIO User Enterprise Limited (formerly known as Nextev User Enterprise Limited)	
	NIO Co., Ltd.	
	NIO Holding Co., Ltd.	
	XPT Limited	
	XPT Technology Limited	
	Shanghai XPT Technology Limited	
	XPT (Nanjing) E-Powertrain Technology Co., Ltd.	
	XPT (Jiangsu) Automotive Technology Co., Ltd.	
	XPT (Jiangsu) Investment Co., Ltd.	
	Other Companies	*Other Companies*
	Uxin Limited	Bitauto Holdings Limited
		Beijing Creative & Interactive Digital Technology Co., Ltd.

	Present Directorships	Past Directorships
Mr. Lihong Qin	*Group Companies*	*Group Companies*
	NIO Nextev Limited (formerly known as Nextev Limited)	Nil
	NIO Co., Ltd.	
	NIO Power Express Limited (formerly known as Nextev Power Express Limited)	
	NIO User Enterprise Limited (formerly known as Nextev User Enterprise Limited)	
	NIO Energy Investment (Hubei) Co., Ltd.	
	NIO Sales and Services Co., Ltd.	
	NIO Holding Co., Ltd	
	Wuhan NIO Energy Co., Ltd.	
	Beijing NIO Network Technology Co., Ltd.	
	NIO Automobile (Anhui) Co., Ltd.	
	NIO Automobile Technology (Anhui) Co., Ltd.	
	XPT Limited	
	XPT Technology Limited	
	XPT (Jiangsu) Investment Co., Ltd.	
	Shanghai XPT Technology Limited	
	XPT (Nanjing) E-Powertrain Technology Co., Ltd.	
	XPT (Jiangsu) Automotive Technology Co., Ltd.	
	Other Companies	*Other Companies*
	Nil	Nil

	Present Directorships	Past Directorships
Mr. James Gordon Mitchell	*Group Companies* Nil	*Group Companies* Nil
	Other Companies China Literature Limited Frontier Developments Plc Tencent Music Entertainment Group Universal Music Group N.V.	*Other Companies* Yixin Group Limited
Mr. Hai Wu	*Group Companies* Nil	*Group Companies* Nil
	Other Companies	*Other Companies* COFCO Meat Holdings Limited
Mr. Denny Ting Bun Lee	*Group Companies* Nil	*Group Companies* Nil
	Other Companies NetEase, Inc. Jianpu Technology Inc. New Oriental Education & Technology Group Inc. China Metal Resources Utilization Ltd.	*Other Companies* Concord Medical Services Holdings Limited

	Present Directorships	Past Directorships
Ms. Yu Long	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	LexinFintech Holdings Ltd.	Bitauto Holdings Limited
	Tapestry Inc.	China Distance Education Holdings Limited
		iClick Interactive Asia Group Limited
		TuanChe Limited
		MOGU Inc.

EXECUTIVE OFFICERS

	Present Directorships	Past Directorships
Mr. Bin Li	*Group Companies*	*Group Companies*
	Please refer above	*Please refer above*
Mr. Lihong Qin	*Group Companies*	*Group Companies*
	Please refer above	*Please refer above*
Mr. Xin Zhou	*Group Companies*	*Group Companies*
	NIO Co., Ltd.	Nil
	NIO Holding Co., Ltd.	
	NIO Automobile (Anhui) Co., Ltd.	
	NIO Automobile Technology (Anhui) Co., Ltd.	
	Other Companies	*Other Companies*
	Nil	Nil
Mr. Feng Shen	*Group Companies*	*Group Companies*
	NIO Holding Co., Ltd.	Nil
	NIO Automobile (Anhui) Co., Ltd.	
	NIO Automobile Technology (Anhui) Co., Ltd.	
	Other Companies	*Other Companies*
	Nil	Nil

	Present Directorships	Past Directorships
Mr. Wei Feng	*Group Companies* NIO Holding Co., Ltd.	*Group Companies* Nil
	Other Companies Nil	*Other Companies* Nil
Mr. Ganesh V. Iyer	*Group Companies* NIO USA, Inc.	*Group Companies* Nil
	Other Companies Nil	*Other Companies* Nil