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Application Proof of

robosense

ROBOSENSE TECHNOLOGY CO., LTD

(Incorporated in the Cayman Islands with limited liability)

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ROBOSENSE TECHNOLOGY CO., LTD

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] (subject to [REDACTED] and the [REDACTED])**
[REDACTED]	**:**	**HK$[REDACTED] per [REDACTED] plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.0001 per [REDACTED]**
Stock code	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED] *and* [REDACTED]**

J.P.Morgan China Renaissance 华兴资本

[REDACTED] *and* [REDACTED]

[REDACTED]

A copy of this Document, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display" in Appendix V to this document, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Document or any of the other documents referred to above.

The **[REDACTED]** is expected to be determined by agreement between the **[REDACTED]** (on behalf of the **[REDACTED]**) and us on the **[REDACTED]**. The **[REDACTED]** is expected to be on or about **[REDACTED]** (Hong Kong time) and, in any event, not later than **[REDACTED]** (Hong Kong time). The **[REDACTED]** will be not more than HK$**[REDACTED]** per **[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]**. If, for any reason, the **[REDACTED]** is not agreed by **[REDACTED]** (Hong Kong time) between the **[REDACTED]** (on behalf of the **[REDACTED]**) and us, the **[REDACTED]** will not proceed and will lapse.

Applicants for Hong Kong **[REDACTED]** are required to pay, on application, the **[REDACTED]** of HK$**[REDACTED]** for each Hong Kong **[REDACTED]** together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the **[REDACTED]** as finally determined is less than HK$**[REDACTED]**.

The **[REDACTED]**, on behalf of the **[REDACTED]**, and with our consent may, where considered appropriate, reduce the number of **[REDACTED]** and/or the indicative **[REDACTED]** below that is stated in this Document (which is HK$**[REDACTED]** to HK$**[REDACTED]**) at any time on or prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such a case, notices of the reduction in the number of **[REDACTED]** and/or the indicative **[REDACTED]** will be published on the website of our Company at www.robosense.ai/en and on the website of the Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the **[REDACTED]**. Further details are set forth in "The Structure of the **[REDACTED]**" and "How to Apply for **[REDACTED]**" in this document.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Document, including but not limited to the risk factors set out in the section headed "Risk Factors" in this document. The obligations of the **[REDACTED]** under the **[REDACTED]** are subject to termination by the **[REDACTED]** (on behalf of the **[REDACTED]**) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "**[REDACTED]** — **[REDACTED]** Arrangements and Expenses — **[REDACTED]** — Grounds for Termination" of this document.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The **[REDACTED]** are being offered and sold (i) within the United States solely to "Qualified Institutional Buyers" as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a fully electronic application process for the [REDACTED]. We will not provide printed copies of this Document or printed copies of any [REDACTED] to the public in relation to the [REDACTED].

This Document is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.robosense.ai/en. If you require a printed copy of this Document, you may download and print from the website addresses above.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

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CONTENTS

This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read the document in its entirety before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in our Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.

OVERVIEW

We are a global leader in the LiDAR and perception solutions market. By integrating hardware and software, we have differentiated ourselves from most LiDAR companies in the market who only focus on hardware. Combined with visual or other sensors, LiDAR forms perception solutions that endow automobiles and robots with perception capabilities superior to human eyes. We develop our solutions based on chip-driven LiDAR hardware and AI perception software, expanding application scenarios and realizing large-scale commercialization in the industry.

We believe that our market leadership, customer-centric technology and products, and mass production capabilities position us as a global leader of LiDAR and perception solutions.

Market Leadership

We are the world's first LiDAR company to achieve mass production of automotive-grade solid-state LiDAR, according to CIC. As of March 31, 2023, we had served the largest number of automotive OEMs and Tier 1 suppliers, obtained the most design wins and achieved SOP for the highest number of vehicle models as compared with other LiDAR companies around the world, according to CIC.

In June 2021, we led the era of mass production for automotive-grade solid-state LiDAR by delivering M1, our flagship LiDAR product, to a North American automotive OEM. According to CIC, we commenced the delivery of mass-produced automotive-grade LiDAR more than one year ahead of any publicly listed LiDAR companies in the world. Our products have earned industry-wide recognition. As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, ranking No. 1 globally, according to CIC. As of the same date, our LiDAR products had been selected by nine of China's top ten largest automotive OEMs, which include China's largest automotive OEM and world's largest NEV OEM, in terms of sales volume in 2022, according to CIC. In addition, we have established cooperation with more than 200 automotive OEMs and Tier 1 suppliers globally. We obtained almost half of the total design-win vehicle models in the automotive LiDAR solutions market as of March 31, 2023, according to CIC.

We have delivered LiDAR products and solutions to the largest number of customers according to CIC. As of March 31, 2023, we had achieved SOP for nine vehicle models for seven of the 21 aforementioned automotive OEMs and Tier 1 suppliers. As of March 31, 2023, we had delivered over 100,000 LiDAR units since our inception. We have widely extended our application use cases beyond the automotive industry, such as agricultural robots, inspection robots, V2X solutions and reference solutions. As of March 31, 2023, we had served approximately 2,000 customers in the robotics and other non-automotive industries. According to CIC, we ranked No. 1 globally in terms of cumulative sales volume for customers in the robotics and other non-automotive industries as of December 31, 2022.

Customer-centric Technology and Product Approach

We have adopted a customer-centric approach when developing our technology and products. The development of the LiDAR industry has progressed through two distinct stages, namely the application exploration stage and the large-scale mass production stage. The first stage focuses on product performance. As the industry moves towards large-scale production, customers, particularly those in the automotive industry, are demanding products with superior performance, higher reliability and lower costs. Furthermore, LiDAR's AI perception software and fusion technology with other sensors also play an increasingly critical role in bringing out its best performance. In order to meet the evolving needs of our customers, we integrate hardware and software in our LiDAR solution offerings.

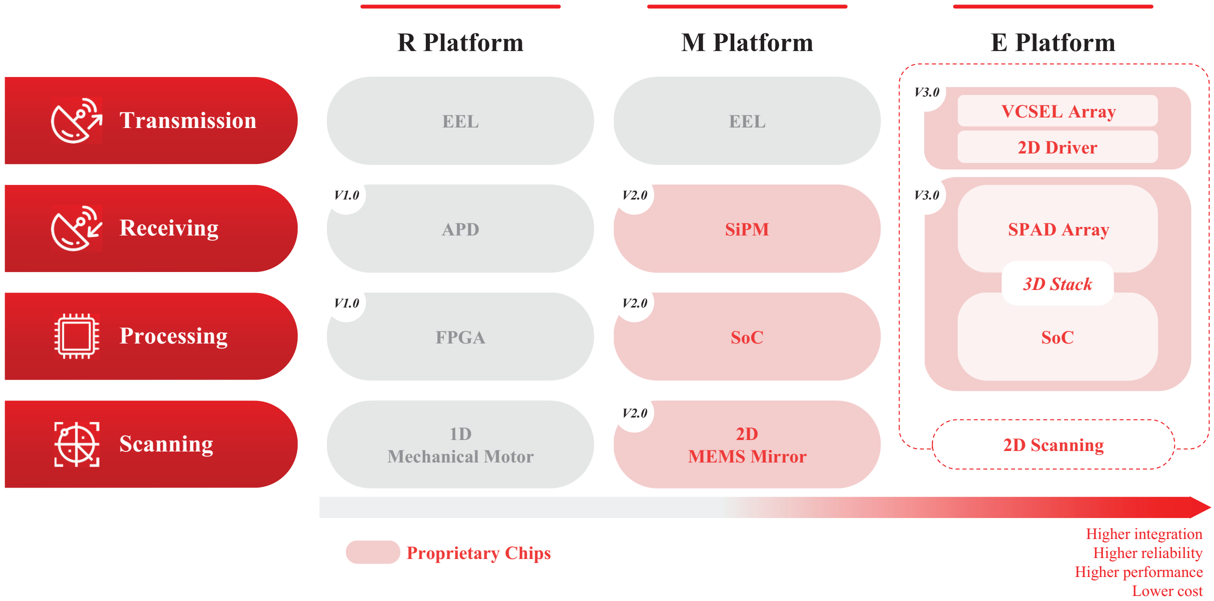
Our customer-centric approach is built on our chip-driven LiDAR platform as well as industry-leading AI perception software capabilities. By integrating software and hardware, we are able to achieve mutual success for ourselves and our customers and set us apart from our competitors.

Chip-driven LiDAR Platform

For our hardware, we focus on developing chip-driven LiDAR platforms based on our proprietary LiDAR-on-chip technology that enables fast and efficient product iterations. At the application exploration stage, we launched our R Platform products using discrete components to meet market requirements for superior performance. To further reduce cost and enhance quality, we subsequently increased our focus on research and development of proprietary chips, leading to the successful development of our M and E Platforms, which became key milestones in our journey towards global recognition.

According to CIC, we were one of the earliest LiDAR companies to develop proprietary chip technology. Since 2017, we have been developing our chip-driven scanning, transmission, receiving and processing systems. The launch of our M series products in June 2021 made us the first LiDAR company in the world to achieve mass production of automotive-grade LiDAR products equipped with in-house developed chips, according to CIC. Subsequently in November 2022, we launched our E series products equipped with in-house chips integrating transmission, receiving and processing systems.

The following diagram illustrates the roadmap of how LiDAR-on-chip technology is gradually deployed across our LiDAR platforms:



Industry-leading AI Perception Software

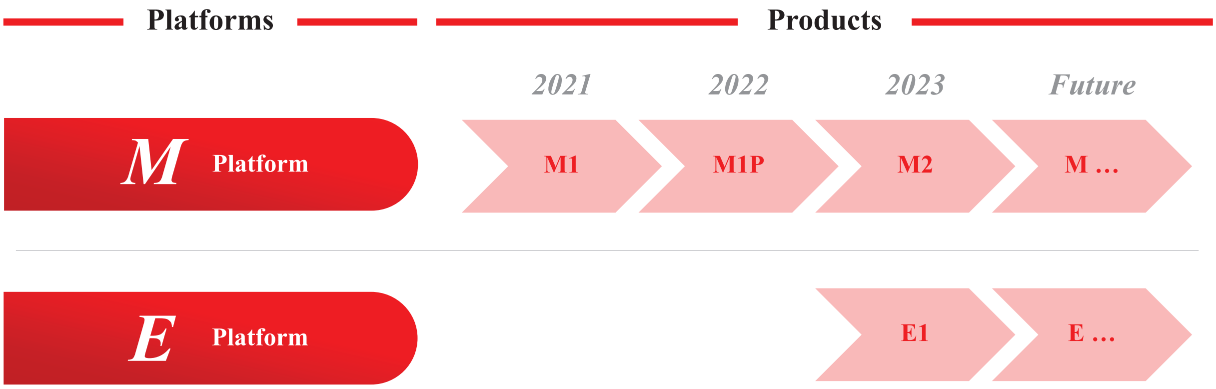
Our industry-leading AI perception software, HyperVision, converts raw sensor data collected through LiDAR and cameras into high-quality perception information that can be directly used by autonomous vehicles and robots. We use advanced AI technology to combine multiple types of sensor data through neural networks to provide a complete set of environment perception information. Different sensors supplement each other and form a "Super Sensor."

Leveraging our perception software capabilities, we are able to offer customized LiDAR perception solutions to meet diverse customer demands. According to CIC, we are the first LiDAR company in the industry to offer high performance perception solutions. We had collaborated with multiple customers and business partners, including automotive OEM and Tier 1 suppliers, to jointly develop perception software. Our revenue from sales of LiDAR perception solutions accounted for 23.1% of our total revenue in 2022.

Highly Iterative Product Development Approach

We have adopted a highly iterative and customer-centric product development approach, especially for ADAS customers who are highly sensitive to project development risks, product quality and cost-efficiency. Through our approach, we are able to (i) reduce R&D risks for new product development, (ii) proven components, equipment and production processes to ensure reliability and maximize economies of scale, and (iii) optimize project development timeframe.

The highly iterative nature of our products is demonstrated by the mass production of M1 in 2021, followed by M1P in 2022; and we plan to begin mass production of M2 in 2023. All of these products are able to achieve performance improvements without significant changes to their physical dimensions or connectors, allowing our customers to easily implement upgrades with minimal additional efforts. According to CIC, our M series products were the only products in the world that had achieved such continuous iteration as of March 31, 2023. Our M and E series products will continue to be upgraded in the future, fueling our continued growth and success in the market. The following diagram illustrates our product iteration roadmap for our M and E Platforms:



Mass Production Capabilities

We have accumulated significant know-how in product verification, engineering and manufacturing, all of which are crucial to the success of large-scale mass production and delivery.

Comprehensive portfolio of certifications

We have obtained a comprehensive portfolio of certifications, including CNAS, IATF16949, ISO9001, TS22163, ISO45001, ISO14001 and other automotive-grade quality or safety management system certifications. We were also the first to obtain ASPICE CL2 certification in the LiDAR industry in China, according to CIC.

Extensive product verification and validation

Our large customer base allows us to conduct extensive verification and validation of our products. We have a CNAS-accredited professional LiDAR lab where stringent verifications are conducted throughout the R&D process and the ongoing reliability tests are conducted during the mass production phase.

Our M series products have passed the verification tests of 21 domestic and overseas automotive OEMs and Tier 1 suppliers for the purpose of obtaining design wins.

Resilient supply chain

We have established a comprehensive supply chain to support large-scale LiDAR production. We have formed strategic cooperation with Texas Instruments (TI) and strong cooperative relationships with a number of overseas and domestic chip suppliers. The core MEMS scanning chip in our mass-produced M series products is developed and packaged in-house, which allows us to effectively control costs and reduce potential supply chain risks. In addition, the core SoC for our E series products is also developed in-house.

State-of-the-art manufacturing facilities

We operate two in-house manufacturing centers in Shenzhen. Our Honghualing factory occupies approximately 13,000 square meters of space and produces solid-state LiDARs, and has a monthly designed capacity of approximately 46,800 units. Our Shiyan factory mainly produces R Platform LiDARs. We also invested in a manufacturing center through our joint venture Luxsense in Dongguan. We have established a high level of control throughout the entire production process from prototype to mass production. Utilizing our automated intelligent manufacturing and engineering facilities, we are able to achieve high product consistency and effective cost control.

OUR STRENGTHS

We believe that our competitive strengths are as follows:

- Large and diverse customer base;
- LiDAR-on-chip technology;
- Full-stack perception capabilities;
- Strong mass production capabilities; and
- Visionary management and seasoned R&D team.

OUR STRATEGIES

The key elements of our growth strategies include:

- Continued investment in our core technologies and refine our product offerings;
- Strengthening manufacturing and supply chain capabilities;
- Strengthening and broadening our customer base; and
- Attracting and retaining talent.

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our Shares. Some of the major risks that we face include:

- Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter;
- We have a history of net losses, which may continue in the future;
- We have recorded negative operating cash flows in the past, which may reoccur in the future;

- We recorded net current liabilities;
- The failure to innovate our technology or develop new products to adapt to changing customer needs could harm our growth;
- The LiDAR industry in which we compete is new and rapidly evolving and it is difficult to forecast adoption rates and demand for our products;
- We operate in highly competitive markets. We compete against a large number of both established competitors and new market entrants;
- There is no guarantee that our automotive OEM customers will purchase our products and solutions in any certain quantity or at any certain price even after we obtain design wins, and the period of time from product design to mass production is long and we are subject to the risks of cancelation or postponement of contracts or unsuccessful implementation;
- We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs and delay deliveries of our products to customers;
- Pricing pressures may result in lower than anticipated revenue and margins, which may adversely affect our business;
- Our business and financial condition could be materially and adversely affected if we lose any of our major customers or they are unable to make timely payments; and
- If we are unable to manufacture or deliver high quality products on schedule and on a large scale, our business may be materially and adversely affected.

OUR FOUNDERS AND CONCERT PARTY CONFIRMATION

Dr. Qiu, Mr. Liu and Dr. Zhu are our co-founders. As of the Latest Practicable Date, Dr. Qiu held approximately 11.58% of the Shares through BlackPearl, Dr. Zhu held approximately 6.94% of the Shares through Emerald Forest, and Mr. Liu held approximately 4.25% of the Shares through Sixsense. On April 21, 2023, our Founders, Dr. Qiu, Dr. Zhu and Mr. Liu, entered into the Concert Party Confirmation, to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of our Group and aligning their votes in the board and shareholders' meetings of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier). As of the Latest Practicable Date, the Founders held approximately 22.77% of the Shares, and will hold approximately **[REDACTED]** of the Shares immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). See "History, Reorganization and Corporate Structure."

PRE-[REDACTED] INVESTORS

We received several rounds of Pre-**[REDACTED]** Investments since the establishment of our Group. We have a broad and diverse base of Pre-**[REDACTED]** Investors, including Cainiao, OFC, Gortune, China Renaissance, GCF and Shanghai Ziyue. See "History, Reorganization and Corporate Structure — Pre-**[REDACTED]** Investments."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of the Consolidated Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The results of operations in any year are not necessarily indicative of our future trends.

	For the Year Ended December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Revenue	170,931	331,063	530,322
Cost of sales	(95,561)	(190,795)	(569,617)
Gross profit/(loss)	**75,370**	**140,268**	**(39,295)**
Research and development expenses	(81,534)	(133,037)	(305,941)
Sales and marketing expenses	(23,613)	(46,891)	(67,381)
General and administrative expenses	(37,603)	(142,374)	(188,352)
Net impairment losses on financial assets	(1,732)	(2,884)	(2,502)
Other income	8,143	18,761	31,483
Other gains/(losses) — net	358	584	(44,118)
Operating loss	**(60,611)**	**(165,573)**	**(616,106)**
Finance income/(costs) — net	677	(928)	15,445
Fair value changes in financial instruments issued to investors	(160,667)	(1,487,788)	(1,484,649)
Loss before income tax	**(220,601)**	**(1,654,289)**	**(2,085,310)**
Income tax expenses	—	(237)	(803)
Loss for the year	**(220,601)**	**(1,654,526)**	**(2,086,113)**

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of items.

We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss as net loss for the period adjusted by adding back share-based compensation, fair value changes in financial instruments issued to investors and listing expenses. The adjustments have been consistently made during the Track Record Period, and such adjustments comply with Guidance Letter HKEX-GL103-19.

The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the period:

	For the Year Ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Reconciliation of net loss to adjusted net loss:			
Loss for the year	(220,601)	(1,654,526)	(2,086,113)
Add:			
— Share-based compensation	—	59,113	35,086
— Fair value changes in financial instruments issued to investors	160,667	1,487,788	1,484,649
— Listing expenses	—	—	3,558
Adjusted net loss (non-IFRS measure)	**(59,934)**	**(107,625)**	**(562,820)**

See "Financial Information — Non-IFRS Measure."

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Total current assets	330,117	1,569,239	3,029,363
Total non-current assets	28,158	172,960	398,071
Total assets	**358,275**	**1,742,199**	**3,427,434**
Total current liabilities	122,853	1,280,887	7,594,095
Total non-current liabilities	1,187,292	3,097,231	870,597
Total liabilities	**1,310,145**	**4,378,118**	**8,464,692**
Total deficits	**(951,870)**	**(2,635,919)**	**(5,037,258)**
Total deficits and liabilities	**358,275**	**1,742,199**	**3,427,434**

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Current assets:			
Inventories	53,602	138,583	289,088
Trade and notes receivables	70,604	120,264	206,983
Prepayments, other receivables and other current assets	11,638	679,714	66,480
Financial assets at fair value through other comprehensive income	1,347	3,139	2,469
Financial assets at fair value through profit or loss	80,137	—	307,859
Time deposits	60,066	—	84,573
Restricted cash	—	—	530
Cash and cash equivalents	52,723	627,539	2,071,381
Total current assets	**330,117**	**1,569,239**	**3,029,363**
Current liabilities:			
Trade payables	44,469	70,927	223,849
Contract liabilities	11,197	11,608	19,651
Bank borrowings	4,700	—	—
Lease liabilities	6,008	11,831	17,356
Government grants	1,086	533	—
Financial instruments issued to investors	—	974,046	6,212,044
Other payables and accruals	55,393	211,942	1,121,195
Total current liabilities	**122,853**	**1,280,887**	**7,594,095**
Net current assets/(liabilities)	**207,264**	**288,352**	**(4,564,732)**

We recorded net current liabilities of RMB4,564.7 million as of December 31, 2022, compared to our net current assets of RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB5,238.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB909.3 million in other payables and accruals, and (iii) an increase of RMB152.9 million in trade payables, partially offset by (i) an increase of RMB1,443.8 million in cash and cash equivalents, (ii) an increase of RMB307.9 million in financial assets at fair value through profit or loss and (iii) an increase of RMB150.5 million in inventories.

Our net current assets increased from RMB207.3 million as of December 31, 2020 to RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB668.1 million in prepayments, other receivables and other current assets, (ii) an increase of RMB574.8 million in cash and cash equivalents, and (iii) an increase of RMB85.0 million in inventories, partially offset by (i) an increase of RMB974.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB156.5 million in other payables and accruals, and (iii) a decrease of RMB80.1 million in financial assets at fair value through profit or loss.

Selected items from the Consolidated Statements of Cash Flows

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

	For the Year Ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Operating loss before changes in working capital	(41,829)	(83,195)	(419,824)
Changes in working capital	(34,052)	(111,821)	(16,613)
Interest received	1,501	1,286	20,491
Interest paid	(824)	(2,559)	(3,040)
Income taxes paid	—	(183)	(725)
Net cash used in operating activities	(75,204)	(196,472)	(419,711)
Net cash (used in)/generated from investing activities	(103,746)	60,380	(569,952)
Net cash generated from financing activities	111,970	711,431	2,416,858
Net (decrease)/increase in cash and cash equivalents	(66,980)	575,339	1,427,195
Cash and cash equivalents at the beginning of the year	120,153	52,723	627,539
Effects of exchange rate changes on cash and cash equivalents	(450)	(523)	16,647
Cash and cash equivalents at the end of year	52,723	627,539	2,071,381

BUSINESS SUSTAINABILITY

We have experienced robust business growth during the Track Record Period. As we have been focusing on growing our customer base via developing our proprietary technologies and commercializing such technologies into our product and solution offerings rather than seeking immediate financial returns or profitability, we laid a solid foundation for long-term sustainability. Despite our continued increase in customer base, we may continue to incur net losses and net operating cash outflow in the foreseeable future.

Our revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021, and further by 60.2% to RMB530.3 million in 2022. Benefiting from the solid foundation we have built and the momentum we have seized, we believe that we are able to maintain sustainability and growth of our business. See "Business — Business Sustainability."

[REDACTED]

The numbers in the following table are based on the assumptions that (i) the **[REDACTED]** had taken place on December 31, 2022 and **[REDACTED]** Shares were issued and sold in the **[REDACTED]**, (ii) the **[REDACTED]** is not exercised, and (iii) **[REDACTED]** Shares are issued and outstanding following the completion of **[REDACTED]**.

	Based on an [REDACTED] of HK$[REDACTED]	Based on an [REDACTED] of HK$[REDACTED]
Market capitalization(1)	**[REDACTED]**	**[REDACTED]**
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of market capitalization is based on **[REDACTED]** Shares expected to be issued following the **[REDACTED]**.

(2) The unaudited pro forma adjusted net tangible per share is arrived at after the adjustment referred to in Appendix II to this document.

LISTING EXPENSES

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

FUTURE PLANS AND USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]**), after deducting the **[REDACTED]** commissions and other estimated **[REDACTED]** expenses payable by us in connection with the **[REDACTED]**, and assuming that the **[REDACTED]** is not exercised, we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** million from the **[REDACTED]**. We intend to use the **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- Approximately [45]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used on research and development to continue building and enhancing our product pipeline as well as team expansion for supporting our R&D initiatives;

- Approximately [20]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used for enhancing our manufacturing, testing and verification capabilities;

- Approximately [20]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used for enhancing our sales and marketing efforts;

- Approximately [5]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used for exploring potential strategic partnerships or alliance opportunities; and

- Approximately [10]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used for working capital and for general corporate purposes to support our business operation and growth.

See "Future Plans and Use of **[REDACTED]**."

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2022, being the end date of the periods reported on in the Accountant's Report in Appendix I to this document, and there is no event since December 31, 2022 that would materially affect the information as set out in the Accountant's Report in Appendix I to this document.

DIVIDEND POLICY

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

IMPACT OF THE COVID-19 PANDEMIC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the "COVID-19") outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022, including where we have business operations and where our customers, suppliers and business partners are located. To contain the virus spread within our office premises and manufacturing facilities and protect the well-being of our employees, we adopted various mitigation measures, such as remote working, social distancing and mask wearing, and other site-specific precautionary measures.

Although our offices and manufacturing facilities were able to stay open throughout the pandemic, we experienced certain disruptions and inconvenience in our operations as a result of employee health and safety concerns, travel restrictions, and other actions and restrictions mandated by governmental authorities. On the supply end, our suppliers experienced disruptions and temporary shutdowns, and for a period of time could not meet their contractual obligations toward us. We were able to mitigate such impact as we had previously purchased and stored certain raw materials and key components in preparation for the anticipated disruptions and were able to find substitute suppliers. As such, our production and delivery were not disrupted during the Track Record Period. However, our efforts to mitigate the impacts from the COVID-19 pandemic resulted in heighted costs in procuring certain raw materials and components used in our production. In addition, as the pandemic impacted the performance of the end-markets of our products, our production volume did not scale up as anticipated.

As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact on our business and financial performance.

RECENT DEVELOPMENTS

In December 2022, Shenzhen Suteng entered into a capital increase agreement with Dongguan Cowell Optic Electronics Co., Ltd., pursuant to which Shenzhen Suteng subscribed for 49.0% of the equity interest of Luxsense at a cash consideration of RMB49.0 million. The transaction was completed in February 2023. Upon completion, Shenzhen Suteng was entitled to certain shareholder's rights and had its representation in the board of directors of Luxsense. Accordingly, our Group accounts for this investment as an investment in an associate using the equity method. See Note 39 to the Accountant's Report in Appendix I to this document.

In April 2023, we completed series G-2 of our Pre-**[REDACTED]** Investments. See "History, Reorganization and Corporate Structure — Pre-**[REDACTED]** Investments."

Recent PRC Regulatory Developments

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Trial Measures") and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, Domestic Enterprises (as defined in the Trial Measures) that seek to offer and list securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. See "Regulatory Overview — Regulations on M&A and Overseas Listings." We are required to file with the CSRC in accordance with the Trial Measures after our application for listing is initially submitted.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"**2020 Suteng ESOP Plan**"	the employee share incentive scheme adopted by Shenzhen Suteng on December 28, 2020, which was terminated on October 31, 2021
"**Accountant's Report**"	the accountant's report from the reporting accountant of our Group, the text of which is set out in Appendix I to this document
"**affiliate**"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	the Accounting and Financial Reporting Council of Hong Kong
"**Audit Committee**"	the audit committee of our Company
"**Beijing Lubo**"	Beijing Lubo Shengshi Information Technology Co., Ltd (北京路泊盛世科技有限公司), a company incorporated under the laws of the PRC on September 2, 2021, and an indirectly wholly-owned subsidiary of the Company
"**BlackPearl**"	BlackPearl Global Limited, a company incorporated under the laws of the BVI, which is held as to (i) 99.9% by BlackPearl Investment Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of a trust, with Dr. Qiu and Sunton Global as the beneficiaries, and (ii) 0.1% by Sunton Global, which is in turn wholly owned by Dr. Qiu and one of the Founder Entities
"**Board**"	the board of Directors
"**Board Committee(s)**"	the board committees of our Company, namely the Audit Committee, Remuneration Committee, and Nomination Committee
"**Business Day**" or "**business day**"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"**BVI**"	the British Virgin Islands
"**Cainiao**"	Cainiao Smart Logistics Investment Limited, a company incorporated under the laws of the BVI on September 24, 2015, and one of the Pre-**[REDACTED]** Investors

"**Cayman Companies Act**" or "**Companies Act**"	the Companies Act (As Revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time

[REDACTED]

"**China**" or "**Mainland China**" or "**the PRC**"	the People's Republic of China for the purpose of this document and for geographical reference only, except where the context requires, references in this document to "China", "Mainland China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan

"**CIC**" or "**Industry Consultant**"	China Insights Industry Consultancy Limited, the industry consultant of our Company
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies (WUMP) Ordinance**" or "**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Company**" or "**our Company**"	RoboSense Technology Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability on June 23, 2021
"**Compliance Advisor**"	has the meaning ascribed to it under the Listing Rules
"**Concert Party Confirmation**"	the concert party confirmation dated April 21, 2023 executed by Dr. Qiu, Dr. Zhu and Mr. Liu to confirm that they have been parties acting in concert in exercising shareholders' rights of the Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier)
"**connected transaction(s)**"	has the meaning ascribed to it under the Listing Rules
"**CSRC**"	China Securities Regulatory Commission (中國證券監督管理委員會)
"**Luxsense**"	Dongguan Luxsense Innovation Electronics Co., Ltd. (東莞立騰創新電子有限公司), a company incorporated under the laws of the PRC on March 2, 2022, and an entity held by Shenzhen Suteng as to 49% and Dongguan Cowell Optic Electronics Co., Ltd. (東莞高偉光學電子有限公司), an Independent Third Party, as to 51%
"**Director(s)**"	the director(s) of our Company
"**Dr. Qiu**"	Qiu Chunxin (邱純鑫), our co-founder, chairman of the Board, executive Director and chief executive officer
"**Dr. Zhu**"	Zhu Xiaorui (朱曉蕊), our co-founder, non-executive Director and scientific advisor
"**Emerald Forest**"	Emerald Forest International Limited, a company incorporated under the laws of the BVI, which is held as to (i) 99.9% by Emerald Forest Investment Limited, which is in turn held by

	TMF (Cayman) Ltd. as the trustee of a trust, with Dr. Zhu and Emerald Forest Holding as the beneficiaries, and (ii) 0.1% by Emerald Forest Holding, which is in turn wholly owned by Dr. Zhu and one of the Founder Entities
"**Emerald Forest Holding**"	Emerald Forest Holding Limited, a company incorporated under the laws of the BVI, which is wholly owned by Dr. Zhu and one of the Founder Entities
"**EIT Law**"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
"**ESOP Holding Entities**"	Robust, Ruby and Hoping Dream
"**Exchange Participant(s)**"	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"**Extreme Conditions**"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"**Founder(s)**"	Dr. Qiu, Dr. Zhu and Mr. Liu, our co-founders
"**Founder Entities**"	Sunton Global, BlackPearl, Emerald Forest Holding, Emerald Forest, Realsense and Sixsense

[REDACTED]

"**Group**" or "**our Group**" or "**the Group**" or "**we**" or "**us**" or "**our**"	our Company and subsidiaries from time to time
"**Hong Kong Share Registrar**"	**[REDACTED]**
"**HK$**" or "**HKD**" or "**Hong Kong dollars**"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"**Hong Kong**" or "**HK**"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

"**Hong Kong Suteng**"	Hong Kong Suteng Innovation Technology Co. Limited (香港速騰聚創科技有限公司), a company incorporated under the laws of Hong Kong on February 7, 2018, and an indirect wholly-owned subsidiary of the Company

[REDACTED]

"**Hoping Dream**"	Hoping Dream International Limited, a company incorporated under the laws of the BVI on July 19, 2021, and one of the ESOP Holding Entities
"**IFRS**"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and interpretation issued by the International Accounting Standards Committee

"**Independent Third Party(ies)**"	any entity(ies) or person(s) who is/are not a connected person of our Company within the meaning of the Listing Rules

[REDACTED]

"**Joint Sponsors**"	the joint sponsors as named in the section headed "Directors and Parties Involved in the **[REDACTED]**" of this document

"**Latest Practicable Date**"	June 21, 2023, being the latest practicable date prior to the date of this document for the purpose of ascertaining certain information contained in this document
"**Listing**"	the listing of the Shares on the Main Board of the Stock Exchange
"**Listing Committee**"	the Listing Committee of the Stock Exchange
"**Listing Date**"	the date, expected to be on or about **[REDACTED]** on which the Shares are listed on the Main Board of the Stock Exchange and from which dealings therein are permitted to commence on the Main Board of the Stock Exchange
"**Listing Rules**"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"**Main Board**"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"**Memorandum**" or "**Memorandum and Articles of Association**"	the eighth amended and restated memorandum and articles of association of our Company, which was conditionally adopted on [●] and shall become effective on the Listing Date, as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
"**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)
"**MOFCOM**"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"**M&A Rules**"	the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定)
"**Mr. Liu**"	Liu Letian (劉樂天), our co-founder, executive Director and chief technology officer
"**Mr. Qiu**"	Qiu Chunchao (邱純潮), our executive Director and executive president
"**NASDAQ**"	the NASDAQ Stock Market in the United States
"**NDRC**"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"**Nomination Committee**"	the nomination committee of our Company

[REDACTED]

"**Optixpan Semiconductors**"	Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), a company incorporated under the laws of the PRC on October 16, 2016, and an indirectly wholly-owned subsidiary of the Company
"**Ordinary Share(s)**"	ordinary share(s) in the share capital of the Company, with a nominal value of US$0.0001 each

[REDACTED]

"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"**Post-[REDACTED] Share Incentive Scheme**"	the post-**[REDACTED]** share incentive scheme of the Company adopted and approved by the Shareholders with effect from June 29, 2023, the principal terms of which are set out in the section headed "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 3. Post-**[REDACTED]** Share Incentive Scheme"

"**PRC Company Law**"	the Company Law of the PRC (《中華人民共和國公司法》), enacted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, as amended, supplemented or otherwise modified from time to time
"**PRC Legal Advisor**"	Han Kun Law Offices (漢坤律師事務所), the PRC legal advisor of our Company
"**Pre-[REDACTED] Investment(s)**"	the pre-**[REDACTED]** investment(s) in Shenzhen Suteng and the Company undertaken by the Pre-**[REDACTED]** Investors, details of which are set out in the section headed "History, Reorganization and Corporate Structure — Pre-**[REDACTED]** Investments" in this document
"Pre-[REDACTED] Investors"	Smart Han Ltd, Logi Group Limited, OFC Fund I, PUHE Realwin, OFC Fund II, PUHE Intelligent, Fortune Athena, Shanghai Ruiwang, Gotrays International, Storm Era, Beiqi Huajin, Skyward Limited, AFFLUENT CAPITAL VENTURES LIMITED (豐都創投有限公司), Fortune Miner, Liaoning Haitong, Huzhou Yutong, Huzhou Yuntong, Ningbo Jumin, Kinzon Capital II, Cainiao, Changzhou Shangqi, Yangzhou Shangqi, FULL WISDOM VENTURES LIMITED (滿慧創投有限公司), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業（有限合夥）), Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership) (深圳市康成鵬峰榮承投資合夥企業（有限合夥）), SME Development, OFC Clean Tech, Shenzhen Gootor, Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Partnership) (中瑞創智（寧波）股權投資管理合夥企業（有限合夥）), Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership) (嘉興啟元開泰股權投資合夥企業（有限合夥）), EOE Limited, Guangzhou Ruiyi, Sinoyutong International Limited (香港盛宇國際有限公司), Flow Limited, Guangdong Innovative Lingyue Smart Manufacturing & Information Technology Investment Fund Limited Liability Partnership (廣東融創嶺岳智能製造與信息技術產業股權投資基金合夥企業（有限合夥）), Xiamen Starlight, Suzhou Chenling, Golden Link, Luxshare, Shanghai Ziyue, Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司), Golden Development, Huaxing Growth III, GREAT VIRTUOUS LIMITED, Kinzon Capital III, YF Robosence, GCF, Ningbo Zhixing Engine Equity Investment Partnership (Limited Partnership) (寧波智行引擎股權投資合夥企業（有限合夥）), Shanghai Anpeng, Guangdong Guangqi Ruiteng

	Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業（有限合夥）), Wuhan Zhisu Engine Equity Investment Fund Partnership (Limited Partnership) (武漢智速引擎股權投資基金合夥企業（有限合夥）), EverestHeng, SinoRock Prosperous, Cinda Sino-Rock Investment, Excel Rise Holdings Limited, China Mobile Hebei Xiong'an, Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業（有限合夥）), Mirae Asset Alpha Growth Fund OFC, Jurastone Tech Singularity I Ltd, Huiteng Co-stone Investment Limited, and China World Investment Limited
"**Pre-[REDACTED] Share Incentive Scheme A**"	the pre-**[REDACTED]** share incentive scheme of the Company adopted and approved by the then Shareholders with effect from December 30, 2021, the principal terms of which are set out in the section headed "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 1. Pre-**[REDACTED]** Share Incentive Scheme A"
"**Pre-[REDACTED] Share Incentive Scheme B**"	the pre-**[REDACTED]** share incentive scheme of the Company adopted and approved by the then Shareholders with effect from December 30, 2021, the principal terms of which are set out in the section headed "Appendix IV — Statutory and General Information — D. Share Incentive Schemes — 2. Pre-**[REDACTED]** Share Incentive Scheme B"
"**Preferred Share(s)**"	collectively, the Series Angel Preferred Shares, the Series Seed Preferred Shares, the Series A Preferred Shares, the Series A+ Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series D-1 Preferred Shares, the Series D-2 Preferred Shares, the Series E Preferred Shares, the Series F Preferred Shares, the Series G-1 Preferred Shares, and the Series G-2 Preferred Shares

[REDACTED]

"**Document**"	this Document being issued in connection with the **[REDACTED]**

"province"	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Realsense"	Realsense Global Limited, a company incorporated under the laws of the BVI, which is wholly owned by Mr. Liu and one of the Founder Entities
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Company
"Reorganization"	the offshore and onshore reorganization as set out in section headed "History, Reorganization and Corporate Structure — Reorganization" in this document
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RoboSense BVI"	RoboSense Limited, a company incorporated under the laws of the BVI on June 25, 2021, and a wholly-owned subsidiary of the Company
"RoboSense HK"	RoboSense HongKong Limited, a company incorporated under the laws of Hong Kong on July 16, 2021, and an indirectly wholly-owned subsidiary of the Company
"Robust"	Robust Limited, a company incorporated under the laws of the BVI on July 19, 2021, and one of the ESOP Holding Entities
"Ruby"	Ruby International Limited, a company incorporated under the laws of the BVI on July 19, 2021, which is held as to (i) 99.9% by Ruby Group Holdings Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of a trust, with Mr. Qiu and Sunton Limited as the beneficiaries, and (ii) 0.1% by Sunton Limited, which is in turn wholly owned by Mr. Qiu and one of the ESOP Holding Entities
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAIC"	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), now known as the SAMR

"**SAMR**"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the SAIC
"**SAT**"	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"**SCNPC**"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"**Securities and Futures Ordinance**" or "**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Securities Law**" or "**PRC Securities Law**"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"**Series A Preferred Shares**"	the series A preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series A+ Preferred Shares**"	the series A+ preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series Angel Preferred Shares**"	the series Angel preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series B Preferred Shares**"	the series B preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series C Preferred Shares**"	the series C preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series D Preferred Shares**"	the series D preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series D-1 Preferred Shares**"	the series D-1 preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series D-2 Preferred Shares**"	the series D-2 preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series E Pre-[REDACTED] Investment**"	the investment in the Company made by the Series E Pre-**[REDACTED]** Investors under a series of investment agreements in 2021, details of which are set out under the section headed "History, Reorganization and Corporate Structure — Reorganization and Series E Pre-**[REDACTED]** Investment"
"**Series E Pre-[REDACTED] Investor(s)**"	holder(s) of the Series E Preferred Shares

"**Series E Preferred Shares**"	the series E preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series F Preferred Shares**"	the series F preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series G-1 Preferred Shares**"	the series G-1 preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series G-2 Preferred Shares**"	the series G-2 preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**Series Seed Preferred Shares**"	the series Seed preferred shares of par value US$0.0001 per share in the authorized share capital of the Company
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**Shanghai Lubo**"	Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), a company incorporated under the laws of the PRC on December 4, 2018, and an indirectly wholly-owned subsidiary of the Company
"**Share Incentive Schemes**"	collectively, the Pre-**[REDACTED]** Share Incentive Scheme A, the Pre-**[REDACTED]** Share Incentive Scheme B and the Post-**[REDACTED]** Share Incentive Scheme
"**Share(s)**"	prior to Listing, shall mean Ordinary Share(s) and Preferred Share(s) in the share capital of our Company, and following Listing, shall mean Ordinary Share(s) in the share capital of our Company, as the case may be
"**Shareholder(s)**"	holder(s) of our Shares
"**Shenzhen Suteng**"	Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), a company incorporated under the laws of the PRC on August 28, 2014, and an indirectly wholly-owned subsidiary of the Company
"**Sixsense**"	Sixsense Global Limited, a company incorporated under the laws of the BVI, which is held as to (i) 99.9% by CyberStone Holdings Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of a trust, with Mr. Liu and Realsense as the beneficiaries, and (ii) 0.1% by Realsense, which is in turn wholly owned by Mr. Liu and one of the Founder Entities
"**Special Regulations**"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定)

[REDACTED]

"State Council"	the State Council of the People's Republic of China (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suteng ESOP"	Shenzhen Suteng Juchuang Investment Limited Partnership (深圳市速騰聚創投資有限合夥), a limited partnership established in the PRC on August 25, 2015, which was the then employee shareholding vehicle for the 2020 Suteng ESOP Plan
"Suteng Zhizao"	Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), a company incorporated under the laws of the PRC on July 19, 2019, and an indirectly wholly-owned subsidiary of the Company
"Suteng Zhigan Technology"	RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), a company incorporated under the laws of the PRC on September 6, 2021, and an indirectly wholly-owned subsidiary of the Company
"Suzhou Xijing MEMS"	Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), a company incorporated under the laws of the PRC on November 29, 2017, and a subsidiary of the Company, which is owned as to 55% indirectly by the Company and 45% by Ms. ZHANG Xiaohong (張小紅), who is an Independent Third Party other than being the substantial shareholder of Suzhou Xijing MEMS
"Sunton Global"	Sunton Global Limited, a company incorporated under the laws of the BVI, which is wholly owned by Dr. Qiu and one of the Founder Entities
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tianjin Lubo"	Tianjin Lubo Shengshi Technology Co., Ltd (天津路泊盛世科技有限公司), a company incorporated under the laws of the PRC on November 9, 2022
"Track Record Period"	the three years ended December 31, 2020, 2021 and 2022

[REDACTED]

[REDACTED]

"**U.S.** " or "**United States**"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"**U.S. Securities Act**"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**US$**" or "**USD**" or "**U.S. dollars**"	United States dollars, the lawful currency of the United States
"**WFOE**"	a wholly foreign-owned enterprise
"**%**"	per cent

In this document, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "subsidiary", and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this 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. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"**AD**"	the advanced autonomous driving, a technology that enables vehicle to operate itself in certain or all conditions; it also refers to levels 4 and 5 autonomous driving as defined by the Society of Automotive Engineers
"**ADAS**"	the advanced driver assistance systems, the groups of electronic technologies that assist drivers in driving and parking functions; it also refers to levels 1 to 3 autonomous driving as defined by the Society of Automotive Engineers
"**APD**"	avalanche photodiode, a highly sensitive semiconductor photodiode detector that exploits the photoelectric effect to convert light into electricity
"**automotive OEM**"	the original equipment manufacturer, which assembles and installs automotive parts during the construction of a new vehicle
"**Automotive-grade LiDAR**"	LiDAR used in automotive applications after receiving automotive-grade certification, which must meet automotive-grade requirements in relation to reliability, stability and product quality for the automotive industry
"**beam steering**"	scanning of the laser beam, which changes the emission directions of the laser beam in a LiDAR system
"**CAGR**"	compound annual growth rate
"**channel**"	the ranging channel in the context of LiDAR, implicitly referring to a pair of transceiver modules, including one laser and one detector
"**design win**"	the number of vehicle models that choose our technology for ADAS or autonomous driving applications to be incorporated into such vehicle models
"**EEL**"	edge-emitting lasers, where the laser light propagates parallel to the wafer surface of the semiconductor chip and is reflected or coupled out at a cleaved edge
"**Flash**"	in the context of Flash LiDAR, refers to the concept that every pixel in the sensor is illuminated by the laser and actively collecting light simultaneously like a camera with a flash
"**FoV**"	the field of view

"**FPGA**"	the field programmable gate arrays, which is a semiconductor device that is based around a matrix of configurable logic blocks (CLBs) connected via programmable interconnects
"**frame rate**"	the frequency at which consecutive images are captured or displayed
"**IC**"	integrated circuit
"**ISO**"	the International Organization for Standardization, a worldwide federation of national standards bodies
"**ISO14001**"	an international standard that specifies requirements for an effective environment management system
"**ISO45001**"	an international standard that specifies requirements for an occupational health and safety management system
"**ISO9001**"	an international standard that specifies requirements for a quality management system
"**LiDAR**"	a remote sensing method that uses light to measure the distance or range of objects
"**MEMS**"	the micro-electromechanical system, a semiconductor product that has both mechanical and electronic components, typically on a chip
"**NEV**"	new energy vehicle
"**NIST**"	refers to the scales for reflectance and transmittance in the ultraviolet, visible, and near-infrared spectral regions (250 nm to 2500 nm) maintained by the National Institute of Standards and Technology
"**nm**"	nanometer
"**perception solution**"	visual, LiDAR or fusion solution that provides perception capabilities based on information collected from cameras, LiDARs or other sensors
"**point clouds**"	the outputs of the scanning process, which contain a large number of points that together represent the site scanned
"**real-time kinematic**"	a technique used to increase the accuracy of positions of global navigation satellite system using a fixed base station, that wirelessly sends out correctional data to a moving receiver
"**region of interest**" or "**ROI**"	a subset of an image or a dataset identified for a particular purpose/region

"R&D"	research and development
"SiPM"	silicon photomultipliers, solid-state single-photon-sensitive devices based on SPAD implemented on common silicon substrate
"SoC"	systems on a chip
"SOP"	start of production, the start of serial production phase, when the affected product is released (both from design and process side), and mature enough for the serial life
"SPAD"	the single-photon avalanche diode, a photodetector within the same family as photodiodes and avalanche photodiodes, while also being fundamentally linked with basic diode behaviors
"Tier 1 supplier"	a company that supplies parts or systems directly to automotive OEMs
"ToF"	the time of flight, a method for measuring the distance between a sensor and an object, based on the time difference between the emission of a signal and its return to the sensor, after being reflected by an object
"TOPS"	tera operations per second
"V2X"	communication between a vehicle and any object, such as road, traffic lights and roadside signals that may affect, or may be affected by, the vehicle
"VCSEL"	the vertical cavity surface emitting laser, a type of semiconductor laser diode with laser beam emission perpendicular from the top surface

FORWARD-LOOKING STATEMENTS

This Document includes forward-looking statements. All statements other than statements of historical facts contained in this Document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may,", "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which 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. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, following:

- general political and economic conditions, including those related to the PRC;
- our business prospects and our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the LiDAR industry and markets in which we operate or into which we intend to expand;
- economic and industry trends, in particular the rate of adoption of LiDAR products and solutions;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance, including revenue, expenses, and margins, and our ability to achieve or maintain future profitability;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the LiDAR industry and markets in which we operate;
- various business opportunities that we may pursue; and
- capital market developments, changes in the global economic conditions and material volatility in the global financial markets.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and elsewhere in this Document. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this Document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Document might not occur. All forward-looking statements contained in this Document are qualified by reference to the cautionary statements set out in this section.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date, unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks related to our business and industry; (ii) risks related to doing business in China; and (iii) risks related to the **[REDACTED]**. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.

We were founded in 2014 and our limited operating history makes it difficult to evaluate our future prospects, including our ability to plan for future growth and to make profit. We may encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, including the risks described in this document. If we do not address these risks successfully, our business may be harmed. Further, because we have limited historical financial data and operate in a rapidly evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market.

We have experienced rapid revenue growth and generated revenue of RMB170.9 million, RMB331.1 million and RMB530.3 million in 2020, 2021 and 2022, respectively, representing a CAGR of 76.2%. However, there can be no assurance that we will be able to maintain our historical growth rates in future periods. Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. See "Business – Our Strategies." We intend to grow by expanding our business, increasing market penetration of our existing products and developing new ones. The management of our growth may place significant demands on our managerial, administrative, operational, financial and other resources. Moreover, growth could strain our ability to maintain stable manufacturing capacity and reliable service levels for our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, investors' perceptions of our business and prospects may be adversely affected and the market price of our Shares could decline.

We have a history of net losses, which may continue in the future.

We incurred a net loss of RMB220.6 million, RMB1,654.5 million and RMB2,086.1 million in 2020, 2021 and 2022, respectively. As we only recently commenced commercialization of our solid-state LiDAR, we may continue to incur operating and net losses. Even if we are able to successfully manufacture and deliver LiDAR products on a commercial scale, there can be no assurance that they will be commercially successful. Our potential profitability is also dependent on external factors such as our customers' commercial success, the market's perception of autonomous driving and adoption of LiDAR products and the regulatory environment, all of which are out of our control.

We intend to continue to expend significant funds to support our growth and further develop our business, as we:

- continue to increase the market share of our LiDAR products and solutions;
- expand our research and development function;
- expand our manufacturing capabilities to produce our LiDAR products;
- enhance our customer service capabilities; and
- increase our sales and marketing activities and develop our distribution infrastructure.

As we will incur costs and expenses from these efforts before we receive incremental revenue from the sales of our LiDAR products and solutions, we may continue to experience net losses in the foreseeable future. Additionally, we may find that these efforts are more expensive than we currently anticipate, or that these efforts may not result in revenue, which would further increase our losses.

We have recorded negative operating cash flows in the past, which may reoccur in the future.

We had negative operating cash flow of RMB75.2 million, RMB196.5 million and RMB419.7 million in 2020, 2021, and 2022, respectively. We cannot assure you that we will be able to maintain robust cash flow from operating activities in the future. If we encounter long-term and continual net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, results of operations and financial position may be materially and adversely affected.

We recorded net current liabilities.

We recorded net current liabilities of RMB4,564.7 million as of December 31, 2022, compared to our net current assets of RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB5,238.0 million in the current portion of financial instruments issued to investors,

(ii) an increase of RMB909.3 million in other payables and accruals, and (iii) an increase of RMB152.9 million in trade payables, partially offset by (i) an increase of RMB1,443.8 million in cash and cash equivalents, (ii) an increase of RMB307.9 million in financial assets at fair value through profit or loss and (iii) an increase of RMB150.5 million in inventories. We cannot assure you that we will not have net current liabilities positions in the future, which would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities. We may not have sufficient cash from operating activities or may need to obtain additional financing, which may not be available on commercially acceptable terms, or at all.

The failure to innovate our technology or develop new products to adapt to changing customer needs could harm our growth.

Our future growth depends on penetrating new markets, adapting existing products and solutions to new applications and customer requirements, and introducing new products that achieve market acceptance. To accomplish these goals, we plan to incur substantial research and development costs as part of our continuous efforts to design, develop, manufacture and commercialize new products and enhance existing products and solutions. Our research and development expenses were RMB81.5 million, RMB133.0 million and RMB305.9 million in 2020, 2021 and 2022, respectively, and are likely to grow in the future. However, our research and development efforts are subject to the potential need for more capital and may not yield successful results, and our new products may not achieve market acceptance, create additional revenue or become profitable.

We are pursuing opportunities in the LiDAR industry which is undergoing rapid technological changes. While we intend to continue to invest substantial resources in our solid-state LiDAR technology development, rapid technological changes and advancements could adversely affect market adoption of our products. A swift change in the technologies that our customers prefer would significantly affect our business prospects. Our future success will depend on our ability to make timely investments in the right market opportunities, to continuously innovate and develop new capabilities for our product offerings, and to commercialize new products. Failure to adapt to the rapidly evolving technology environment could damage our relationships with customers and lead them to seek alternative sources of supply. If we are unable to devote adequate resources to develop products or cannot otherwise successfully develop products that meet customer requirements on a timely basis or that remain competitive with technological alternatives, our products could lose market share, our revenue will decline, we may continue to experience operating losses and our business and prospects will be adversely affected.

The LiDAR industry in which we compete is new and rapidly evolving and it is difficult to forecast adoption rates and demand for our products.

The industries we operate in are characterized by fierce competition, rapid technological evolution, changes in customer demands and preferences, frequent introduction of new products and services incorporating new technologies and the emergence of new industry standards and practices. We are pursuing opportunities in the LiDAR industry, which is new, competitive and rapidly evolving. Our future success will depend upon our ability to develop and introduce a variety of new capabilities and innovations to our existing product offerings, as well as introduce a variety of new product offerings, to address the changing needs of the markets. Although we believe that LiDAR is the future and indispensable to the development of autonomous vehicles and other adjacent markets, LiDAR's market adoption remains uncertain, and it is difficult for us to predict the timing and size of our opportunities. In addition, significant developments in alternative non-LiDAR sensor technologies, such as cameras, ultrasound radars and millimeter radars may materially and adversely affect our business and prospects in ways we cannot currently anticipate.

Furthermore, regulatory, safety or reliability developments in autonomous driving, many of which are beyond our control, could cause delays or impair commercial adoption of our technologies. Any lack of commercial success, or discontinuation or of business could reduce our sales and adversely affect our profitability.

In addition to developing products to be used in the automotive industry, we are also targeting the deployment of our products in other sectors such as robotics. Our comprehensive suite of mechanical LiDAR serves this purpose as it can be widely applied across different non-automotive industrial markets. However, there is no guarantee that our LiDAR products can be adopted in different markets. Furthermore, we face immense competition from LiDAR competitors that also excel in mechanical LiDAR technology.

Our future financial performance will depend on our ability to make timely investments in the right market opportunities. If one or more of these markets experience a shift in customer demand, our products may not compete as effectively, if at all. Given the evolving nature of the markets in which we operate, there might be differences between our estimate and the actual demand for our products or the future growth of the markets in which we operate. If demand does not develop or if we cannot accurately forecast customer demand, our business, results of operations and financial condition will be adversely affected.

We operate in highly competitive markets. We compete against a large number of both established competitors and new market entrants.

The LiDAR industry in which we operate is highly competitive, particularly in the automotive industry. Our future success will depend on our ability to emerge and sustain as a leader in our targeted markets by continuing to develop and manufacture LiDAR products in a timely manner and to effectively compete with existing and new competitors. We face competition from other LiDAR developers, some of which may have significantly greater resources than we do. In the automotive market, our competitors are also working towards commercialization and advancing their mass production capabilities. Some of our competitors have achieved market adoption and strong brand recognition and may continue to improve.

In markets outside of the automotive industry, our competitors, like us, also seek to develop new LiDAR applications across different industries such as robotics. Even in these emerging markets, we face substantial competition from numerous competitors seeking to prove the value of their technology.

Increased competition may result in pricing pressure and reduced margins and may impede our ability to increase the sales of our products or cause us to lose market share, any of which will adversely affect our business, results of operations and financial condition.

There is no guarantee that our automotive OEM customers will purchase our products and solutions in any certain quantity or at any certain price even after we obtain design wins, and the period of time from product design to mass production is long and we are subject to the risks of cancelation or postponement of contracts or unsuccessful implementation.

We generally do not have contracts with automotive OEM customers when we obtain design wins that require them to purchase our products and solutions in any certain quantity or at any certain price, and our sales could be less than we forecast if a vehicle model for which we obtain the design win is unsuccessful, including for reasons unrelated to our products and solutions, if an automotive OEM decides to discontinue or reduce production of a vehicle model or the use of our products and solutions in a vehicle model, or if we face downward pricing pressure. As a result, obtaining design wins is not a guarantee of revenue. In connection with the design wins, we typically receive preliminary estimates from automotive OEMs of their anticipated production volumes for the vehicle models. For example, we have received estimated projections from automotive OEMs of more than 10,000,000 units for the next few years. These estimates are non-binding and may be revised significantly by the automotive OEMs, potentially multiple times, and may not be representative of future production volumes, which could be significantly higher or lower than estimated. Therefore, estimated projections provided by our customers are subject to market conditions and fluctuations and thus may not be an accurate indication of our expected order volume. In the past, we have ceased cooperation with certain customers after obtaining design wins, due to their cancellations of certain vehicle models, and such cessation of cooperation would impact our anticipation of revenue stream or inventory management. Moreover, pricing estimates are made at the time of a request for quotation by an automotive OEM, so that changing market or other conditions between the time of a request for quotation and an order for our products and solutions may require us to sell our products and solutions for a lower price than we initially expected. If we are unable to save sufficient production cost or introduce products and solutions with additional features and functionality at higher price points to offset price reductions, then our business, results of operations, and financial condition would be adversely affected.

Moreover, prospective customers, especially those in the automotive industry, generally must make significant commitments of resources to test and validate our products and confirm that such products can be integrated with other technologies and meet stringent automotive standards before including our products in any particular vehicle model. If our products fail to suffice relevant stringent industry standards or deliver promised functions, our sales will suffer greatly. The development cycles of our products with new customers vary widely depending on the application, market, customer and the complexity of the product. These development cycles result in us investing significant resources prior to realizing any revenue from commercialization. We dedicate significant time and resources to have our products selected by automotive customers in the automotive industry. If we do not achieve a design win with respect to a particular vehicle model, we may not have an opportunity to supply our products to the automotive OEMs and Tier 1 suppliers for that vehicle model for many years. Further, we are subject to the risk that customers may cancel or postpone implementation or commercialization of their technology or vehicles, or that they will not be able to integrate their technology successfully into a larger system with other sensors. Long development cycles and product cancelations or postponements may adversely affect our business, results of operations and financial condition.

We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs and delay deliveries of our products to customers.

Our inventories primarily comprise (i) raw materials, (ii) work-in-progress, and (iii) finished goods. We depend on third-party suppliers to provide individual components such as optical components, special electronics and structural components for our products and we expect to continue to do so for future products. Any shortages or delay in the supply of our raw materials and key components, in particular chips, whether by specific vendors or by the chips industry generally, could result in occasional price adjustments or cause delays in our production and delivery to customers.

As we have a limited number of suppliers, some of whom are specialty suppliers providing components that are only available from a handful of suppliers worldwide (or in some cases a sole supplier), off-the-shelf components may not be viable substitutes. If these specialty suppliers become unable to deliver the required components, we may not be able to procure these components from another supplier at comparable prices or at all. We are therefore subject to the risk of shortages and long lead times in the supply of these components and the risk that our suppliers discontinue or modify their products. We have a global supply chain, and as a result, the health epidemics and outbreaks may adversely affect our ability to source components in a timely or cost-effective manner from third-party suppliers due to, among other things, work stoppages or interruptions. For example, chips are a key component of our products. Our inventories increased from RMB53.6 million as of December 31, 2020 to RMB138.6 million as of December 31, 2021, and further increased to RMB289.1 million as of December 31, 2022. Such increase was driven by the increase in production and sales volume throughout the Track Record Period. In light of the expected ramp up in production and sales of our products, we stocked up on certain raw materials and key components for our production, despite the overall price hike for chips due to the global shortage. This resulted in an increase in manufacturing cost per unit for our LiDAR products, which affected our gross profit margin adversely in 2022. We cannot assure you that such raw materials and key components shortages or delays will not occur in the future which may adversely affect our results of operations and financial condition. Any disruptions to chips suppliers could materially and adversely affect our ability to manufacture our products. We may in the future experience component shortages and price fluctuations of certain key components and materials, and the predictability of the availability and pricing of these components may be limited. Component shortages or pricing fluctuations could be material in the future. In the event of a component shortage, supply interruption or material pricing increase by suppliers of these components, we may not be able to develop alternative sources in a timely manner or at all in the case of limited sources. Developing alternative sources of supply for these components may be time-consuming, difficult, and costly, and we may not be able to source these components on terms that are acceptable to us, or at all, which may increase our production costs and undermine our ability to fill customer orders in a timely manner. The loss of any supplier for any reason could lead to design changes, production delays and potential loss of access to important technologies, any of which could result in quality issues, delays and disruptions in deliveries, negative publicity and damage to our brand. In addition, our suppliers may fail to comply with applicable laws and regulations, or they may be involved in product liability claims or incidents of negative publicity. This could cause delays in shipment of our products and could adversely affect our relationships with customers.

If we are unable to keep up with demand for our products by failing to obtain the materials and components needed to successfully manufacture and deliver our products in a timely manner, our business could be materially impaired, and market acceptance for our products could be adversely affected.

Pricing pressures may result in lower than anticipated revenue and margins, which may adversely affect our business.

During the Track Record Period, we have reduced the price of our products to increase or maintain our market share, and may need to continue to do so in the future. In the case of our solid-state LiDAR products and solutions, certain of our automotive OEMs and Tier 1 suppliers may stipulate price reduction in the agreement with us over the period of production. Additionally, we currently have and target many customers that are large corporations with substantial negotiating power, stringent product standards and potential competitive internal solutions. If we are unable to sell our products to these customers at desirable prices, our business, results of operations and financial condition will be adversely affected. Pricing pressures beyond our expectations may further intensify as automotive OEMs and Tier 1 suppliers pursue restructuring, consolidation and cost-cutting initiatives.

In addition, the average selling prices of our products may continue to decline as our customers seek to commercialize autonomous systems at prices low enough to achieve market acceptance. If we are unable to generate sufficient production cost savings in the future to offset price reductions or introduce new products with higher sale prices or gross margins, our gross margin and profitability would be adversely affected. Since we have different product lines with varying gross margins, even if we are able to improve utilization of our manufacturing facilities, we may not be able to improve our overall gross margin position.

Moreover, as we began mass production in 2021, the mass-produced products are typically priced at a lower unit price than their respective prototypes, which may also impact our overall margins.

Our business and financial condition could be materially and adversely affected if we lose any of our major customers or they are unable to make timely payments.

We have a number of major customers with strong purchasing power. The loss of business from such customers, whether because of lower overall demand for our products or products of our major customers, cancelation of existing contracts or product orders or failure to design and commercialize autonomous driving vehicles, could have a material adverse effect on our business and prospects. There is also the risk that one or more of our major customers are unable to pay our invoices or delay payments as they become due.

If we are unable to manufacture or deliver high quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our LiDAR products is crucial to our future financial prospects. We have been increasing our manufacturing capacity while continuously improving cost-efficiency. In order to timely meet our customers' shipment orders, we currently adopt a self-operated and jointly-operated manufacturing model to assemble and test our products. We also engage third-party manufacturers to produce our LiDAR components. Although we have been ramping up our production capacity, we may face difficulties managing our production facilities and meeting our delivery deadlines. Additionally, while we believe the use of third-party manufacturers has its benefits, reliance on third-party manufacturers reduces our control over the production process, including reduced control over quality, product costs and product supply and timing. We may experience delays in shipments or issues concerning product quality from our third-party manufacturers. If any of our own manufacturing facilities or third-party manufacturers experiences interruptions, delays or disruptions in supplying products, including but not limited to natural disasters, health epidemics and outbreaks, work stoppages or capacity constraints, our ability to deliver products to customers would be impeded. Additionally, if any of our third-party manufacturers experience quality control problems in their manufacturing operations and our products do not meet customer or regulatory requirements, we could be required to cover the cost of repair or replacement of any defective products. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

Further, if our manufacturing facilities or third-party manufacturers experience financial, operational, manufacturing capacity or other difficulties, or experience shortages in required components, or if they are otherwise unable or unwilling to continue to manufacture our products in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate manufacturers. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

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

Our results of operations may vary significantly from period to period due to many factors, including seasonal factors that may affect the demand for our LiDAR products, as impacted by the market trends of the automotive industry. Our customers in the automotive industry usually experience a decline in their own sales volumes during and following the Chinese New Year holidays, and thus can have an impact on our sales in the first quarter. Sales of LiDAR products for ADAS applications tend to increase in the second half of the year, which is generally in line with the overall automotive industry in China. Our results of operations could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenue.

We also expect our period-to-period results of operations to vary based on our operating costs, which we anticipate will increase significantly in future periods as we, among other things, invest more resources to design, develop, and manufacture our LiDAR products, build new manufacturing facilities, 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 results of operations are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our operating results and financial performance.

To ensure adequate inventory supply, we must forecast inventory needs and expenses, place orders sufficiently in advance with our suppliers and manufacturing partners and manufacture products based on our estimates of future demand for particular products. Our ability to accurately forecast demand for our products could be affected by many factors, including but not limited to uncertain market conditions, volatile customer demands, fierce market competition, pandemics and general economic conditions. If our LiDAR products are commercialized in autonomous driving applications, which is experiencing rapid growth in demand, we may face challenges in acquiring adequate supplies to manufacture our products and we and our manufacturing partners may not have the capacity to manufacture our products at a rate necessary to satisfy the levels of demand, which would negatively affect our revenue. This risk may be exacerbated by the fact that we may not carry or be able to obtain for our manufacturers a significant amount of inventory to satisfy short-term demand increases. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale.

Additionally, our own mismanagement of inventory could result in inventory levels in excess of customer demand, inventory write-downs and the sale of excess inventory at discounted prices, which would adversely affect our financial results, including our gross margin, and have a negative effect on our brand. Conversely, if we underestimate customer demand for our products, we, or our manufacturing partners, may not be able to deliver products to meet our requirements, and this could result in damage to our brand and customer relationships and adversely affect our business, results of operations and financial condition.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and operating results.

Our products and solutions are incorporated into a variety of end-products in the automotive and non-automotive industries, including vehicles, robotics and consumer electronics. The use of such end-products that incorporate our products and solutions could result in an unsafe condition, injury, or even death as a result of, among other factors, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information. These factors could result in product liability or warranty claims, and we could be named as a defendant in such claims. Particularly, as currently our largest market is in the automotive industry, the application in autonomous driving presents the risk of significant injury, including fatalities. We may be subject to claims if a customer's product using our LiDAR technology is involved in an accident and people are injured as a result. Given that the current legal framework for autonomous driving is largely in its early stages and relatively immature, liability associated with the use of our products is difficult to define, and any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, our customers could be subjected to claims as a result of such accidents and bring claims against us to hold us accountable. In addition, if lawmakers or governmental authorities were to determine that the use of our products in AD or certain ADAS applications increases the risk of injury, they may promulgate laws or regulations that limit the use of our products or increase our liability associated with the use of our products. Any of these events could result in damage to our brand and customer relationships and adversely affect our business, results of operations and financial condition.

We typically provide a limited-time warranty on our products. The occurrence of any material defects in our products could make us liable for damages and warranty claims. We could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Warranty, recall, product liability claims, or negative publicity may result in litigation, including class actions, the occurrence of which could be costly, lengthy and distracting and adversely affect our business and operating results.

Despite the actions we are taking to defend and protect our intellectual property, we may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions and such efforts to defend and protect our intellectual property may be costly.

The success of our products and our business depends in part on our ability to obtain patents and other intellectual property rights and maintain adequate legal protection for our products in China and other jurisdictions. We rely on a combination of patent, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, and yet all of which provide only limited protection.

We cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents primarily in the jurisdiction of the PRC, but such protections may not be available in all countries in which we operate, or seek to operate, or in which we seek to enforce our intellectual property rights. Our currently issued patents and any patents that may be issued or registered in the future may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers. We have licensed certain of our intellectual properties to third parties, which might expose us to risks of unauthorized use of our technology or the reverse engineering of our technology. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. The confidentiality procedures and contractual restrictions implemented by us may not be sufficient or effective. Moreover, others may independently develop technologies that are competitive to us or infringe our intellectual property.

Protecting against the unauthorized use of our intellectual property and other proprietary technology is expensive and difficult, particularly internationally. Our patents and proprietary technologies are the foundations of our LiDAR products and we intend to capitalize on our industry-leading patent portfolio as we continue to grow. Unauthorized parties may attempt to copy or reverse engineer our LiDAR technology or certain aspects of our solutions that we consider proprietary. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to prevent unauthorized parties from copying or reverse engineering our solutions, to determine the validity and scope of the proprietary rights of others or to block infringing products in China. Any such litigation, whether initiated by us or a third party, could result in substantial costs and diversion of management resources, either of which could adversely affect our business, operating results and financial condition. Even if we obtain favorable outcomes in litigation, we may not be able to obtain adequate remedies.

Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected.

From time to time, we may be subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights or other rights. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims and other assertions against us grows. Additionally, competitors in our industry and companies outside our industry also hold large numbers of patents that cover aspects of our LiDAR products, which may increase our exposure to litigation based on allegations of patent infringement or other violations of intellectual property rights. We have been involved in intellectual property disputes in the past. For example, on August 13, 2019, Velodyne Lidar, Inc. (NYSE: VLDR) ("Velodyne") filed a patent infringement complaint against us in the United States. In July 2020, we filed a patent infringement complaint against Beijing Velodyne Laser Technology Co., Ltd in China. On September 21, 2020, we entered into the Litigation Settlement and Patent Cross-License Agreement with Velodyne to resolve all of the disputes between us and agreed on the terms of a patent cross-license and releases of liability. In September 2020, the aforementioned cases were dismissed. On April 28, 2022, Bell Semiconductor, LLC ("Bell") filed an application with International Trade Commission for a patent infringement investigation, which named us as one of the respondents. Bell subsequently voluntarily withdrew the application on July 26, 2022. On October 13, 2022, Bell filed an application with International Trade Commission for a patent infringement investigation against Marvell Semiconductor, Inc., ("Marvell"), which named us as one of the respondents. Subsequently, Bell reached a settlement with Marvell and voluntarily withdrew the investigation against us after we clarified relevant facts. The legal proceeding ended on April 3, 2023.

We may from time to time in the future become, a party to litigation and disputes related to intellectual property, our business practices, and our products. Even if we prevail in any litigation or enforcement proceeding against us, we could incur significant legal expenses defending against the claims, even those without merit. Moreover, because even claims without merit can damage our reputation or raise concerns among our clients, we may feel compelled to settle claims at a significant cost. Furthermore, the results of any such litigation, investigations and legal proceedings are inherently unpredictable and may be costly. Therefore, any claims against us, whether meritorious or not, could be time-consuming, costly, and harmful to our reputation, and could divert management's attention and require significant amounts of corporate resources.

Our business could be adversely affected by global health epidemics and outbreaks.

Potential health epidemics and outbreaks could result in a material adverse impact on our business operations. For example, measures taken to combat the COVID-19 pandemic resulted in certain disruptions and inconvenience in our operations as a result of employee health and safety concerns, travel restrictions, and other actions and restrictions mandated by governmental authorities. On the supply end, our suppliers experienced disruptions and temporary shutdowns, and for a period of time could not meet their contractual obligations to us. We were able to mitigate such impact as we had previously purchased and stored certain raw materials and key components in preparation for the anticipated disruptions and were able to find substitute suppliers in due course.

The extent to which the COVID-19 pandemic continues to impact our financial condition will depend on future developments that are highly uncertain and cannot be predicted, including new government actions or restrictions, new information that may emerge concerning the severity of

COVID-19, the duration of COVID-19 and the impact of COVID-19 on economic activity. China began to modify its zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December. Even after the COVID-19 pandemic has subsided, we may continue to experience adverse impact on our business and financial performance as a result of global economic impact, including a recession that has occurred or may occur in the future. In the event the COVID-19 pandemic materially and adversely affects our business and financial results, it may also have the effect of significantly intensifying many other risks associated with our business, liquidity and indebtedness.

The expansion into overseas markets may expose us to operational, financial and regulatory risks.

Sales to our customers outside the PRC accounted for 13.3%, 14.6% and 21.0% of our total revenue for 2020, 2021 and 2022, respectively. Expanding our global footprint and growing overseas sales is an important part of our future growth, but these efforts may not be successful. Overseas operations are subject to a number of risks, including but not limited to:

- foreign exchange control and exchange rate fluctuations;
- political and economic instability, and international terrorism;
- global or regional health crises, such as health epidemics and outbreaks;
- potential for violations of anti-corruption laws and regulations, such as those related to bribery and fraud;
- preference for locally branded products, and laws and business practices favoring local competition;
- increased risk in managing inventory;
- increased risk in collecting trade receivables;
- less effective protection of intellectual property;
- stringent consumer protection and product compliance regulations on our end customers' products;
- difficulties and costs of staffing and managing foreign operations;
- different regulatory requirements on data privacy protection; and
- changes in local tax, import and export laws and tariffs and customs duty laws in the enforcement, application or interpretation of such laws.

The occurrence of any of these risks could negatively impact our overseas expansion and consequently our business, operating results and financial condition.

Undetected defects, errors or reliability issues in our hardware or software could reduce the market adoption of our new products, damage our reputation with current or prospective customers and expose us to product liability and other claims.

Our products are highly technical and require high standards to manufacture. We have in the past and will likely in the future experience defects, errors or reliability issues at different stages of development for various reasons. We may be unable to timely release new products, manufacture existing products or correct problems that have arisen to our customers' satisfaction. Additionally, undetected errors, defects or reliability issues, especially as new products are introduced or as new versions are released, could result in serious injury to the end users of customers incorporating our products. Defects, errors or reliability issues may also be attributed to our customers due to their negligence in using our products or failures arising from their manufacturing process, which we do not control or dictate and may be unable to determine the root cause for the issues. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by our customers. Our customers may never be able to commercialize autonomous vehicles incorporating our products. These risks are particularly prevalent in the autonomous driving market. If that is the case, we may incur significant additional development costs and product recall, repair or replacement costs. These problems may also result in claims, including class actions, against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, results of operations and financial condition.

Our business depends substantially on the efforts of our management and highly skilled personnel including research and development personnel, and our operations may be severely disrupted if we lost their services.

Our future performance depends on the services and contributions of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our research and development team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications, specifically in relation to attracting and retaining chip specialized engineers and technicians who are crucial to our product development. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the estimated value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses.

Prior to the Reorganization, we had established Suteng ESOP, a limited liability partnership established in the PRC and the then employee shareholding vehicle pursuant to the 2020 Suteng ESOP Plan. As part of the Reorganization, the 2020 Suteng ESOP Plan was terminated and replaced by the Pre-**[REDACTED]** Share Incentive Scheme A, pursuant to which, a total of 13,450,225 Ordinary Shares were issued to Robust, one of the ESOP Holding Entities. To attract and retain talents, the Company also adopted the Pre-**[REDACTED]** Share Incentive Scheme B with effect from December 30, 2021. As of the Latest Practicable Date, a total of 35,510,152 Ordinary Shares were issued to the ESOP Holding Entities to hold such Shares on trust for the participants of the Pre-**[REDACTED]** Share Incentive Scheme A and the Pre-**[REDACTED]** Share Incentive Scheme B. As of the Latest Practicable Date, the Company had granted awards, representing 27,941,619 underlying Ordinary Shares to a Director and other eligible participants pursuant to the terms of the Pre-**[REDACTED]** Share Incentive Scheme A and the Pre-**[REDACTED]** Share Incentive Scheme B. As set forth in the applicable award agreements, restricted shares held for the benefit of directors, officers and employees are subject to satisfaction of certain **[REDACTED]** vesting conditions and therefore, under IFRSs, the Shares underlying such awards are treated as restricted shares in substance and are accounted for as share-based compensation. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the Share Incentive Schemes from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this **[REDACTED]**.

We face regulation and potential liability related to privacy, data protection, information security and cybersecurity which may require significant resources and may adversely affect our business, operations and financial performance.

The PRC

Our operations subject us to laws and regulations addressing privacy and the collection, use, storage, disclosure, transfer and protection of a variety of types of data. The interpretation and application of laws, regulations and standards relating to privacy, data protection, information security and cybersecurity keep evolving and remain uncertain and may be changed in the future, which may lead to uncertainty about the scope of our responsibility in this regard. See "Regulatory Overview — Regulations on Internet Information Security and Privacy Protection."

In particular, on November 14, 2021, the Cyberspace Administration of China ("CAC") published the Draft Cyber Data Security Regulations, which provide that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or spin-off of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad of data processors processing over one million users' personal information; (iii) listing in Hong Kong which affects or may affect national security; (iv) other data processing activities that affect or may affect national security. As of the Latest Practicable Date, the Draft Cyber Data

Security Regulations had not been enacted or taken effect. Additionally, there is no timetable as to when it will come into effect. On December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the Cybersecurity Review Measures which took effect on February 15, 2022. According to the Cybersecurity Review Measures, an internet platform operator who possesses personal information of more than one million users shall apply for a cybersecurity review before listing in a foreign country, and the relevant governmental authorities may initiate a cybersecurity review if they consider relevant network products or services affect or data processing activities may affect national security.

As of the Latest Practicable Date, we had not been notified of being classified as a critical information infrastructure operator ("CIIO"), we had not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or the Listing. In addition, CCRC confirmed to us during a recent telephonic consultation that (1) the term of "listing abroad" (國外上市) under the Cybersecurity Review Measures does not apply to listing in Hong Kong, and thus we are not required to proactively submit an application for cybersecurity review for our Listing in Hong Kong; and (2) since the Draft Cyber Data Security Regulations has not become effective or been formally implemented, currently we are not required to apply for cybersecurity review under the Draft Cyber Data Security Regulations. As the definitions for terms such as "affect or may affect national security" are broad, and there remains uncertainty how these rules will be enacted and interpreted, we cannot guarantee that the Cybersecurity Review Measures and Draft Cyber Data Security Regulations will not be interpreted in a way that will adversely affect us.

The PRC government has introduced a variety of laws and regulations on cybersecurity and data security in addition to the Cybersecurity Review Measures. For instance, the PRC Cyber Security Law came into effect on June 1, 2017. Pursuant to the PRC Cyber Security Law, network constructors, network operators, and service providers that provide services via network are required to perform certain functions related to cybersecurity protection and the strengthening of network information management through taking technical and other necessary measures to safeguard the operation of networks, responding to network security effectively, preventing illegal and criminal activities, and maintaining the integrity and confidentiality and usability of network data. Moreover, certain additional requirements are imposed on CIIOs, including that during their operations in the PRC, CIIOs should generally store the personal information and important data collected and produced within the territory of PRC and perform certain security obligations. On September 12, 2022, the CAC promulgated a series of draft amendments to the PRC Cyber Security Law, imposing more stringent legal liabilities for certain violations. Such draft amendments were released for soliciting public comments until September 29, 2022. However, as of the Latest Practicable Date, their final form, interpretation and implementation remained substantially uncertain. On September 1, 2021, the PRC Data Security Law took effect, and provides for data security and privacy obligations on entities and individuals carrying out data processing activities, including but not limited to the collection, storage, use, processing, transmission, provision, and public disclosure of data. For those data processing activities which may affect national security, the PRC Data Security Law also requires a national security review procedure. On August 16, 2021, the CAC, jointly with other PRC authorities, issued the Provisions on Management of Automotive Data Security (Trial), which took effect on October 1, 2021, or the Automotive Data Provisions. The Automotive Data Provisions regulate, among other things, the processing of auto data that include both personal information and important data involved in the process of automotive design, production, sales, use, operation and maintenance. There exists great uncertainty regarding interpretations and implementations of the PRC Data Security Law, the Automotive Data Provisions and other applicable laws and rules for those laws are recently issued. As of the Latest Practicable Date, we were in compliance with the currently effective and applicable PRC laws on cybersecurity and data security in all material respects. Those laws do not have a material adverse impact on our business or offshore listing plan. However, we cannot preclude the possibility that new laws, regulations or rules published in the future will impose additional compliance requirements on us, will subject us to the cybersecurity or national security review in relation to our operations, or will require us to change our business practices or incur additional operating expenses, which may have material and negative impacts on our business, financial condition and prospects and the value of our products.

Since privacy, data protection, information security and cybersecurity regimes are evolving, uncertain and complex, we may need to constantly update or enhance our compliance measures, which require implementation costs. The compliance measures we adopt may prove ineffective. Any failure by us to comply with current and future regulatory or customer-driven privacy, data protection and information security requirements, or to prevent or mitigate security breaches, cybersecurity attacks, or improper access to, use of, or disclosure of data, or any security issues or cyber-attacks affecting us, could result in significant liability, costs, and a material loss of revenue resulting from the adverse impact on our reputation and brand, loss of proprietary information and data, disruption to our business and relationships, and diminished ability to retain or attract customers and business partners. Such events may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity, and could cause customers and business partners to lose trust in us, which could have an adverse effect on our reputation and business.

The U.S., European Union and Other Jurisdictions

Personal privacy and information security are significant issues in the United States and the other jurisdictions in which we operate or make our products and solutions available. The legislative and regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Our handling of data is subject to a variety of foreign laws and regulations, including regulation by various foreign government agencies, such as the U.S. Federal Trade Commission ("FTC").

In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws as imposing standards for the online collection, use and dissemination of data. At the state level, lawmakers continue to pass new laws concerning privacy and data security. Particularly notable in this regard is the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020. Although we are working to comply with those federal and state laws and regulations that apply to us, those laws and regulations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another.

Many other foreign countries and governmental bodies, including the European Union, the United Kingdom and other relevant jurisdictions, have laws and regulations concerning the collection and use of Personal Identifiable Information obtained from their residents or by businesses operating within their jurisdiction. These laws and regulations often are more restrictive than those in the United States. Within the European Union, legislators have adopted the General Data Protection Regulation, or GDPR, effective May 2018 which may impose additional obligations and risks upon our business and which may increase substantially the penalties to which we could be subject in the event of any non-compliance.

We may incur substantial expenses in complying with the obligations imposed by the governments of the foreign jurisdictions in which we do business or seek to do business and we may be required to make significant changes in our business operations, all of which may adversely impact our revenue and our business overall. Any failure or perceived failure by us to comply with the U.S. federal or state or other foreign laws or regulations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of PII or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse impact on our reputation and business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely impact our business. We also expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States, the European Union and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, contractual obligations and other obligations may require us to incur additional costs and restrict our business operations.

We are subject to, and must remain in compliance with, numerous laws and governmental regulations concerning the manufacturing, use, distribution and sale of our products. Some of our customers also require that we comply with their own unique requirements relating to these matters.

We manufacture and sell LiDAR products that contain components and materials that are subject to government regulations in both the locations where we manufacture and assemble our products and the locations where we sell our products. Since we operate on a global basis, this is a complex process that requires continuous monitoring of regulations and an ongoing compliance process to ensure that we and our suppliers are in compliance with existing and new regulations in each market where we operate. Among other types of regulations, safety regulations play an important role in our operations. These regulations often impose stringent compliance and reporting requirements and are subject to rapid evolvement due to new scientific or technological data, adverse publicity regarding the industry recalls and safety risks of autonomous driving. If there is an unanticipated new regulation that significantly impacts the manufacturing, use, distribution and sale of our products, that regulation could materially and adversely affect our business, results of operations and financial condition. If we are not currently in compliance with existing regulations, or if we fail to adhere to new regulations or fail to continually monitor updates to such regulations, we may incur costs in remedying our non-compliance and it may disrupt our operations. Some of our customers also require that we comply with their own unique requirements relating to these matters. In such circumstances, we may also be subject to litigation, lose customers, suffer negative publicity and our business, results of operations and financial condition could be adversely affected. In addition, we have no control over our products being resold or used by our customers in jurisdictions where our products are deemed incompliant with relevant laws and regulations, which could result in damage to our brand and adversely affect our business, results of operations and financial condition.

Certain of our operating subsidiaries may be required to obtain a series of licenses or permits or make additional filings or registrations.

In order to operate our business, we need to obtain a series of licenses, permits and approvals, make filings or complete registrations according to relevant PRC laws and regulations. For example, we are required by the PRC laws and regulations to obtain certain approvals and permits and follow other procedural requirements for our construction projects, fire control and environmental protection. Such laws and regulations include the Administrative Measures for the Approval and Recordation of Enterprise Investment Projects (企業投資項目核准和備案管理辦法), the PRC Construction Law (中華人民共和國建築法), the PRC Urban and Rural Planning Law (中華人民共和國城鄉規劃法), Administrative Measures on Construction Permits for Construction Projects (建築工程施工許可管理辦法) and the Administrative Regulations on the Environmental Protection of Construction Projects (建設項目環境保護管理條例). Failure to fully comply with these laws or regulations may subject us to fines or suspension of our construction projects or fail to locate desirable alternatives for such construction projects. We have not obtained construction permits, completed as-built acceptance filings or environmental protection filings or acceptance inspection for several of our buildings under construction and may not be able to do so or follow the procedural requirements in a timely manner or at all. For the permits or approvals we obtained or procedures we completed based on our understanding that are or may be subject to higher standard requirements from relevant governmental authorities, we shall meet such requirements before such construction projects are put into service. We have conducted several inquiries and interviews with the competent governmental authorities which confirmed that practically we are not required to obtain such approvals or permits or fulfill such procedures, or that the failure to do so will not result in penalties against us. Based on such interviews, our PRC Legal Advisor is of the view that relevant governmental authorities will not impose administrative penalty on us due to the failure to obtain construction permits or completing as-built acceptance filings or environmental protection filings. In the event that relevant laws and regulations change, we may be subject to additional regulatory requirements and may incur extra compliance costs, which may adversely affect our business, financial condition and results of operations.

In addition, for the purpose of conducting research and development in the ordinary course of our business, we are cooperating with a service provider with surveying and mapping qualifications. Such service provider would independently collect the point clouds and other information required for our research and development and process the collected data in compliance with relevant regulations, ensuring that the processed data does not involve surveying and mapping geoinformation, personal information, important data or other data subject to administrative supervision. We only collect compliantly processed data from certain service provider for research and development purposes. However, if our cooperation with such service provider cannot continue or we cannot reach cooperation with other qualified service providers in the market, we may be subject to the requirement of obtaining a surveying and mapping qualification certificate and complying with the state's surveying and mapping criteria. There is no assurance that we will be able to meet such criteria in a timely manner or at all, and our research and development activities might be affected, any of which may materially and adversely affect our business, financial condition and results of operations. Given the significant amount of discretion held by relevant PRC authorities in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control, we cannot guarantee you that we have obtained or will be able to obtain and maintain all requisite licenses, permits, filings and registrations.

Our leased property interests may be defective and our right to lease the properties affected by such defects may be challenged, which could cause significant disruption to our business. In addition, failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.

We lease properties for our offices, dormitories and manufacturing facilities. One of our leased properties used for manufacturing has been mortgaged by the property owner for mortgage loan prior to our occupation. As a result, there are uncertainties to the continuous operation of such manufacturing facility and we may be forced to relocate our affected operations, if the mortgagee chose to auction off the underlying property and recover any outstanding amount from the property owners. The ownership certificates or other similar proof of two of our leased properties have not been provided to us by the relevant lessors. Such leased properties are used as dormitory and office. 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. As a result, we may face challenges from the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and relocate our offices. We may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. Additionally, we have not registered 13 of our lease agreements with the relevant governmental authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant governmental authority executed leases. As advised by our PRC Legal Advisors, failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe.

There is no assurance that we will be able to extend or renew our leases upon expiration of the current term on commercially reasonable terms or at all, and our rights to use these leased properties may be negatively affected by prior encumbrances on these properties. In any such events, we may be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

Our employees or other third parties may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud or other improper activities. Examples could include the failure to comply with our policies and procedures or with regulatory requirements relating to environmental, health or safety matters, bribery of foreign government officials, import-export control, lobbying or similar activities, and any other applicable laws or regulations. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, reputation and results of operations.

Changes in automotive safety regulations may cast significant uncertainties on our operations and financial prospects.

Government regulations have imposed stringent requirements on vehicle safety in general and in the context of autonomous driving. For example, the PRC government issued the Administrative Norms for Road Testing and Demonstrative Application of Intelligent and Connected Vehicles (Trial Implementation) (智能網聯汽車道路測試與示範應用管理規範（試行）) on July 27, 2021, which came into effect on September 1, 2021. It requires that any entity planning to conduct a road testing and demonstrative application of autonomous driving vehicles shall provide a statement on its safety and a temporary license plate for the tested vehicle. On the local level, the government of Shenzhen issued the Regulations of Shenzhen Special Economic Zone on the Administration of Intelligent and Connected Vehicles (深圳經濟特區智能網聯汽車管理條例) on June 30, 2022. The regulation governs every major phase of an autonomous driving vehicle from its development to marketing, including the vehicle's road testing, access registration, use management, transport, traffic accidents and legal liabilities.

While we believe increasing automotive safety standards will present a market opportunity for our products, government safety regulations are subject to changes based on a number of factors that are out of our control, including new technologies, adverse publicity regarding industry recalls and safety risks of autonomous driving, accidents involving our products, domestic and foreign political situations, and litigation relating to our products and our competitors' products. Changes in government regulations, as well as changes or evolution in court interpretation of those regulations, especially with respect to the autonomous driving industry could adversely affect our business. If government priorities shift and we are unable to adapt to changing regulations or to court interpretations of those regulations, our business may be materially and adversely affected.

We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including investors in this **[REDACTED]**, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

Adverse conditions in the automotive industry or the global economy could have adverse effects on our results of operations.

While we make our strategic plans based on the assumption that the markets we are targeting will grow, our business is dependent in large part on, and directly affected by, business cycles and other factors affecting the global automobile industry and global economy. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, consumer confidence, fuel costs, fuel availability, environmental impact, governmental incentives and regulatory requirements, and political volatility, especially in energy-producing countries and growth markets. In addition, automotive production and sales can be affected by the ability of our customers to continue operating in response to challenging economic conditions, labor relations issues, regulatory requirements, trade agreements and other factors. The volume of automotive production in China and the rest of the world has fluctuated, sometimes significantly, from year to year, and we expect such fluctuations to give rise to fluctuations in the demand for our products. Any significant adverse change in any of these factors may result in a reduction in automotive sales and production by our customers and could have a material adverse effect on our business, results of operations and financial condition.

Changes in international trade policies and rising political tensions may adversely impact our business and results of operations.

We are susceptible to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. China's political relationships with foreign countries and regions may affect the prospects of our relationships with third parties, such as business partners, suppliers and future customers. There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions and political concerns between China and the relevant foreign countries or regions may cause a decline in the demand for our future products and adversely affect our business, financial condition, results of operations, cash flow and prospects. Rising trade and political tensions could reduce levels of trades, investments, technological exchanges and other economic activities between China and other countries and regions, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies.

If our customers are not confident in our long-term prospects, or if we are subject to any negative publicity, our business prospects, operating results, financial condition and our ability to access to capital may suffer materially.

We have yet to fully develop and commercialize our products and solutions, and the successful commercialization of our products and solutions depends in part on our customers and potential customers committing to use our products and solutions in their own products. Customers may be less likely to purchase our products if they are not convinced that our business will succeed or that our service and support and other operations will continue in the long term. 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. If we are unable to establish and maintain confidence in our long-term business prospects among customers, prospective customers, suppliers and other third parties within our industry, or are subject to negative publicity, then our business, results of operations, financial condition and access to capital may suffer materially. In addition, we are unable to control how our customers deploy and use our products, which may subject us to negative publicity.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. Insurance companies in China do not currently offer as extensive an array of insurance products, such as those related to autonomous driving, as insurance companies in other more developed economies do. As of the Latest Practicable Date, we had not obtained any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

In addition, we are in the process of purchasing product liability insurance. We may not have sufficient insurance coverage for all future claims on our products. Any product liability claims brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing continuing coverage, could harm our reputation in the industry and could reduce revenue. Product liability claims in excess of our insurance coverage would be paid out of cash reserve, harming our financial condition and adversely affecting our results of operations.

We are 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 third parties, and increases in 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 third parties suffers negative publicity or harm to their reputation from events relating to their businesses, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

From time to time, we may also undertake acquisitions to add new products and technologies, acquire talent, gain new sales channels or enter into new markets or sales territories. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs, and may disrupt our business strategy if we fail to do so. Furthermore, acquisitions and the subsequent integration of new assets, businesses, key personnel, customers, vendors and suppliers 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, amortization 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.

As a company with limited operating history, we have limited experience with acquisitions and the integration of acquired technology, personnel and corporate culture. Failure to successfully identify, complete, manage and integrate acquisitions could materially and adversely affect our business, financial condition and results of operations and could cause the trading price of our Shares to decline.

We are subject to cybersecurity risks to our LiDAR products and solutions and customer data processed by us or third-party vendors or suppliers, and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.

We are at risk for interruptions, outages and breaches of operational systems, including business, financial, accounting, research and development, data processing or manufacturing processes, owned by us or third-party vendors or suppliers. Cybersecurity incidents could materially disrupt our operational systems, result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information. Additionally, cybersecurity incidents could compromise certain information of our customers, employees, suppliers or others; jeopardize the security of our facilities; or affect the performance of our products and the integrated software in our LiDAR solutions.

A cyber incident could be caused by disasters, insiders or malicious third parties using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. Although we have taken measures designed to protect us against intellectual property theft, data breaches and other cyber incidents, such measures will require updates and improvements, and we cannot guarantee that such measures will be adequate to detect, prevent or mitigate cyber incidents. The implementation, maintenance and improvement of these measures require significant management time, support and cost.

Moreover, there are inherent risks associated with developing, improving, expanding and updating our current systems. These risks may affect our ability to manage our data and inventory, procure parts or supplies, or produce, sell, deliver and service our solutions, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that the systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information or intellectual property could be compromised or misappropriated and our reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions. A significant cyber incident could impact our production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation, any of which could materially and adversely affect our business, results of operations and financial condition.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, global pandemics and interruptions by man-made problems, such as network security breaches, computer viruses or terrorism. Material disruptions of our business or information systems resulting from these events could adversely affect our operating results.

A significant natural disaster, such as an earthquake, fire, flood or pandemic, occurring at our headquarters, one of our manufacturing facilities or where a customer is located could adversely affect our business, operating results and financial condition. Further, if a natural disaster or man-made problem were to affect our suppliers, it could adversely affect the ability of our customers to use our products and solutions. In addition, natural disasters and acts of terrorism could cause disruptions in our or our customers' businesses, national economies or the world economy as a whole, as was the case in the past several years due to the COVID-19 pandemic. We also rely on information technology systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our research and development activities or lengthy interruptions in manufacturing, any of which could adversely affect our business, operating results and financial condition.

We may be subject to stricter laws and regulations, including labor laws and regulations, and to potential legal proceedings in the ordinary course of business, which may materially and adversely affect our business, results of operations and financial condition.

Laws, rules and regulations applicable to us may become more stringent. Pursuant to the PRC Labor Contract Law, as amended, or the Labor Contract Law, and its implementation rules, employers are subject to various requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) and its implementation rules may limit our ability to make those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. In addition, under the PRC Social Insurance Law (中華人民共和國社會保險法) and the Administrative Measures on Housing Fund (住房公積金管理條例), employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing funds, and employers are required, together with their employees or separately, to pay the contributions to social insurance and housing funds for their employees. The relevant government agencies may examine whether an employer has made adequate payments of the requisite statutory employee benefits, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. If the relevant PRC authorities determine that we shall make supplemental contributions, that we are not in compliance with labor laws and regulations, or that we are subject to fines or other legal sanctions, such as order of timely rectification, our business, financial condition and results of operations may be adversely affected. China's overall economy and the average wage have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our consumers who pay for our services, our business, results of operations and financial condition may be materially and adversely affected.

During the ordinary course of our business, we have been and will continue to be subject to legal or administrative proceedings and claims. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims, and other assertions against us may grow. In addition, we could face material legal claims for breach of contract, product liability, fraud, tort or breach of warranty. Defending a lawsuit, regardless of its merit, could be costly and may divert management's attention and adversely affect the market's perception of us and our products.

The current tensions in international trade and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations.

Although we are a primarily China-based company, we have operations in the U.S. and certain of our key customers are located in the U.S. and other countries outside of China. In addition, certain of our technologies could be subject to restrictions by the U.S. government in the future. We are subject to export control and import laws and regulations in the U.S. and other countries, including the U.S. Export Administration Regulations, or the EAR, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. U.S. export control laws and regulations and economic sanctions prohibit the shipment of certain products to U.S. embargoed or sanctioned countries, governments and persons. In particular, the U.S. government has added certain Chinese companies and institutions to the Entity List published by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS"), and imposed targeted economic and trade restrictions on them that, if not waived, will limit their access to the items subject to the EAR. Such U.S. sanctions against Chinese companies may extend to us if we violate the economic sanctions, for example, by exporting, reexporting or transferring (in country) the items subject to the EAR to such companies. Certain of our customers are on the Entity List. While we believe that the products we provide to such customers are not subject to the EAR, if more of our customers are listed on the Entity List or the U.S. government imposes more stringent restrictions, or if relevant government authorities interprets the current regulations differently from our view, our sales may be negatively affected. In addition, if any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions or outbound investments restrictions), or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations. Recently, there have been heightened tensions in international economic relations, such as that between the United States and China, but also as a result of the conflict in Ukraine and sanctions on Russia. More recently, the U.S. Department of Commerce published an interim final rule that introduces novel restrictions related to semiconductor, semiconductor manufacturing, supercomputer, and advanced computing items and end uses in China. These sanctions and export controls could adversely affect us and/or our supply chain, business partners, or customers.

The U.S. government has imposed, and has proposed to impose, additional, new, or higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing, and proposing to impose, additional, new, or higher tariffs on certain products imported from the United States. Following mutual retaliatory actions for months, on January 15, 2020, the United States and China entered into the Economic and Trade Agreement between the United States of America and the People's Republic of China as a phase one trade deal, effective on February 14, 2020. In addition, the U.S. government has issued new rules that expanded the definition of military end use and eliminated the applicability of certain license exceptions for exports to countries including China, thereby expanding the export license requirements for U.S. companies to sell certain items to companies in China that have operations that could support military end uses. The U.S. government has also broadened the restrictions on the sale of goods manufactured outside the United States that are produced using certain controlled U.S.-origin technology or software to companies on a special list, or the Entity List, and the restrictions on the use of U.S.-origin semiconductor manufacturing equipment that produces semiconductor devices for companies on the Entity List.

In addition, political tensions between the United States and China have escalated due to, among other things, trade disputes, the COVID-19 outbreak, tensions over Taiwan sanctions imposed by the U.S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the PRC central government, the executive orders issued by former U.S. President Donald J. Trump in August 2020 that prohibit certain transactions with certain Chinese companies, and various restrictions related to the Chinese semiconductor industry imposed by the U.S. government. Against this backdrop, China has implemented, and may further implement, measures in response to the changing trade policies, treaties, tariffs and sanctions and restrictions against Chinese companies initiated by the U.S. government.

On September 19, 2020, the Ministry of Commerce of the People's Republic of China ("MOFCOM") promulgated the Regulations on the List of Unreliable Entities, or MOFCOM Order No. 4 of 2020. A working mechanism composed of relevant government agencies will be established to administer the regime of the List of Unreliable Entities. A foreign entity that is designated onto the List of Unreliable Entities may be subject to several measures, including but not limited to:

(i) being restricted or prohibited from engaging in import or export activities related to China; and (ii) being restricted or prohibited from investing in China. When an enterprise, organization, or individual of China must conduct business with a designated foreign entity in special circumstances, the enterprise, organization, or individual shall submit an application to the working mechanism for approval, and only when approval is granted may such enterprise, organization, or individual conduct the corresponding transaction.

On January 9, 2021, the MOFCOM promulgated the Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation and Other Measures (阻斷外國法律與措施不當域外適用辦法), or MOFCOM Order No. 1 of 2021. Pursuant to MOFCOM Order No. 1 of 2021, where a citizen, legal person or other organization of China is prohibited or restricted by foreign legislation and other measures from engaging in normal economic, trade and related activities with a third nation (or region) or its citizens, legal persons or other organizations, they shall truthfully report such matters to the competent department of commerce of the State Council within 30 days. The working mechanism, with the participation of relevant departments of central government authorities, will take the following factors into account when assessing whether there exists unjustified extra-territorial application of foreign legislation and other measures: (i) whether international law or the basic principles of international relations are violated; (ii) potential impact on China's national sovereignty, security and development interests; (iii) potential impact on the legitimate rights and interests of the citizens, legal persons or other organizations of China; and (iv) other factors that shall be taken into account. If it is determined that there exists unjustified extra-territorial application of foreign legislation and other measures, the MOFCOM may issue an injunction that the relevant foreign legislation and other measures shall not be accepted, executed, or observed. A citizen, legal person or other organization in China may apply for exemption from compliance with an injunction.

On June 10, 2021, the Standing Committee of National People's Congress, or the SCNPC, passed the Countering Foreign Sanctions Law (反外國制裁法), which became effective immediately. The Countering Foreign Sanctions Law provides a legal basis not only for the Chinese government to take action in response to foreign sanctions, but also for Chinese citizens and organizations to bring civil actions for injunctive relief or damages. Under the Countering Foreign Sanctions Law, the competent department of the State Council may place any individuals and organizations that are directly or indirectly involved in making, determining, or implementing the discriminatory restrictive measures as provided therein on the Countermeasure List. A foreign individual or organization on the Countermeasure List may be subject to one or several countermeasures, including but not limited to prohibitions or restrictions on commercial transactions, cooperation or such other activities with organizations and individuals within the territory of China. Furthermore, pursuant to the Countering Foreign Sanctions Law, any organization and individual within the territory of China shall comply with the countermeasures. Any organization or individual who fails to comply or cooperate in implementing the countermeasures may be held liable in accordance with law.

Since MOFCOM Order No. 4 of 2020, MOFCOM Order No. 1 of 2021 and the Countering Foreign Sanctions Law are newly enacted, there is a high degree of uncertainty with respect to how they will be interpreted and implemented.

Rising political tensions could reduce levels of trade, investment, technological exchange, and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers' business, prospects, financial condition, and results of operations.

As our business is affected by markets located overseas, tariffs and export control measures taken or to be taken by the PRC, U.S. or any other government or other trade tensions or unfavorable trade policies may affect marketability of our products. Currently, exports of our LiDAR products to the U.S. are subject to 25% tariffs imposed pursuant to Section 301 of Trade Act of 1974. The current international trade tensions and political tensions between the United States and China, and any escalation of such tensions, may have a material negative impact on our ability to secure the supply of raw materials and key components necessary for our operations and our ability to continue to sell to global customers and further grow our customer base.

Non-compliance with above laws and regulations could subject us to 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, prospects, results of operations, financial condition and reputation.

RISKS RELATED TO DOING BUSINESS IN CHINA

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

Substantially all of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

While the Chinese economy has experienced significant growth over the past decades, there can be no assurance that the growth would be maintained or equitable across sectors. The Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy, but may not have the same effect on us.

In addition, the global economic, political and social conditions are evolving rapidly and are subject to uncertainties. For example, health epidemics have caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures are expected to have significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

We are subject to PRC laws and regulations that could require us to modify our current business practices and incur increased costs.

We are subject to extensive national, provincial and local governmental regulations, policies and controls, covering, among others and in addition to specific industry-related regulations, the following aspects: (i) consumer protection and product liability; (ii) cybersecurity, data security and protection of personal information; (iii) security laws and regulations; (iv) establishment of or changes in shareholder of foreign investment enterprises; (v) foreign exchange; and (vi) taxes, duties and fees.

The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and results of operations. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others, the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with capital raising activities.

PRC laws and regulations in relation to overseas issuance and listing of shares have been evolving. As a result, we may be required to make filings with or report to the CSRC or other PRC governmental authorities for our capital raising activities. Any failure or perceived failure to make filings, report or comply with other applicable laws and regulations would have a material adverse effect on our capital raising activities and result in negative publicity and legal proceedings or regulatory actions against us.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Trial Measures") and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, Domestic Enterprises (as defined in the Trial Measures) that seek to offer and list securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. See "Regulatory Overview — Regulations on M&A and Overseas Listings." We are required to file with the CSRC in accordance with the Trial Measures after our application for listing is initially submitted, and there is uncertainty as to whether we will be able to complete the filing. If we could not complete such filing procedure, we will suspend or terminate our application for listing.

In addition, according to the Trial Measures, any future issuance or offering after our listing may also be subject to filing or report procedures of the CSRC and we are also required to report certain material matters to the CSRC after our listing. Any failure to perform such filing or reporting procedures would subject us to administrative penalties by the CSRC which could harm our reputation and may adversely affect our results of operations or financial condition.

Furthermore, on February 24, 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Confidentiality Provisions"), which also came into effect on March 31, 2023. Pursuant to the Confidentiality Provisions, any future inspection or investigation conducted by overseas securities regulators or the relevant competent authorities on our PRC domestic companies with respect to our overseas issuance and offering shall be carried out in a manner that is in compliance with PRC laws and regulations.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in the PRC are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in the PRC given the different levels of economic development in different locations. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties.

During the Track Record Period, we were not in strict compliance with the contribution requirements in relation to our employees because we did not make social insurance contributions in full amount and engaged third-party agencies to pay social insurance premium and housing provident funds for certain of our employees. Our PRC Legal Advisor has advised us that, under PRC laws and regulations, we might be subject to late fees and fines for not being in strict compliance with such contribution requirements. If any competent government authority is of the view that the social insurance payments we made for our employees do not satisfy the requirements under relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, accruing from when the social insurance contribution was due. If we fail to pay the unpaid amount or the late fee, we may be subject to a fine ranging between one to three times of the total unpaid amount of the social insurance contribution. Accordingly, the maximum penalties that might have been imposed on the

Group in that regard would be three times of the total unpaid amount of social insurance contributions as of the end of the Track Record Period. Our PRC Legal Advisor has also advised us that, in the event that we fail to pay the housing provident fund in full amount, the housing provident fund administrative center will order us to pay the amount within a prescribed time limit. If we fail to do so upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for compulsory enforcement. As of the Latest Practicable Date, we had not received any notification from the relevant PRC regulatory authorities requiring us to pay shortfalls or late payments with respect to the social insurance and/or housing funds, nor had we been subject to any related administrative penalties. Given that we have obtained a letter of confirmation from, and relevant confirmation during our interview with the relevant competent authorities, our PRC Legal Advisor are of the view, with respect to the certain PRC subsidiaries with certain number of employees, that the risk of the competent authorities requiring us to pay shortfalls with respect to the social insurance and housing funds and/or take the initiative to impose penalties on us is relatively remote.

We cannot assure you that we will not receive any complaint or demand for social insurance or housing provident fund contribution from our employees, or that the relevant PRC authorities will not require us to make additional social insurance and housing provident fund contributions. As a result, our financial condition and results of operations could be adversely affected.

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

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

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

We have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide 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.

Governmental regulation of currency conversion may limit our ability to utilize our revenue effectively and affect the value of your investment.

The PRC government imposes regulations on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in RMB. Under our current corporate structure, our Company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. 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 SAFE by complying with certain procedural requirements. Therefore, our wholly foreign-owned subsidiaries in China are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. But approval from or registration with appropriate government authorities or delegated banks is required where RMB is to be converted into foreign currencies and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Additional restrictions on the convertibility of the RMB into foreign currencies may be imposed in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demand, we may not be able to pay dividends in foreign currencies to our shareholders.

PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC regulations and rules concerning mergers and acquisitions including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require 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, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds famous trademarks or PRC time-honored brands.

In addition, the Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於建立外國投資者併購境內企業安全審查制度的通知) issued by General Office of the State Council that became effective in March 2011 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 led by the MOFCOM and the NDRC, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. These laws and regulations are continually evolving as the newly enacted Foreign Investment Law (外商投資法) took effect in 2020. On December 19, 2020, the Measures for the Security Review for

Foreign Investment (外商投資安全審查辦法) was jointly issued by the NDRC and the MOFCOM and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment (外商投資安全審查辦法) specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts or other relevant government agencies may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our wholly foreign-owned subsidiaries in China to liability or penalties, limit our ability to inject capital into these subsidiaries, limit these subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or SAFE Circular 75, required PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), or SAFE Circular 37, in July 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued the Circular of the SAFE on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents' investment in a "special purpose vehicle" pursuant to SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 37 will remain within the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch.

We have requested PRC residents who we know hold direct or indirect interest in our Company to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

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.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted restricted shares, restricted share units or options are subject to these regulations upon our listing. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

Our business benefits from certain government grants, financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries or consolidated affiliated entities as part of their efforts to encourage the development of local businesses. In 2020, 2021 and 2022, we recognized RMB6.7 million, RMB9.6 million and RMB24.1 million of income from government grants in consolidated statements of comprehensive loss, respectively. In addition, several COVID-19 related government policies, such as relief of social security and waiver of toll charges, the exact magnitude of which cannot be quantified, have also contributed to the improvement of our financial performance during the Track Record Period. However, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or consolidated affiliated entities. Any reduction or elimination of incentives would have an adverse effect on our 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.

Under the EIT Law, and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation, or the SAT, 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. 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.

Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. If the PRC tax authorities determine that we should be classified as a PRC resident enterprise for PRC tax purposes, our global income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

Moreover, if the PRC tax authorities determine that our Company is a PRC resident enterprise for PRC enterprise income tax purposes, gains realized on the sale or other disposal of our Shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises, or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. Any such tax may reduce the returns on your investment in our Shares.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, and heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

The SAT has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) issued in December 2009, or SAT Circular 698, the Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises (關於非居民企業所得稅管理若干問題的公告) issued in March 2011, or SAT Circular 24, and the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) issued in February 2015, or SAT Circular 7. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposing of equity interest in an overseas holding company, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. Nevertheless, the indirect transfer falling into the safe harbor available under SAT Circular 7 may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring as specifically set out in SAT Circular 7, public market trading and tax treaty exemptions.

In October 2017, the SAT released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告), or SAT Public Notice 37, effective from December 2017. SAT Public Notice 37 replaced a series of important circulars, including but not limited to SAT Circular 698, and revised the rules governing the administration of withholding tax on China-source income derived by a non-resident enterprise. SAT Public Notice 37 provides for certain key changes to the current withholding regime, for example, the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends.

Under SAT Circular 7 and SAT Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under SAT Circular 7 and SAT Public Notice 37, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Circular 7.

However, as there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Company and other non-resident enterprises in our group may be subject to filing obligations or may be taxed if our Company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our Company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors' investments in us. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

RISKS RELATED TO THE [REDACTED]

There has been no prior public market for our Shares prior to the [REDACTED], and you may not be able to resell our Shares at or above the price you pay, or at all.

Prior to the completion of the **[REDACTED]**, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the **[REDACTED]**. The **[REDACTED]** is the result of negotiations between our company and the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**), which may not be indicative of the price at which our Shares will be traded following the completion of the **[REDACTED]**. The market price of our Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

The trading price of our Shares may be volatile which could result in substantial losses to you.

In addition, the trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their **[REDACTED]**. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial shareholders, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our substantial shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the **[REDACTED]** of our Shares is higher than the net tangible book value per Share immediately prior to the **[REDACTED]**, purchasers of our Shares in the **[REDACTED]** will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the **[REDACTED]** may experience further dilution in their shareholding percentage.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the **[REDACTED]**. Prior to the publication of this document, there has been press and media coverage regarding us and the **[REDACTED]**. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

We have no experience operating as a public company.

We have no experience conducting our operations as a public company. After we become a public company, we may face enhanced administrative and compliance requirements, which may result in substantial costs.

In addition, since we are becoming a public company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a public company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your 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 have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always 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. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the sections headed "Business" and "Industry Overview," contains information and statistics relating to our industry. Such information and statistics have been derived from different official government publications, available sources from public market research and other sources from independent suppliers, and from an independent industry report prepared by China Insights Consultancy. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. The information from official government sources has not been independently verified by us, the **[REDACTED]**, any of their respective directors and advisors, or any other persons or parties involved in the **[REDACTED]** (excluding China Insights Consultancy), and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, 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 English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See "Summary of Cayman Islands Company Law and Taxation — 6. Protection of Minorities" in Appendix III to this document.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or our majority Shareholder, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands. However, we conduct substantially all of our operations in China and most of our assets are located in China. In addition, all of our directors and senior executive officers reside within China for at least a significant portion of the time and all of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or our management residing in China. It may also be difficult for you to enforce in Chinese courts the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. On January 9, 2021, the MOFCOM promulgated the Measures for Blocking Improper Extraterritorial Application of Foreign Laws and Measures (《阻斷外國法律與措施不當域外適用辦法》), or Order No. 1, with immediate effect. Under Order No. 1, if a citizen, legal person or other organization of China is prohibited or restricted by foreign legislation and other measures from engaging in normal economic, trade and related activities with a third state (or region) or its citizens, legal persons or other organizations, the citizen, legal person or other organization shall truthfully report such matters to the MOFCOM within 30 days. Upon assessment and confirmation that there exists unjustified extra-territorial application of foreign legislation and other measures, the MOFCOM will issue a prohibition order to prevent the relevant foreign legislation and other measures from being accepted, executed, or observed, but such a citizen, legal person or other organization may apply to the MOFCOM for an exemption from compliance with such prohibition order. However, since Order No. 1 is relatively new, its enforcement involves uncertainty in practice.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize 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 written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts 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 laws 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 foreign court.

There will be a time gap of several business days between [REDACTED] and trading of our Shares [REDACTED] in the [REDACTED]. Holders of our Shares are subject to the risk that trading prices of our Shares could fall during the period before trading of our Shares begins.

The **[REDACTED]** of our Shares is expected to be determined on the **[REDACTED]**. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be several Hong Kong business days after the **[REDACTED]** date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time trading begins.

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

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words "anticipate," "believe," "estimate," "expect," "plans," "prospects," "going forward," "intend" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

In preparation for the Listing, the Company has applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, the Company must have sufficient management presence in Hong Kong, which normally means that at least two executive Directors must be ordinarily resident in Hong Kong.

Our Group's headquarters are located in Mainland China, and our principal business operations are mainly located, managed and conducted in Mainland China. Our executive Directors and all other members of the senior management team are located in Mainland China, and they manage our Group's business operations from Mainland China. Our Directors consider that the appointment of executive Directors who will be ordinarily residents in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and the Shareholders as a whole. Accordingly, our Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to the Company adopting the following arrangements to maintain regular and effective communications with the Stock Exchange in line with Guidance Letter HKEX-GL9-09:

1. our Company has appointed Mr. Qiu Chunchao, our executive Director, and Ms. Wong Wai Yee, Ella, one of the joint company secretaries of the Company, as the authorized representatives for the purpose of Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. As and when the Stock Exchange wishes to contact our Directors on any matters, each of these authorized representatives will have the means to contact all of the Directors promptly at all times;

2. pursuant to Rule 3.20 of the Listing Rules, our Company has provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number, fax number (where available) and/or e-mail address) to facilitate communication with the Stock Exchange;

3. each Director who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period; and

4. pursuant to Rules 3A.19 of the Listing Rules, the Company has appointed Maxa Capital Limited as its Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules, who will act as an additional channel of communication with the Stock Exchange.

WAIVER IN RESPECT OF THE CHANGE OF FINANCIAL YEAR END

Pursuant to Rule 8.21 of the Listing Rules, the Stock Exchange will not normally consider an application for listing from a new applicant which has changed the period of its financial year during the latest complete financial year (being twelve months) immediately preceding the proposed date of issue of the listing document.

As our Company has adopted June 30 as the financial year end date when it was incorporated, and on June 29, 2023, has changed the financial year end date to December 31, we have applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 8.21 of the Listing Rules, and the waiver [has been granted] by the Stock Exchange.

The financial year end of our Company was changed with the view to allowing our Company to align our financial year to be coterminous with that of our major operating subsidiaries, thereby facilitating the preparation of the consolidated financial statements of the Company and enhancing efficiency in the long run. To the best of knowledge, information and belief of our Directors, our Company would be able to satisfy all requirements under Rule 8.05(3) of the Listing Rules before and after the change of financial year end, and such change does not materially affect the presentation of the financial information or result in any omission from this document of material information concerning our Group or that would otherwise be relevant to assessment of our Company's suitability for listing.

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Qiu Chunxin (邱純鑫)	A904, Zhongtai Building Zhongguan Garden Xili Town Nanshan District Shenzhen, PRC	Chinese
Mr. Liu Letian (劉樂天)	Room 3102, Building 5 Hai'an Court Xin'an Street Bao'an District Shenzhen, PRC	Chinese
Mr. Qiu Chunchao (邱純潮)	03B, Block 4, Phase 2 Sangtaidan Huafu Nanshan District Shenzhen, PRC	Chinese
Non-executive Director		
Dr. Zhu Xiaorui (朱曉蕊)	B2-1803, Phase I Swan Lake Garden Nanshan District Shenzhen, PRC	Chinese
Independent non-executive Directors		
Mr. Feng Jianfeng (馮劍峰)	Flat C UG, No 45C Seabird Lane Beach Village Discovery Bay, Lantau New Territories, Hong Kong	Chinese
Dr. Lu Cewu (盧策吾)	Room 1501, No. 13 Lane 58, Jinggu Middle Road Shanghai, PRC	Chinese
Mr. Ng Yuk Keung (吳育強)	Flat E, 3/F Block 6 69 Siu Lek Yuen Road, Castello Sha Tin, New Territories Hong Kong	Chinese

For more information on our Directors, see "Directors and Senior Management".

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**J.P. Morgan Securities (Far East) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong
	China Renaissance Securities (Hong Kong) Limited Units 8107-08, Level 81 International Commerce Center 1 Austin Road West Kowloon, Hong Kong
	[REDACTED]

[REDACTED]

[REDACTED]

Legal Advisors to the Company	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong

	As to PRC laws: **Han Kun Law Offices** 20/F, Kerry Plaza Tower 3 1-1 Zhongxinsi Road Shenzhen, PRC
	As to Cayman Islands laws: **Maples and Calder (Hong Kong) LLP** 26th Floor, Central Plaza 18 Harbor Road, Wanchai Hong Kong
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Latham & Watkins LLP** 18/F One Exchange Square 8 Connaught Place Central, Hong Kong
	As to PRC laws: **King & Wood Mallesons** 28th Floor, China Resources Tower 2666 Keyuan South Road Nanshan District, Shenzhen Guangdong, 518052 PRC
Reporting Accountant and Auditor	**PricewaterhouseCoopers** *Certified Public Accountants and Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B Jing'an International Center 88 Puji Road Jing'an District Shanghai, PRC
Compliance Advisor	**Maxa Capital Limited** Unit 1908, Harbor Center 25 Harbor Road, Wanchai Hong Kong
[REDACTED]	[●]

CORPORATE INFORMATION

Registered Office	**Maples Corporate Services Limited** PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Head Office and Principal Place of Business in the PRC	Building 9, Zhongguan Honghualing Industry Southern District 1213 Liuxian Avenue, Taoyuan Street Nanshan District Shenzhen, PRC
Principal Place of Business in Hong Kong	5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Company's Website	www.robosense.ai/en *(Information on this website does not form part of this Document)*
Joint Company Secretaries	**Mr. Lau Wing Kee (劉永基)** *Certified Public Accountant* Building 9, Zhongguan Honghualing Industry Southern District 1213 Liuxian Avenue, Taoyuan Street Nanshan District Shenzhen, PRC **Ms. Wong Wai Yee, Ella (黃慧兒)** *HKCGI, CGI* 5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Authorized Representatives	**Mr. Qiu Chunchao (邱純潮)** 03B, Block 4, Phase 2 Sangtaidan Huafu Nanshan District Shenzhen, PRC **Ms. Wong Wai Yee, Ella (黃慧兒)** *HKCGI, CGI* 5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Audit Committee	Mr. Ng Yuk Keung *(Chairman)* Dr. Lu Cewu Dr. Zhu Xiaorui

CORPORATE INFORMATION

Remuneration Committee	Mr. Feng Jianfeng *(Chairman)* Dr. Lu Cewu Dr. Zhu Xiaorui
Nomination Committee	Dr. Qiu Chunxin *(Chairman)* Mr. Feng Jianfeng Mr. Ng Yuk Keung
Principal Share Registrar and Transfer Office in the Cayman Islands	**Maples Fund Services (Cayman) Limited** PO Box 1093 Boundary Hall, Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Hong Kong Share Registrar	**[REDACTED]**
Principal Bank(s)	**Bank of China (Hong Kong) Limited** 14/F, Bank of China Tower 1 Garden Road Central Hong Kong **Bank of China Limited, Shenzhen Tianan sub-branch** No. 25, Tairan 4th Road Futian District Shenzhen, PRC **China Merchants Bank, Shenzhen branch** No. 2016, Shennan Avenue Futian District Shenzhen, PRC

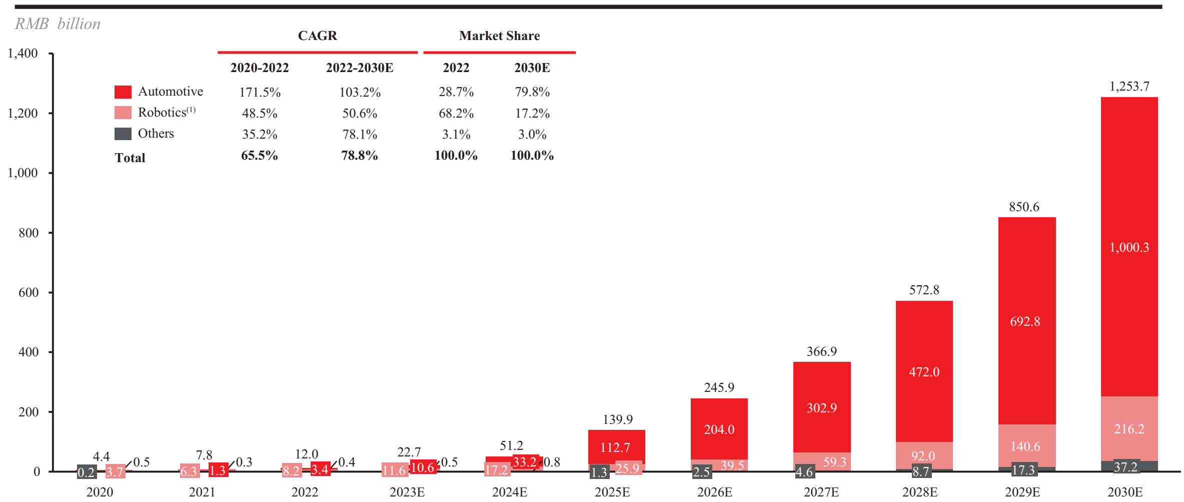
*The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Industry Consultancy Limited (the "**CIC Report**"). We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the* **[REDACTED]**. *The information from official government sources has not been independently verified by us, the Joint Sponsors, the* **[REDACTED]**, *any of the* **[REDACTED]**, *any of our or their respective directors and advisers, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy.*

Overview of the LiDAR Solutions Market

Just as the eyes are one of the most critical organs for people to perceive the world, sensors, being the "eyes" of machines, are among the most important parts to achieve intelligence. LiDAR, as a type of sensor, uses laser beams to calculate an object's variable distances from the targeted surface. LiDAR solutions, coalescing with AI perception software, are able to not only collect, but also interpret and analyze information, facilitating efficient and safe automation in various settings. As a result, LiDAR solutions are widely adopted in automotive and non-automotive industries, such as robotics, smart cities and V2X.

According to the CIC Report, the global LiDAR solutions market size was RMB12.0 billion in 2022 and is expected to grow to RMB1,253.7 billion in 2030, at a CAGR of 78.8%. Amongst the LiDAR solution application scenarios, automotive applications are expected to make up the largest share of the overall market. The following graph sets forth the total addressable market size for LiDAR solutions around the globe from the period indicated.

Global LiDAR Solutions Market Size by Application (by Gross Sales Amount)



Source: CIC Report

Note:

(1) Robotaxi and robotrucks are included in robotics.

LiDAR Hardware

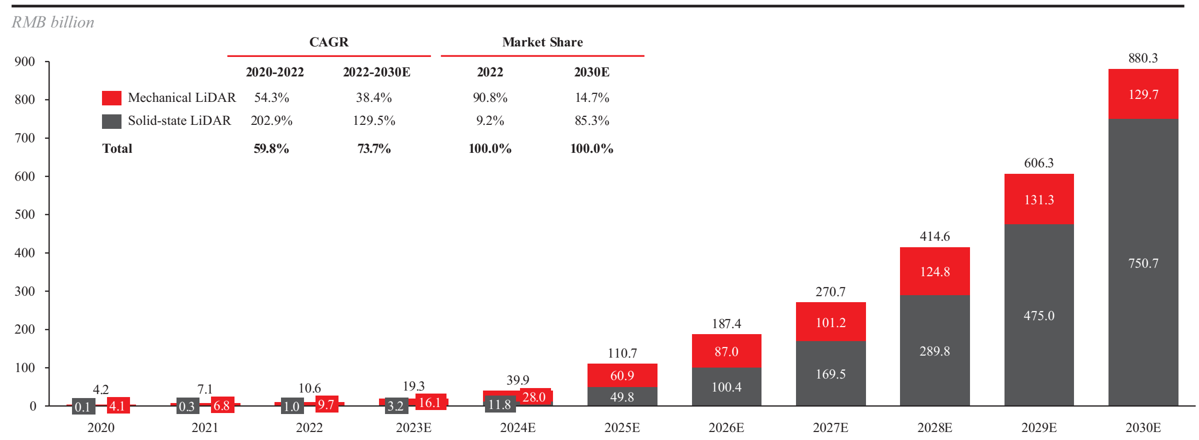
LiDAR hardware can be divided into two categories according to difference in scanning methods: solid-state LiDAR and mechanical LiDAR. The table below sets forth the development status, main advantages and disadvantages and application scenarios of various types of LiDARs.

	Type	Description	Development status	Pros	Cons	application scenarios
Solid-State LiDAR	MEMS (2D scanning)	MEMS-based mirrors reflect the laser to different angles to complete the scan	• In mass production	• Low cost • Small dimensions	• Medium FOV	• Automobiles • Robotics • Smart cities & V2X
	Flash (No scanning)	Flashing light is produced to detect the whole surrounding area at a single point in time and analyzes the information with image sensors	• Near mass production	• Small dimensions • Low cost	• Short detection range	• Automobiles • Robotics
	OPA (No scanning)	Arrays of closely spaced optical antennas radiate coherent light in a broad angular range	• In development	• Wide FOV • Small dimensions • Low cost	• Immature technology	• Automobiles
Mechanical LiDAR	Mechanical rotating LiDAR (1D scanning)	The laser generators are arranged vertically and perform scanning through 360-degree physical rotation to fully cover the surrounding environment	• In mass production	• 360°FOV • Detailed mapping of environment	• Large dimensions • High cost	• Robotics • Smart cities & V2X
	The rotating mirror (1D scanning)	The transmitter emits laser light to irradiate the mirror surface, and the mirror surface continuously rotates to complete the scanning work	• In mass production	• Detailed mapping of environment	• Large dimensions • High cost • Medium FOV	• Automobiles • Robotics • Smart cities & V2X
	The dispersive prisms (2D scanning)	Dispersive prisms rotate around the same axis to generate flower-like scanning patterns	• In mass production	• Detailed mapping of environment	• Large dimensions • High cost • Narrow FOV	• Automobiles • Robotics • Smart cities & V2X

Source: CIC Report

Since all mechanical LiDARs contain rotating mechanisms, their structures are complex, bulky, costly, and less reliable in extreme environments, which are the main obstacles to their widespread application. In contrast, solid-state LiDARs are more reliable, smaller in size, and more economical. They can meet customers' needs for perception performance and satisfy stringent automotive-grade requirements. As a result, solid-state LiDARs are expected to replace mechanical LiDARs in many application scenarios and become the mainstream LiDAR in the future, accounting for 85.3% market share in 2030, according to the CIC Report.

Global LiDAR Hardware Market Size by LiDAR Type (by Gross Sales Amount)

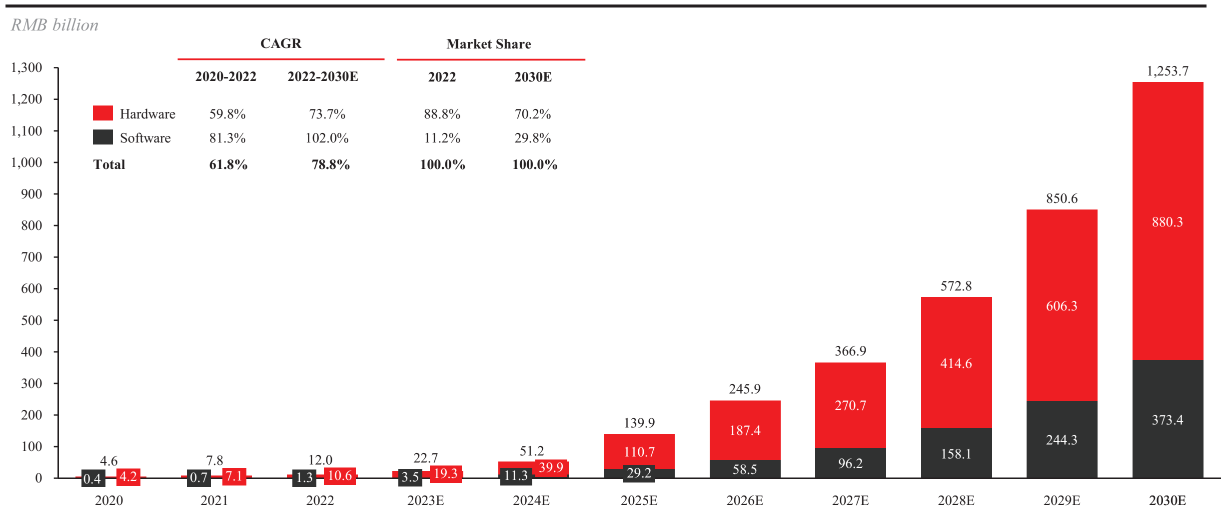


Source: CIC Report

Intelligent Perception Software

Intelligent perception software collects and identifies point cloud information, which can be further combined with data collected by visual sensors to assist the perception system in decision-making through data analysis and processing. Advanced perception software that integrates deep learning technology will continuously evolve and enhance the perception capabilities of LiDAR solutions. The continuous advancement of software technology enables LiDAR solutions to analyze the surrounding environment using lower computing power as well as to be customized to specific needs of customers. According to the CIC Report, the market share of perception software in the global LiDAR solutions market is expected to increase from 11.2% in 2022 to 29.8% in 2030.

Global LiDAR Solutions Market Size by Type (by Gross Sales Amount)



Source: CIC Report

Overview of the Automotive LiDAR Solutions Market

According to the CIC Report, the main driver of growth in the LiDAR solutions market is the automotive industry, which comprises the market for automotive-grade LiDAR solutions that have achieved mass production, currently dominated by ADAS applications. It is expected to experience explosive growth and constitute 79.8% of the total LiDAR solutions market in 2030, due to the increasing market demand for autonomous vehicles.

Driving Factors for Adoption of Autonomous Driving

- ***Safer and more relaxing driving experience.*** Human driver errors cause about 90% of traffic accidents. Vehicles with ADAS can achieve higher safety ratings and reduce the complexity of driving. In most circumstances, advanced autonomous vehicles can even allow human drivers to "hands off" the steering wheel and "eyes off" the road. Instead of constantly and intensively focusing on the road, human drivers may choose to delegate part or all driving tasks to vehicles and have a more relaxing driving experience.

- ***Improved efficiency.*** Deploying autonomous driving technology can significantly reduce the costs associated with human drivers. It also allows the vehicles to stay on the road for an extended period of time, hence improving overall transportation capacity and efficiency.

- ***Government support.*** Autonomous driving also provides social benefits, such as improving traffic and reducing congestion. Governments across different countries are thus supporting the development of autonomous driving technology. For example, China's National Development and Reform Commission has set a goal for 2025, by which time the country should achieve mass production of vehicles featuring Level 3 self-driving capabilities. Furthermore, in the U.S., the Department of Transportation released the Automated Vehicles Comprehensive Plan which clarified the direction of development of autonomous vehicles in the U.S.

Classification of Driving Automation

Autonomous driving is classified into various levels, based on the degree of automation, as defined by The Society of Automotive Engineers.

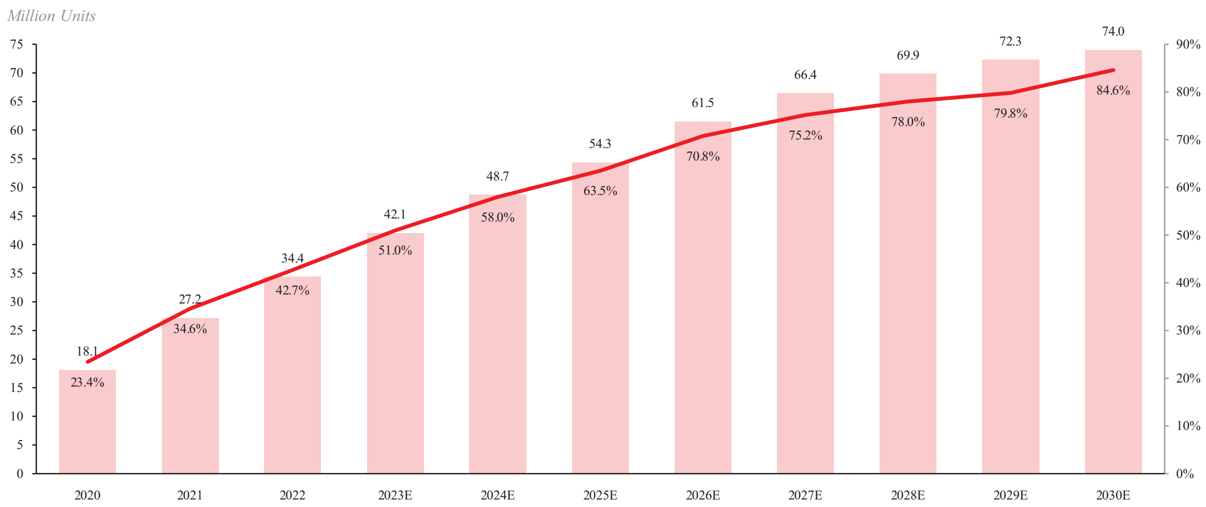
	Advanced Driver Assistance Systems (ADAS)			Advanced Autonomous Driving (AD)	
Level	**L1**	**L2**	**L3**	**L4**	**L5**
Definition	**Driver assistance** • Vehicles provide either steering or brake & acceleration support	**Partial autonomy** • Vehicles provide steering and brake & acceleration support simultaneously	**Conditional autonomy** • Driverless in certain conditions but human driver must take back the control when the system requests	**High autonomy** • Driverless in certain conditions. The vehicle system will not require human driver to take over driving	**Full autonomy** • Driverless in all conditions
Example features	• Lane-centering support • Adaptive cruise control	• Lane centering and adaption cruise control at the same time	• Traffic jam assist • Highway assist • Auto parking	• Local driverless taxi (pedals/steering wheel may or may not be installed)	• Same features as L4 but in all conditions

Source: CIC Report

Increasing Market Penetration for Autonomous Vehicles

According to the CIC Report, the penetration rate of autonomous vehicles is expected to experience tremendous growth, from 42.7% in 2022 to 84.6% in 2030. This will translate to 74.0 million autonomous vehicles in 2030.

Global Vehicles Shipments of Autonomous Vehicles and Corresponding Penetration Rates



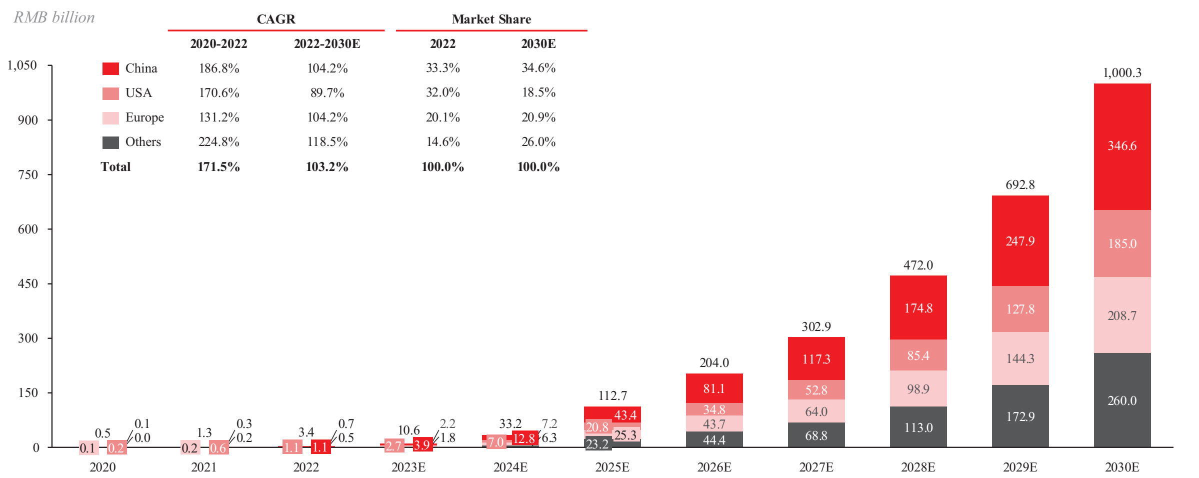
Source: CIC Report

Adoption of LiDAR Solutions in the Automotive Market

Perception system is one of the indispensable components of autonomous driving. While cameras, ultrasound radars and millimeter-wave radars have a long history in the automotive industry, they have various known disadvantages that have impeded autonomous driving technology development. For example, cameras may be easily blinded by extreme lighting conditions. Ultrasound radars are unable to detect the size and shape of obstacles. Millimeter-wave radars cannot capture high-resolution 3D image information. Consequently, autonomous vehicles solely dependent on cameras, ultrasound radars or millimeter-wave radars suffer from high false positive and false negative rates, causing accidents. On the other hand, LiDAR maintains high sensing performance even in extreme lighting conditions and can realize high accuracy at long-range. Hence LiDAR has gained remarkable momentum in the automotive industry as a significant enhancement to the existing perception solutions.

According to the CIC Report, the market size for LiDAR solutions in the automotive market was RMB3.4 billion in 2022, and is expected to grow at a CAGR of 103.2% to RMB1,000.3 billion by 2030. Fueled by welcoming government policies and rapid development of autonomous driving technology, China is expected to be the most active and prominent market in the global automotive LiDAR solutions market, accounting for about 34.6% of the global market in 2030, with a CAGR of 104.2% from 2022 to 2030.

Global Automotive LiDAR Solutions Market Size by Region (by Gross Sales Amount)



Source: CIC Report

Drivers of Demand for LiDAR Solutions in the Automotive Market

- ***Enhanced Perception Performance.*** As autonomous driving technology advances, consumers have increasingly high demands for travel safety and comfort. To satisfy the scenario adaptability and precision control requirements of higher levels of autonomous driving, the requirements for sensing accuracy become increasingly critical for automotive OEMs and Tier 1 suppliers. This can be achieved by more precise 3D environmental perception information provided by LiDAR solutions and data fusion by integrating with intelligent perception software and other sensors such as cameras. Such LiDAR solutions can combine information derived from disparate sensors through advanced software, further improving the perception performance in extreme driving conditions.

- ***Automotive-Grade Reliability.*** Obtaining automotive-grade certifications, such as IATF16949, AEC-Q100, ISO 16750 and meeting various requirements from automotive OEMs and Tier 1 suppliers are necessary for automotive mass production of LiDAR. These have been a critical hurdle for many LiDAR companies in the past as they failed to conform to the stringent requirements related to reliability, stability, or product quality for the automotive industry. With advancement in technology, there are currently more automotive-grade LiDAR solutions in the market and a large number of automotive OEMs and Tier 1 suppliers have adopted or will soon adopt LiDAR solutions to achieve higher-level autonomous driving.

- ***Lower Cost and Smaller Size.*** Apart from performance concerns mentioned above, automotive OEMs and Tier 1 suppliers were also reluctant to incorporate conventional LiDAR in their vehicles because they are too costly and too large to meet aesthetic requirements of cars. Attributable to the more streamlined product design and realization of LiDAR-on-chip technology, LiDAR companies can now mass produce solid-state LiDARs with lower cost and smaller size while meeting the perception performance required by customers. This improves the economic viability of LiDARs for end users, thereby driving the adoption of LiDAR solutions.

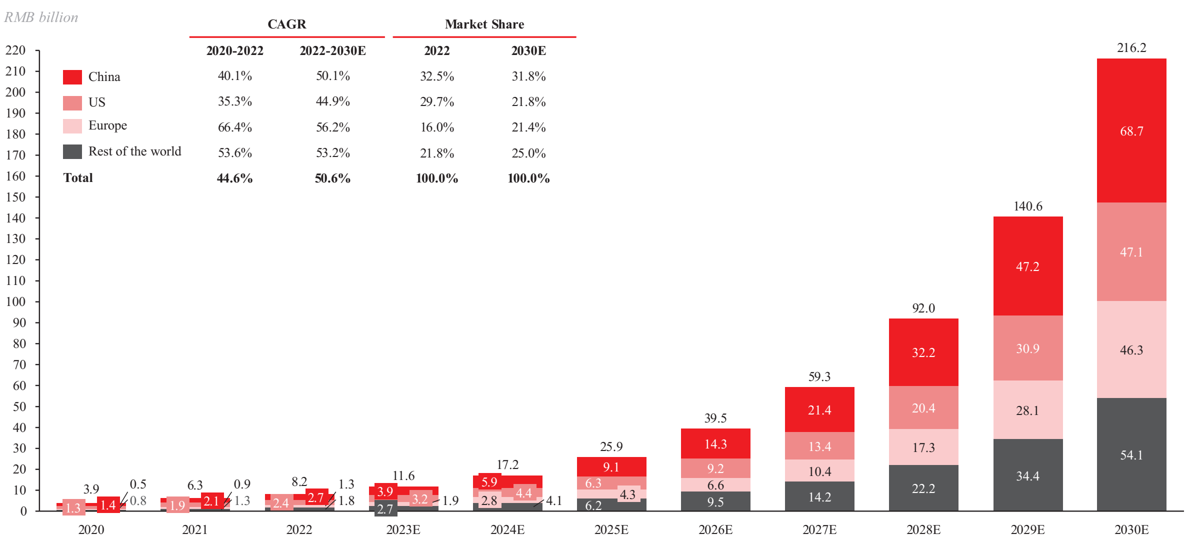
Trends of LiDAR Solutions in the Autonomous Vehicles Market

A number of automotive OEMs have unveiled vehicle models equipped with pre-installed LiDARs as part of their ADAS, offering features including automatic emergency braking and adaptive cruise control. Therefore, the penetration rate of LiDAR solutions in ADAS, or L2 to L3 vehicles is expected to continue to increase. In addition, automotive OEMs are also expected to install more LiDARs on each vehicle to improve its environmental perception capabilities. They will also use auxiliary blind-spot LiDARs to enhance blind-spot detection and thereby improve vehicle safety. When more advanced autonomous, or L4 to L5 vehicles enter the market at a large scale, it is expected that LiDAR solutions that are pre-installed in the vehicles for mass production will be an essential component.

Overview of the Robotics LiDAR Solutions Market

Robotics have been widely used in delivery service, commercial cleaning, security, industrial applications, and other scenarios. The adoption of robots equipped with LiDAR solutions can improve safety in the working environment while reducing labor costs. According to the CIC Report, current robotics often drive in closed and semi-open environments. They are generally equipped with 360° mechanical LiDARs, which provide the robots with environmental recognition capabilities for positioning and navigation as well as abilities to identify and avoid obstacles and realize intelligent mobility. As robotic technologies become more mature, they will be applied in open environments, where robot's environmental recognition capabilities become more important. Going forward, as solid-state LiDAR solutions can facilitate robots to understand its surroundings in an unknown environment at a lower cost than mechanical LiDAR solutions, they will drive the penetration rate of LiDAR in the robotics market. According to the CIC Report, the robotics LiDAR solutions market is expected to grow at a CAGR of 50.6% from RMB8.2 billion in 2022 to RMB216.2 billion by 2030. China is expected to be the largest market globally, accounting for about 31.8% of the global market in 2030.

Global LiDAR Solutions Market Size for Robotics by Region (by Gross Sales Amount)



Source: CIC Report

Competitive Landscape

Commercialization

According to the CIC Report, RoboSense is industry leading in terms of commercialization. As of March 31, 2023, RoboSense had design wins with 21 automotive OEMs and Tier 1 suppliers for 52 vehicle models, both of which ranked first among global LiDAR providers. The following tables set forth global LiDAR providers in terms of number of design-win customers and number of design-win vehicle models as of March 31, 2023.

Ranking	Company	Number of design-win customers	Ranking	Company	Number of design-win vehicle models
1	RoboSense	21	1	RoboSense	52
2	Company A[(1)]	11	2	Company A	19
3	Company B[(2)]	5	3	Company B	10
4	Company C[(3)]	4	4	Company C	5
5	Company D[(4)]	4	5	Company D	4
	Others	15		Others	20
	Total	**60**		**Total**	**110**

RoboSense had achieved SOP for seven design-win customers as of March 31, 2023, ranking No. 1 globally, according to the CIC Report. The following table sets forth the ranking of global LiDAR providers in terms of the number of design-win customers for whom they have achieved LiDAR SOP.

Ranking	Company	Design-win customers for whom Company has achieved SOP	Market share
1	RoboSense	7	43.8%
2	Company B	4	25.0%
3	Company A	3	18.8%
4	Company E[(5)]	1	6.2%
5	Company F[(6)]	1	6.2%
	Total	**16**	**100.0%**

Notes:

(1) Company A is a LiDAR company headquartered in China that specializes in the development and production of LiDAR products for automotive and other industries. Company A is listed on NASDAQ.

(2) Company B is an automotive supplier headquartered in France that provides a wide range of parts and accessories for vehicles. Established in 1923, Company B started selling LiDAR products for automotive industry in 2016. Company B is listed on Euronext Paris.

(3) Company C is a LiDAR company headquartered in the U.S. that specializes in the development and production of LiDAR products and associated perception software for automotive and other industries. Company C is listed on NASDAQ.

(4) Company D is a company headquartered in China that provides a broad range of products and services across various industries, including LiDAR products for automotive industry.

(5) Company E is a LiDAR company headquartered in China that specializes in the development and production of LiDAR products for automotive and other industries.

(6) Company F is a LiDAR company headquartered in the U.S. that specializes in the development and production of LiDAR products for automotive and other industries.

Technology

According to the CIC Report, as of March 31, 2023, RoboSense is the only LiDAR company that has achieved (i) mass production of LiDAR hardware, (ii) commercialization of proprietary chip technologies on signal processing, transmitter and receiver as well as scanning systems and (iii) commercialization of perception software. The following table sets forth progress of LiDAR hardware, proprietary chip technologies and perception software for the same LiDAR providers as above.

Company	Development Status of LiDAR Hardware	Proprietary Chips on			Proprietary Perception Software		
		Signal Processing System	Transmitter and Receiver	Scanning System	LiDAR Perception	Visual Perception	Fusion Technology
RoboSense	SOP	●	●	●	●	●	●
Company A	SOP	●	●	○	●	○	○
Company B	SOP	◐	◐	○	●	○	○
Company C	Sample	◐	◐	○	◐	○	○
Company D	Sample	◐	U	U	U	U	U
Company E	SOP	●	◐	○	●	○	○
Company F	SOP	●	◐	○	●	○	○

● *Commercialized* ◐ *In development* ○ *No products available* *U: Unknown*

Source: CIC Report

Key Success Factors

- ***Balance among Key Indicators.*** Performance, reliability and cost are the three main factors customers usually consider when choosing LiDAR solutions. The perception performance of the LiDAR solution must meet customers' requirements with respect to detection range, ranging accuracy, reflectance and FOV. In addition, automotive-grade reliability is one of the prerequisite requirements for the LiDARs to be used by automotive OEMs and Tier 1 suppliers for mass production. As such, LiDAR solutions that have passed multiple rounds of reliability verification by domestic and overseas automotive OEMs have significant competitive advantages. In addition to performance and reliability, customers are also pursuing low-cost solutions. Therefore, LiDAR companies use various chip technologies, including 2D scanning chips and SoC chips to improve integration, reduce number of components required, and simplify production process to achieve the optimal balance among performance, reliability, and cost.

- ***Customizable Solutions.*** Due to the different needs of customers, in addition to providing products with various specifications, LiDAR companies are also actively developing and improving intelligent perception software to provide customized LiDAR solutions that can satisfy unique customer demands. Since customers have increasingly high requirements for perception performance, solutions solely using LiDAR as a sensor may fail to meet the needs of all customers in the long run. Thus, some LiDAR companies are also developing visual perception software and using multi-sensor fusion technology, which enable sensors such as LiDAR and cameras to complement each other, in order to provide better intelligent perception solutions. Therefore, customers would be able to select products or solutions most suitable for their own needs, maximizing the application value of intelligent sensing solutions.

- ***Product Iterability.*** To achieve cost-efficient, long-term and stable business partnerships, customers will evaluate not only the specifications of LiDAR providers' existing LiDAR solutions, but also their ability to upgrade products iteratively, when selecting business partners. Customers prefer to establish collaborations with LiDAR companies that can improve the perception capabilities of their LiDAR solutions while maintaining product adaptability, since this will greatly reduce the customers' R&D expenditures for switching to upgraded LiDAR products.

SOURCE OF INFORMATION

We commissioned CIC, an independent market research consulting firm that is principally engaged in the provision of market research consultancy services, to conduct a detailed study of the LiDAR solutions market in China.

During the preparation of the CIC Report, CIC performed both primary and secondary research, and obtained knowledge, statistics, information, and industry insights on the industry trends of the LiDAR solutions market in China. Primary research involved discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports, and available data based on CIC's own research database.

The CIC Report was compiled and the expected growth in China's LiDAR solutions market was estimated based on the following assumptions and factors: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period, (ii) the Chinese economy is expected to grow steadily during the forecast period, and (iii) there will be no extreme unforeseen events, including regulations and government policies, which may materially affect the market during the forecast period. The reliability of the CIC Report may be affected by the accuracy of the foregoing assumptions and factors. For the avoidance of doubt, impacts of the COVID-19 outbreak have been taken into account when compiling information in the CIC Report.

CIC is an independent market research and consulting firm. We have agreed to pay a fee of USD80,000 to CIC in connection with the preparation of the CIC Report for the **[REDACTED]**. We have extracted certain information from the CIC Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information," and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industries where we operate. Our Directors confirm that to the best of their knowledge, and after making reasonable enquiries, there has been no adverse change in the industry since the date of the CIC Report which may qualify, contradict or have an impact on the information set out in this document.

OVERVIEW

Our history can be traced back to August 2014, when our Founders, Dr. Qiu, Dr. Zhu and Mr. Liu, co-founded Shenzhen Suteng, a wholly-owned subsidiary of our Company with a strategy on the development of LiDAR technology for automobiles and robots. For detailed biographies of our Founders, Dr. Qiu, Dr. Zhu and Mr. Liu, see "Directors and Senior Management".

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on June 23, 2021. As part of the Reorganization, our Company became the ultimate holding company of our Group. See "— Reorganization and Series E Pre-**[REDACTED]** Investment" below for details.

Over the years, we have evolved into a global leader in the LiDAR and perception solutions market. As of March 31, 2023, we had served the largest number of automotive OEMs and Tier 1 suppliers, obtained the most design wins and achieved SOP for the highest number of vehicle models as compared with other LiDAR companies around the world, according to CIC.

OUR KEY MILESTONES

The table below shows the key milestones in the history of our Group:

Year	Milestone
2014	Shenzhen Suteng was incorporated.
2016	We completed the development of mechanical LiDAR products and mastered the core technology of LiDAR.
2017	We launched our perception software, RS-LiDAR-Perception, and announced the new generation smart solid-state LiDAR in the PRC, the RS-LiDAR-M1pre.
2021	We announced the new generation smart solid-state LiDAR, RS-LiDAR-M1, which was mass-produced and delivered to the North American new energy vehicle manufacturer in June 2021. It was the first global automotive-grade production and delivery of the second-generation smart solid-state LiDAR.
2022	We released the automotive-grade solid-state blind spot LiDAR, RS-LiDAR-E1.
	We began mass production of RS-LiDAR-M1P.
2023	As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, and achieved SOP for nine vehicle models and seven of the 21 aforementioned automotive OEMs and Tier 1 suppliers.

OUR MAJOR SUBSIDIARIES

During the Track Record Period, the following subsidiaries made a material contribution to our results of operation and financial position:

Name of subsidiary	Place of incorporation	Date of incorporation	Registered/issued share capital	Shareholding	Principal business activities
Shenzhen Suteng	PRC	August 28, 2014	RMB540,344,000	100%	Manufacturing and sales of LiDAR products
RoboSense HK	Hong Kong	July 16, 2021	HKD10,000	100%	Investment holding[(1)]

Note:

(1) RoboSense HK is an investment holding company and has no business operation since its incorporation.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY AND OUR MAJOR SUBSIDIARIES

Shareholding Changes of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 23, 2021 as the holding company of our Group. The initial authorized share capital of our Company was US$50,000 divided into 500,000,000 Shares with a par value of US$0.0001. For subsequent major shareholding changes of our Company as part of the Reorganization and Pre-**[REDACTED]** Investments, see "— Reorganization and Series E Pre-**[REDACTED]** Investment" and "— Pre-**[REDACTED]** Investments" below.

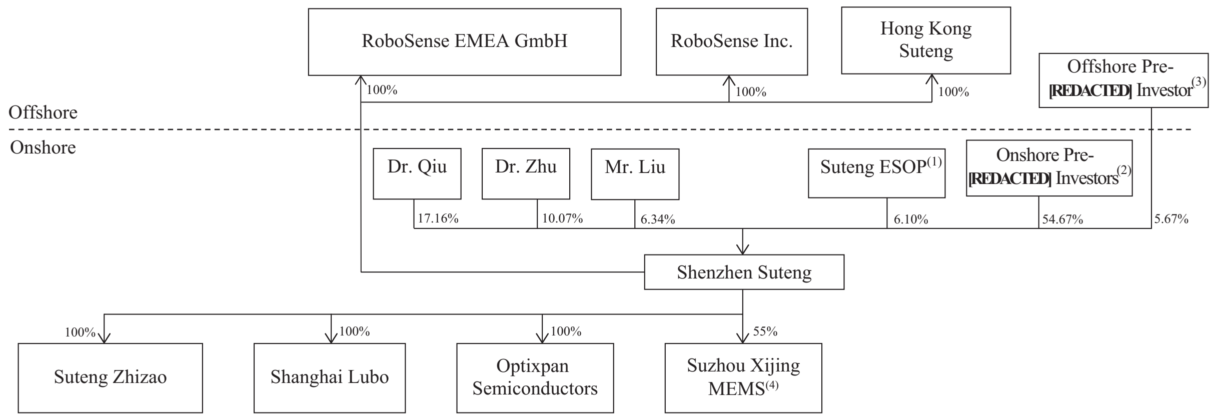
Shareholding Changes of Our Major Subsidiaries

For details of the changes in shareholding in our major subsidiaries, see "— Reorganization and Series E Pre-**[REDACTED]** Investment" and "— Pre-**[REDACTED]** Investments" below and "A. Further information about our Group — 3. Changes in the share capital of our subsidiaries" in Appendix IV to this document.

REORGANIZATION AND SERIES E PRE-[REDACTED] INVESTMENT

In preparation of the Listing, we underwent the Reorganization, pursuant to which our Company became the holding company and listing vehicle of our Group. During the Reorganization, the Group also conducted Series E Pre-**[REDACTED]** Investment.

The following chart sets out the shareholding and corporate structure of our Group immediately before the Reorganization:



Notes:

(1) Suteng ESOP was the then employee shareholding vehicle pursuant to the 2020 Suteng ESOP Plan (which was terminated in the course of the Reorganization and was then replaced by Pre-**[REDACTED]** Share Incentive Scheme A), and was held by Dr. Qiu, Mr. Liu and Mr. Qiu as limited partners as to 11.26%, 2.50% and 26.50%, respectively, and the remaining interest was held by 43 employees as limited partners, and none of which held 10% or more of the interest therein and are Independent Third Parties. The general partner of Suteng ESOP was Dr. Qiu.

(2) "Onshore Pre-**[REDACTED]** Investors" refers to the 32 onshore Pre-**[REDACTED]** Investors of Pre-**[REDACTED]** Investments from Series Angel to Series D+, which remained as shareholders of Shenzhen Suteng immediately before the Reorganization. See "— Information about our Major Pre-**[REDACTED]** Investors" and "— Capitalization of our Company" below for details of the background of such Pre-**[REDACTED]** Investors.

(3) "Offshore Pre-**[REDACTED]** Investor" refers to Kinzon Capital II (as defined below), one of the Pre-**[REDACTED]** Investors. See "—Information about our Major Pre-**[REDACTED]** Investors" below for details of the background of Kinzon Capital II (as defined below).

(4) The remaining 45% equity interest of Suzhou Xijing MEMS is held by Ms. ZHANG Xiaohong (張小紅), who is an Independent Third Party other than being the substantial shareholder of Suzhou Xijing MEMS.

The Reorganization involved the following steps:

1. Setting up of offshore structure

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 23, 2021. The initial authorized share capital of our Company was US$50,000 divided into 500,000,000 Shares with a par value of US$0.0001. Upon incorporation, our Company issued one Share to the initial subscriber, which was subsequently transferred to BlackPearl on the same day. On the same day, our Company allotted (i) 51,467,682 Shares to BlackPearl, (ii) 30,204,176 Shares to Emerald Forest, and (iii) 19,010,571 Shares to Sixsense, each being one of our Founder Entities.

On June 25, 2021, RoboSense BVI was incorporated in the BVI as a wholly-owned subsidiary of our Company.

On July 16, 2021, RoboSense HK was incorporated in Hong Kong as a wholly-owned subsidiary of RoboSense BVI.

2. Capital Reduction of Shenzhen Suteng and Series E Pre-[REDACTED] Investment

In order to reflect the shareholding structure of Shenzhen Suteng immediately before the Reorganization and to conduct Series E Pre-**[REDACTED]** Investment, (i) on August 31, 2021, our Company, RoboSense BVI, RoboSense HK, the Founders, the Founder Entities and Luxshare (as defined below, which is one of the Series E Pre-**[REDACTED]** Investors) entered into a convertible note subscription agreement, pursuant to which Luxshare subscribed for convertible notes which were subsequently converted to 10,000,000 Series E Preferred Shares on December 31, 2021; (ii) on November 19, 2021, our Company, RoboSense BVI, RoboSense HK, the Founders, the Founder Entities, the Offshore Pre-**[REDACTED]** Investor, each of the Onshore Pre-**[REDACTED]** Investors (and their respective offshore investment holding entities), and the Series E Pre-**[REDACTED]** Investors, namely Shanghai Ziyue (as defined below), Luxshare (as defined below), Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司), GOLDEN LINK WORLDWIDE LIMITED ("**Golden Link**"), Xiamen Starlight Equity Investment Partnership (L.P.) (廈門星韶股權投資合夥企業（有限合夥）) ("**Xiamen Starlight**") and Suzhou Chenling Investment Partnership (Limited Partnership) (蘇州晨嶺投資合夥企業（有限合夥）)("**Suzhou Chenling**"), among others, entered into a share and warrant purchase agreement, pursuant to which a total of 35,510,152 Ordinary Shares, 7,949,650 Series Angel Preferred Shares, 2,269,732 Series Seed Preferred Shares, 6,495,271 Series A Preferred Shares, 3,031,525 Series B Preferred Shares, 1,634,886 Series D Preferred Shares, 858,306 Series D-1 Preferred Shares, 11,444,146 Series D-2 Preferred Shares, 10,000,000 Series E Preferred Shares and warrants to purchase an aggregate of 164,334,428 Preferred Shares were issued; and (iii) on November 19, 2021, our Company and the relevant Founder Entities, entered into separate share transfer agreements with each of Xiamen Starlight, Suzhou Chenling and Golden Link, pursuant to which a total of 3,600,000 Shares were transferred from the relevant Founder Entities to such Series E Pre-**[REDACTED]** Investors, which were then re-designated as Series D-2 Preferred Shares on January 19, 2022 (collectively "**Series E Pre-[REDACTED] Investment Agreements**").

On December 28, 2021, the Onshore Pre-**[REDACTED]** Investors and Suteng ESOP completed the reduction and withdrawal of their contribution in the registered capital of RMB9,891,402, representing approximately 60.77% equity interest in Shenzhen Suteng and the registered capital of Shenzhen Suteng was reduced from RMB16,276,365 to RMB6,384,963 (the "**Capital Reduction**"). Upon completion of the Capital Reduction, Shenzhen Suteng was held by Dr. Qiu, Dr. Zhu, Mr. Liu and Kinzon Capital II (as defined below) as to approximately 43.73%, 25.67%, 16.15% and 14.45%, respectively.

3. Issuance of Shares to ESOP Holding Entities and Termination of the 2020 Suteng ESOP Plan

On October 31, 2021, our Company terminated the 2020 Suteng ESOP Plan and replaced the same with the Pre-**[REDACTED]** Share Incentive Scheme A on December 31, 2021, and pursuant to the Pre-**[REDACTED]** Share Incentive Scheme A, our Company issued 13,450,225 Shares and 4,849,401 Shares to Robust and Ruby, respectively. Robust and Ruby are ESOP Holding Entities of Shares underlying Pre-**[REDACTED]** Share Incentive Scheme A.

On the same day, our Company issued 10,326,316 Shares and 6,884,210 Shares to Hoping Dream, the ESOP Holding Entity of Shares underlying the Pre-**[REDACTED]** Share Incentive Scheme B and ACME NEW VENTURES GROUP LIMITED (鼎新創投集團有限公司) ("**ACME New Ventures**"), a then holding entity of certain Shares underlying the Pre-**[REDACTED]** Share Incentive Scheme B, respectively. The Shares issued to ACME New Ventures were subsequently repurchased and canceled by our Company on October 27, 2022 pursuant to the terms of the Pre-**[REDACTED]** Share Incentive Scheme B. On May 4, 2023, our Company issued 6,884,210 Shares to Hoping Dream.

For details of the principal terms and conditions of the Share Incentive Schemes, see "Appendix IV — Statutory and General Information — D. Share Incentive Schemes" of this document.

4. Acquisition of Shenzhen Suteng by RoboSense HK

On January 13, 2022, RoboSense HK acquired 100% equity interest in Shenzhen Suteng from Dr. Qiu, Dr. Zhu, Mr. Liu and Kinzon Capital II (as defined below) at a total consideration of RMB19,706,400, which was determined with reference to an independent valuation report of Shenzhen Suteng. Upon completion of the acquisition, Shenzhen Suteng became an indirect wholly-owned subsidiary of our Company.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor confirmed that (i) the establishment of our subsidiaries in the PRC and their subsequent shareholding changes have complied with the relevant PRC laws and regulations in all material respects; and (ii) all necessary approvals, permits and licenses required under the PRC laws and regulations in connection with the Reorganization have been obtained; and (iii) the Reorganization has complied with all applicable PRC laws and regulations in all material respects.

PRE-[REDACTED] INVESTMENTS

1. Overview

Between November 2014 and April 2023, we completed a series of Pre-**[REDACTED]** Investments at the onshore level in Shenzhen Suteng and at the offshore level in our Company.

Details of the Pre-**[REDACTED]** Investments are summarized below.

No.	Pre-[REDACTED] Investment	Date of investment agreement(s)	Payment timing of consideration(1)	Amount of registered capital of Shenzhen Suteng subscribed for or transferred under the agreement	Amount of consideration(2)
1.	Series Angel	November 2014	January 2015	RMB25,000	RMB2 million
2.	Series Seed	August 2015	September 2015	RMB16,667	RMB10 million
		October 2015	January 2016	RMB8,333	RMB5 million
3.	Series A	March 2016	April 2016	RMB842,105	RMB13.5 million
4.	Series A+	October 2016	November 2016	RMB554,017	RMB20 million

No.	Pre-[REDACTED] Investment	Date of investment agreement(s)	Payment timing of consideration[(1)]	Amount of registered capital of Shenzhen Suteng subscribed for or transferred under the agreement	Amount of consideration[(2)]
5.	Series B	July 2017	September 2017	RMB1,231,149	RMB57.125 million
6.	Transfers of equity interest in 2018	April 2018	May 2018	RMB1,188,695	RMB61.5 million
7.	Series C	August 2018	October 2019	RMB3,287,693	RMB248.982 million
8.	Transfers of equity interest in 2020	December 2019	February 2020	RMB704,796	RMB80 million
9.	Series D	October 2020	December 2020	RMB545,502	RMB123 million
10.	Series D+	January 2021	March 2021	RMB1,085,017	RMB229.72 million

(prior to the Reorganization)

(after the Reorganization)

No.	Pre-[REDACTED] Investment	Date of investment agreement(s)	Payment date of consideration[(1)]	Total number of shares of the Company subscribed for or transferred under the investment agreement	Amount of consideration	Cost per share	Discount to the [REDACTED][(3)]
11.	Series E	August 2021	October 2021	10,000,000 Series E Preferred Shares	RMB200 million	RMB20.00	**[REDACTED]**
		November 2021	February 2022	17,000,000 Series E Preferred Shares	RMB340 million	RMB20.00	**[REDACTED]**
12.	Series F	August 2021	November 2021	36,487,260 Series F Preferred Shares	RMB964,625,000	RMB26.44	**[REDACTED]**
		April 2022	October 2022	17,406,743 Series F Preferred Shares	RMB460,187,500	RMB26.44	**[REDACTED]**
13.	Series G-1	October 2022	April 2023	11,374,415 Series G-1 Preferred Shares	RMB400 million	RMB35.17	**[REDACTED]**
14.	Series G-2	October 2022	April 2023	21,705,583 Series G-2 Preferred Shares	RMB790,585,500	RMB36.42	**[REDACTED]**

Notes:

(1) This refers to the timing of last payment made by the relevant Pre-**[REDACTED]** Investors in the relevant round of Pre-**[REDACTED]** Investment.

(2) Cost per share paid is not applicable to the Pre-**[REDACTED]** Investments prior to the Reorganization, which were conducted at the onshore level in Shenzhen Suteng, a PRC limited liability company that does not have a share capital.

(3) The discount to the **[REDACTED]** is calculated assuming that (i) the **[REDACTED]** is HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]**; and (ii) the Preferred Share are reclassified as Ordinary Shares on a one-to-one basis.

2. Principal terms of the Pre-[REDACTED] Investments

Use of proceeds from the Pre-**[REDACTED]** Investments:	The gross proceeds from the Pre-**[REDACTED]** Investments amounted to approximately RMB3,628 million, which has been utilized in part for the development and operation of our Group's business, including without limitation, product-related research and development, acquisition of production equipment and machineries, purchase of raw materials, staff recruitment, and daily operational expenses. As of the Latest Practicable Date, an amount of approximately RMB2,163 million remained unutilized and will be used for the operation and further development of our Group's business, including research and development of new LiDAR products, chips and software, expansion of production and manufacturing capacity, and talent and staff recruitment as a supplement to the use of the proceeds from the **[REDACTED]**.
Strategic benefits the Pre-**[REDACTED]** Investors brought to our Company:	We are of the view that our Group can benefit from the additional capital provided by the Pre-**[REDACTED]** Investors' investments in Shenzhen Suteng and our Company. The Pre-**[REDACTED]** Investors are investors in the relevant industries and/or our business partners in the LiDAR ecosystem, and thus can provide us with their knowledge and experience, which we believe would be helpful to our Group's future development. Their investments also demonstrated their confidence in our Group's operations and served as a validation of our Group's performance, strengths and prospects.
Basis of determining the consideration paid:	The consideration for each of the Pre-**[REDACTED]** Investments was determined based on arm's length negotiations between our Group and each of the Pre-**[REDACTED]** Investors, after taking into consideration the timing of investment, and the then status of our business and operating entities.
Lock-up period:	The Pre-**[REDACTED]** Investors are not subject to lock-up restrictions pursuant to the terms of the shareholders' agreement dated October 27, 2022 entered into among our Company and the Pre-**[REDACTED]** Investors, as amended (the "**Shareholders' Agreement**"). The Pre-**[REDACTED]** Investors are expected to be subjected to customary lock-up restrictions, subject to further negotiation between the Company and the Pre-**[REDACTED]** Investors.
Special rights of the Pre-**[REDACTED]** Investors:	Pursuant to the Shareholders' Agreement, the Pre-**[REDACTED]** Investors were granted certain special rights in relation to our Company, including, among others, divestment rights, redemption rights, pre-emptive rights, information and inspection rights, director nomination rights, consent rights, rights of first refusal, exclusivity rights, co-sale rights and anti-dilution rights, whereby the Pre-**[REDACTED]** Investors have the right to subscribe for additional Shares to be issued by our Company pursuant to the **[REDACTED]** so as to maintain their respective percentage of shareholding, at the **[REDACTED]**. Each of our preferred Shareholders (other than the holders of the Series Angel Preferred Shares and the Series Seed Preferred Shares) was

entitled to redeem all or part of their respective Shares if, among others, we fail to complete the Listing on or before December 31, 2024 or a later date as approved by the Shareholders.

The divestment rights and redemption rights have ceased to be exercisable immediately before the first filing of listing application by the Company with the Stock Exchange and will be automatically terminated immediately before the completion of the **[REDACTED]**, provided that such redemption rights shall be automatically restored upon the earliest of (i) the rejection of the listing application to the Stock Exchange, (ii) the withdrawal of the listing application to the Stock Exchange, or (iii) June 30, 2024 (subject to extension as mutually agreed by the Shareholders).

All other special rights will be automatically terminated immediately before the completion of the **[REDACTED]**.

3. Non-Competition Undertakings provided by the Founders and Founder Entities in favor of the Pre-[REDACTED] Investors

Each of the Founders and Founder Entities provided an undertaking in favor of the Pre-**[REDACTED]** Investors, pursuant to which, each of the Founders and Founder Entities undertook that during a period of two years immediately after such Founder ceases to be a director, officer, employee or a direct or indirect holder of any member of the Group, such Founder and the relevant Founder Entities held by him/her shall not, and shall cause his/her affiliates not to, directly or indirectly: (i) be employed by certain competitors of the Company ("**Company Competitors**"), the composition of which was agreed among the Pre-**[REDACTED]** Investors and the Company; (ii) make any form of investment in any of the Company Competitors, including, becoming the owner, shareholder, controller or creditor of the Company Competitors; (iii) conduct any business with, provide any form of consultancy service or advice or other services of whatever form to any of the Company Competitors; (iv) enter into any contract or commitment, which restricts or is likely to restrict or has adverse impact on the business of the Group; (v) compete with the Group to recruit, solicit or contact any current or potential customers, agents, suppliers and/or independent contractors of the Group (the "**Non-Competition Undertakings**"). However, the Non-Competition Undertakings shall not restrict an acquisition by any of the Founders of less than 1% of the shares of any Company Competitor, which is a publicly traded company, provided that the relevant Founder or any of his affiliates has no other relationship with such publicly traded company other than the holding of equity interests.

4. Information about our Major Pre-[REDACTED] Investors

Set out below is a description of our major Pre-**[REDACTED]** Investors and their respective beneficial owner(s) and background and their relationship with the Group and/or any connected person of the Company. To the best of the Company's knowledge, all the Pre-**[REDACTED]** Investors are Independent Third Parties.

1. *BAIC*

Shanghai Anpeng

Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership) (上海安鵬速鵬企業管理合夥企業（有限合夥）) ("**Shanghai Anpeng**") is a limited partnership established in the PRC. Its general partner is Shenzhen Anpeng Equity Investment Fund Management Co., Ltd. (深圳市安鵬股權投資基金管理有限公司) ("**Anpeng Management**"), which is an indirect wholly-owned subsidiary of Beijing Automotive Industry Holding Co., Ltd. (北京汽車集團有限公司) ("**BAIC Holding**"), which is ultimately wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會), and is also the controlling shareholder of BAIC Motor Corporation Limited (北京汽車股份有限公司) ("**BAIC**"), a company listed on the Main Board of the Stock Exchange (stock code: 1958), and is a passenger vehicle manufacturer in the PRC. Shanghai Anpeng is held as to 99.9% by its limited partner, Shenzhen Anpeng Venture Capital Fund Enterprise (Limited Partnership) (深圳安鵬創投基金企業（有限合夥）), which is in turn controlled by BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司) ("**BAIC Group Industrial**"), being a wholly-owned subsidiary of BAIC Holding, and as to 0.01% by Anpeng Management.

Beiqi Huajin

Zhuhai Beiqi Huajin Industry Equity Investment Fund (Limited Partnership) (珠海北汽華金產業股權投資基金（有限合夥）) ("**Beiqi Huajin**") is a limited partnership established in the PRC. Its general partner is Anpeng Management, which also holds 0.67% of the interest therein. Its other limited partners include Zhuhai Huajin Alpha II Fund Partnership (Limited Partnership) (珠海華金阿爾法二號基金合夥企業（有限合夥）) ("**Huajin Alpha**"), holding approximately 66.44% therein, and BAIC Group Industrial, holding 32.67% of the interest therein, and one other limited partner which did not hold one-third or more of the interest therein. Huajin Alpha is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhuhai Municipality (珠海市人民政府國有資產監督管理委員會).

2. *Cainiao*

Cainiao is company incorporated under the laws of BVI, primarily engaged in equity investment and investment management. Cainiao is a controlled subsidiary of Alibaba Group Holding Limited (阿里巴巴集團控股有限公司) ("**Alibaba**"), a company listed on the New York Stock Exchange (stock code: BABA) with a secondary listing on the Main Board of the Stock Exchange (stock code: 9988).

3. *China Mobile*

China Mobile Fund (Hebei Xiong'an) Partnership (Limited Partnership) (中移股權基金（河北雄安）合夥企業（有限合夥）) ("**China Mobile Hebei Xiong'an**") is a limited partnership established in PRC and is mainly engaged in equity investment. The general partner of China Mobile Hebei Xiong'an is China Mobile Equity Fund Management Limited (中移股權基金管理有限公司) ("**China Mobile Equity Fund**"), the largest shareholder of which is China Mobile Capital Holdings Co., Ltd. (中移資本控股有限責任公司) ("**China Mobile Capital**"), which is a wholly-owned subsidiary of China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司) ("**China Mobile**"), a company wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC ("**SASAC**"). China Mobile Hebei Xiong'an is held by China Mobile Capital as to 43.63% and China Mobile Equity Fund as to 1.11%, and four other limited partners, none of which held one-third or more of the interest therein.

4. China Renaissance

Golden Development

Golden Development Asia Limited ("**Golden Development**") is a company incorporated under the laws of the BVI, and is held as to over 70% by Huaxing Growth Capital IV, L.P. ("**Huaxing Growth IV**"), whose general partner is Huaxing Associates IV, Ltd., which is in turn indirectly wholly owned by China Renaissance Holdings Limited ("**China Renaissance**"), a company listed on the Main Board of the Stock Exchange (stock code: 1911). None of the limited partners of Huaxing Growth IV holds one-third or more of the interests therein.

Huaxing Growth III

Huaxing Growth Capital III, L.P. ("**Huaxing Growth III**") is a limited partnership established in the Cayman Islands. Its general partner is Huaxing Associates III L.P., whose general partner is Huaxing Associates GP III, Ltd., which is in turn indirectly wholly owned by China Renaissance. None of the limited partners of Huaxing Growth III holds one-third or more of the interests therein.

5. China Structural Reform Fund

EverestHeng (Cayman) Limited ("**EverestHeng**") is a company incorporated under the laws of the Cayman Islands. It is wholly owned by China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司) ("**China Structural Reform Fund**") and the shares of which are held by several state-owned enterprises and ultimately indirectly held by SASAC.

6. Fortune Athena and Fortune Miner

Each of Fortune Athena Limited ("**Fortune Athena**") and Fortune Miner Limited ("**Fortune Miner**") is a company incorporated under the laws of the BVI, and is wholly owned by Mr. SU Qifeng (蘇麒鳳).

7. Fosun

Shanghai Rui Wang

Shanghai Rui Wang Enterprise Management Partnership (Limited Partnership) (上海鋭望企業管理合夥企業（有限合夥）) ("**Shanghai Rui Wang**") is a limited partnership established in the PRC. Its general partner is Shanghai Rui Xu Management Consulting Co., Ltd. (上海鋭煦管理諮詢有限公司), which is controlled by Fosun International Limited (復星國際有限公司) ("**Fosun**"), a company listed on the Main Board of the Stock Exchange (stock code: 656).

Guangzhou Ruiyi

Guangzhou Ruiyi Venture Capital Partnership (Limited Partnership) (廣州鋭熠創業投資合夥企業（有限合夥）) ("**Guangzhou Ruiyi**") is a limited partnership established in the PRC. Its general manager is Shanghai Zhiying Equity Investment Management Co., Ltd. (上海智盈股權投資管理有限公司), which is in turn controlled by Fosun. It has five limited partners, none of which held one-third or more of the interest therein.

8. GCF

GCF Robotics Ltd ("**GCF**") is a company incorporated under the laws of the BVI. GCF is wholly owned by Geely Capital Fund I LP, which is in turn controlled by Zhejiang Geely Holding Group Co., Ltd. (浙江吉利控股集團有限公司) ("**Geely**"), a controlling shareholder of Geely Automobile Holdings Limited (吉利汽車控股有限公司)("**Geely Auto**"), a company listed on the Main Board of the Stock Exchange (stock code: 175). Geely Auto and its subsidiaries are principally engaged in the research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding.

9. Gortune

Gotrays International and Storm Era

Each of Gotrays International Limited ("**Gotrays International**") and Storm Era Limited ("**Storm Era**") is a company incorporated under the laws of BVI and is ultimately controlled by Gortune Investment Co., Ltd. (廣東民營投資股份有限公司) ("**Gortune**"), a company principally engaged in investments in new energy, life science, agriculture modernization, consumption and high-end manufacturing.

10. Haitong

Huzhou Yuntong

Huzhou Yuntong Investment Partnership (Limited Partnership) (湖州贇通股權投資合夥企業（有限合夥）) ("**Huzhou Yuntong**") is a limited partnership incorporated established in the PRC. Its general partner is Haitong New Energy Private Equity Investment Management Co., Ltd. (海通新能源私募股權投資管理有限公司) ("**Haitong Management**"), a company ultimately controlled by Haitong Securities Co., Ltd. (海通證券股份有限公司) ("**Haitong**"), a company listed on the Main Board of the Stock Exchange (stock code: 6837) and the Shanghai Stock Exchange (stock code: 600837). Huzhou Yuntong is held by its limited partner, Shanghai HFT Fortune Asset Management Co., Ltd. (上海富誠海富通資產管理有限公司) as to 78.66%, which is the asset manager of Fucheng Hai Futong Haitong New Energy Equity No. 1 Special Asset Management Plan (富誠海富通海通新能源股權一號專項資產管理計劃). The remaining 21.34% interest of Huzhou Yuntong was held by Haitong indirectly.

Huzhou Yutong

Huzhou Yutong Investment Partnership (Limited Partnership) (湖州煜通股權投資合夥企業（有限合夥）) ("**Huzhou Yutong**") is a limited partnership established in the PRC. Its general partner is Haitong Management. Its limited partners include Daqing Oilfield Feima Co., Ltd. (大慶油田飛馬有限公司), holding 47.89% of the interest therein, and two other limited partners, none of which held one-third or more of the interest therein.

Liaoning Haitong

Liaoning Haitong New Energy and Low Carbon Industry Private Equity Fund Co., Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司) ("**Liaoning Haitong**") is a company incorporated under the laws of the PRC, and is indirectly held as to 49.9% by Haitong, and as to 50.1% collectively by Liaoning Holdings (Group) Co., Ltd. (遼寧控股（集團）有限責任公司) and Liaoning Energy Investment (Group) Co., Ltd. (遼寧能源投資（集團）有限責任公司), each of which is controlled by the State-owned Assets Supervision and Administration Commission of the Liaoning Provincial Government (遼寧省人民政府國有資產監督管理委員會).

11. Kinzon

Kinzon Capital II

Kinzon Capital Venture Partners II, L.P. ("**Kinzon Capital II**") is a limited partnership established in the Cayman Islands. Its general partner is Kinzon Capital Venture GP II Co. Ltd ("**Kinzon Capital Venture GP**"), which is wholly owned by Kinzon Capital Co. Ltd ("**Kinzon Capital**"), which focuses on the investment in early-stage and growth-stage companies in technology innovation. Kinzon Capital II has eight limited partners, none of which held one-third or more of the interests therein.

Kinzon Capital III

Kinzon Capital Venture Partners III, L.P. ("**Kinzon Capital III**") is a limited partnership established in the Cayman Islands. Its general partner is Kinzon Capital Venture GP. Its limited partners are Kinzon Capital Venture Team II, L.P. and TR China Holdings 10, holding 5% and 95% of the interests therein, respectively.

12. Luxshare

LUXSHARE LIMITED (立訊有限公司) ("**Luxshare**") is a company incorporated under the laws of Hong Kong. It is held as to 50% by Ms. WANG Laichun (王來春) and 50% by Mr. WANG Laisheng (王來勝), being the chairman and vice chairman, respectively, of Luxshare Precision Industry Co., Ltd. (立訊精密工業股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 002475) and is primarily engaged in the design and manufacturing of cable assembly and connector system for various applications.

13. Ningbo Jumin

Ningbo Jumin Investment LLP. (寧波高新區岠珉股權投資合夥企業（有限合夥) ("**Ningbo Jumin**") is a limited partnership established in the PRC. Its general partner is Shanghai Lihan Investment Management Co., Ltd. (上海利瀚投資管理有限公司), a company wholly owned by Mr. ZHENG Ming (鄭明), and its limited partners include Mr. WANG Jiaqiang (王佳強) holding 49.50% therein and four other limited partners, none of which held one-third or more of the interest therein.

14. OFC

OFC Fund I

OFC INNOVATION ANGEL FUND I (東方富海（蕪湖）移動創新股權投資基金（有限合夥）) ("**OFC Fund I**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is OFC (Wuhu) Equity Investment Fund Management Enterprise (Limited Partnership) (東方富海（蕪湖）股權投資基金管理企業（有限合夥）) ("**OFC Management**"), which is ultimately controlled by Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("**OFC**"). OFC focuses on the investment in technology, media and telecom, green technology, new material and advanced manufacturing technology and healthcare sectors. OFC Fund I is held by OFC Management as to 12.5% and seven limited partners, none of which held one-third or more of the interest therein.

OFC Fund II

OFC INNOVATION ANGEL FUND II (富海深灣（蕪湖）移動創新股權投資基金（有限合夥）) ("**OFC Fund II**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is OFC Management. OFC Fund II is held by OFC Management as to 2.21%, OFC as to 14.71% as a limited partner, and 20 other limited partners, none of which held one-third of more of the interest therein.

OFC Clean Tech

OFC Clean Tech Growth (Limited Partnership) (深圳市東方富海成長環保投資企業（有限合夥）) ("**OFC Clean Tech**") is a limited partnership established in the PRC. Its general partner is OFC Management. OFC Clean Tech is held by OFC Management as to 10% and OFC as to 90% as limited partners.

Shenzhen Gootor

Shenzhen Gootor Equity Investment Fund Management Enterprise (Limited Partnership) (深圳股投邦股權投資基金管理企業（有限合夥）) ("**Shenzhen Gootor**") is a limited partnership established in the PRC. Its general partner is Ganzhou Hairongtong Investment Management Partnership (Limited Partnership) (贛州海融通投資管理合夥企業（有限合夥）) ("**Ganzhou Hairongtong**"). Shenzhen Gootor is held by Ganzhou Hairongtong as to 66.10% and OFC Management as to 33.90% as limited partners.

SME Development

SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金（深圳南山有限合夥）) ("**SME Development**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is Shenzhen OFC SME Development Fund Equity Investment Management Co., Ltd. (深圳市富海中小企業發展基金股權投資管理有限公司) ("**OFC SME Management**"), which is controlled by OFC. SME Development is held as to 1% by OFC SME Management and 10 limited partners, none of which held one-third or more of the interest therein.

15. Puhe

PUHE Realwin

PUHE Realwin Venture Capital.LP (深圳市普禾瑞贏股權投資基金合夥企業（有限合夥）) ("**PUHE Realwin**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is Shenzhen PUHE Asset Management Co., Ltd. (深圳市普禾資產管理有限公司)

("**PUHE Capital**"), a company ultimately controlled by Mr. HE Yunyue (何雲月). PUHE Capital focuses on the investment in artificial intelligence, new material, high-end equipment and healthcare sectors. PUHE Realwin is held by PUHE Capital as to 0.2%, Ms. ZHOU Nan (周南) as to 79.84% as a limited partner and three other limited partners, none of which held one-third or more of the interest therein.

PUHE Intelligent

PUHE Intelligent Venture Capital.LP (深圳市普禾智能一號投資合夥企業（有限合夥）) ("**PUHE Intelligent**") is a limited partnership established in the PRC. It is mainly engaged in equity investment. Its general partner is PUHE Capita. It is held as to 0.28% and 99.72% by PUHE Capital as general partner and Ningxia Ningju Innovation Investment Co., Ltd. (寧夏寧聚創新投資管理有限公司) as limited partner, a company wholly owned by Mr. WANG Ning (王寧), respectively.

16. Shangqi Management

Changzhou Shangqi

Changzhou Shangqi Xinhui Equity Investment Fund (LLP) (常州尚頎信輝股權投資基金合夥企業（有限合夥）) ("**Changzhou Shangqi**") is a limited partnership established in the PRC. Its general partner is Shanghai Shangqi Investment Management Partnership (Limited Partnership) (上海尚頎投資管理合夥企業（有限合夥）) ("**Shangqi Management**"), which is ultimately controlled by Mr. FENG Ji (馮戟). Shangqi Management holds 0.12% of the interest in Changzhou Shangqi. Changzhou Shangqi has 15 limited partners, none of which held one-third or more of the interest therein.

Yangzhou Shangqi

Yangzhou Shangqi Sanqi Venture Capital Fund Center (Limited Partnership) (揚州尚頎三期創業投資基金中心（有限合夥）("**Yangzhou Shangqi**"), formerly known as Yangzhou Shangqi Sanqi Auto Industry M&A Equity Investment Fund (LLP) (揚州尚頎三期汽車產業併購股權投資基金中心（有限合夥）)) is a limited partnership established in the PRC, and its general partner is Shangqi Management, which holds 0.11% of the interest therein. Yangzhou Shangqi has 16 limited partners, none of them held one-third or more of the interest therein.

17. Smart Han

Smart Han Ltd ("**Smart Han**") is a company incorporated under the laws of the BVI and is wholly owned by A Han Ltd.

18. Sino-Rock

SinoRock Prosperous

SinoRock Prosperous Global II Limited ("**SinoRock Prosperous**") is a company incorporated under the laws of the BVI and is wholly owned by Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產業併購股權投資基金合夥企業（有限合夥）("**Xinshi Xinxing**"). Xinshi Xinxing is managed by Cinda Kunpeng (Shenzhen) Equity Investment Management Company Limited (信達鯤鵬（深圳）股權投資管理有限公司), which is ultimately controlled by Sino-Rock Investment Management Company Limited (漢石投資管理有限公司) ("**Sino-Rock**"), a company incorporated in Hong Kong and is primarily engaged in investment.

Cinda Sino-Rock Investment

Cinda Sino-Rock Investment Limited (信達漢石投資有限公司) ("**Cinda Sino-Rock Investment**") is a company incorporated under the laws of BVI. Cinda Sino-Rock Investment is wholly owned by Sino-Rock.

19. Xiaomi

Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership) (上海籽月企業管理諮詢合夥企業（有限合夥）) ("**Shanghai Ziyue**") is a limited partnership established in the PRC. Its general partner is Hubei Xiaomi Yangtze-River Industrial Investment Fund Management Co., Ltd. (湖北小米長江產業投資基金管理有限公司) ("**Xiaomi Management**"), a company ultimately controlled by Xiaomi Corporation (小米集團) ("**Xiaomi**"), a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an internet of things (IoT) platform at its core, listed on the Main Board of the Stock Exchange (stock code: 1810). Shanghai Ziyue is held as to approximately 99.59% by its limited partner, Hubei Xiaomi Yangtze-River Industrial Partnership (Limited Partnership) (湖北小米長江產業基金合夥企業（有限合夥）), the general partner of which is Xiaomi Management.

20. Yunfeng

YF Robosence Limited ("**YF Robosence**") is a limited liability company incorporated under the laws of the BVI. YF Robosence is wholly owned by Yunfeng Fund IV, L.P., a limited partnership established under the laws of the Cayman Islands, which is ultimately managed by Yunfeng Investment IV, Ltd. ("**Yunfeng**"), which is in turn controlled by Mr. YU Feng (虞鋒).

21. Yutong Bus

Sinoyutong International Limited (香港盛宇國際有限公司) ("**Sinoyutong**") is a company incorporated under the laws of Hong Kong and is wholly owned by Yutong Bus Co., Ltd. (宇通客車股份有限公司) ("**Yutong Bus**"), a company listed on the Shanghai Stock Exchange (stock code: 600066), and is primarily engaged in the manufacturing of buses.

5. Public float

Upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the Shares held by BlackPearl, Emerald Forest, Sixsense and Ruby will not be counted towards the public float of our Company. Save as disclosed above, to the best of our Directors' knowledge, information and belief, all other Shareholders of our Company are not core connected persons of our Company. Therefore, approximately **[REDACTED]**% of our issued Shares (upon completion of the **[REDACTED]** and assuming the **[REDACTED]** is not exercised) will be counted towards the public float of our Company according to Rule 8.08(1) of the Listing Rules.

6. Compliance with Interim Guidance and Guidance Letters

On the basis that (i) the Pre-**[REDACTED]** Investments were irrevocably settled more than 28 clear days before the date of first filing of the listing application, and (ii) the redemption rights and divestment rights granted to the Pre-**[REDACTED]** Investors have been terminated before the first filing of listing application by the Company submits with the Stock Exchange and all other special rights granted to the Pre-**[REDACTED]** Investors will be terminated upon completion of the **[REDACTED]**, the Joint Sponsors have confirmed that the Pre-**[REDACTED]** Investments are in compliance with the Interim Guidance (HKEX-GL29-12) on Pre-**[REDACTED]** Investments issued by the Stock Exchange on October 13, 2010 and as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

PARTIES ACTING IN CONCERT

On April 21, 2023, our Founders, Dr. Qiu, Dr. Zhu and Mr. Liu, entered into the Concert Party Confirmation, to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of our Group and aligning their votes in the board and shareholders' meetings of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier), and that they will continue to act in concert until the earliest of the day when (1) any of Dr. Qiu, Dr. Zhu and Mr. Liu ceases to have any direct or indirect interests in our Company; (2) all of Dr. Qiu, Dr. Zhu and Mr. Liu agree in writing to terminate the acting-in-concert arrangement; or (3) our Company passes a resolution or a binding decree is made by a court to wind up or dissolve our Company.

ACQUISITION DURING THE TRACK RECORD PERIOD

On December 14, 2022, Shenzhen Suteng entered into a capital increase agreement with Dongguan Cowell Optic Electronics Co., Ltd. (東莞高偉光學電子有限公司) ("**Dongguan Cowell**"), a subsidiary of Cowell e Holdings Inc. (高偉電子控股有限公司), being a company listed on the Stock Exchange (stock code: 1415) and an Independent Third Party, pursuant to which Shenzhen Suteng agreed to inject capital of RMB49 million into Luxsense, a then wholly owned subsidiary of Dongguan Cowell. Luxsense is principally engaged in the manufacturing of modules for the Group's production line. The amount of capital contribution by Shenzhen Suteng was determined after arm's length negotiations among the parties based on the registered capital of Luxsense and the proportion of equity interest Luxsense to be acquired by Shenzhen Suteng. The payment was settled in December 2022 and the transaction was completed in February 2023. Upon completion of such capital injection, Luxsense was owned as to 49% by Shenzhen Suteng and 51% by Dongguan Cowell.

None of the applicable percentage ratios as defined under the Listing Rules in respect of the above transaction exceeds 25% which would require disclosure pursuant to Rule 4.05A of the Listing Rules. Save as the above transaction, we have not conducted any acquisitions, disposals or mergers since our inception that we consider to be material to us.

CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure (a) as at the date of this document and (b) immediately upon the completion of the **[REDACTED]**, assuming (i) the **[REDACTED]** is not exercised and (ii) each Preferred Share is reclassified into one Ordinary Share immediately before the completion of the **[REDACTED]**.

Shareholders	Number and class of Shares held by the Shareholder	Aggregate ownership percentage as at the date of this document	Aggregate ownership percentage upon the completion of the [REDACTED][1]
Founder Entities and ESOP Holding Entities			
BlackPearl[2]	49,367,683 Ordinary Shares	11.58%	**[REDACTED]**
Emerald Forest[3]	29,604,176 Ordinary Shares	6.94%	**[REDACTED]**
Sixsense[4]	18,110,571 Ordinary Shares	4.25%	**[REDACTED]**
Robust[6] [8]	13,450,225 Ordinary Shares	3.16%	**[REDACTED]**
Ruby[5] [6]	4,849,401 Ordinary Shares	1.14%	**[REDACTED]**
Hoping Dream[6] [8]	17,210,526 Ordinary Shares	4.04%	**[REDACTED]**
Major Pre-**[REDACTED]** ***Investors***			
BAIC			
Shanghai Anpeng[7] [8]	5,068,594 Preferred Shares	1.19%	**[REDACTED]**
Beiqi Huajin[7] [8]	2,269,211 Preferred Shares	0.53%	**[REDACTED]**
Cainiao[7] [8]	47,005,063 Preferred Shares	11.03%	**[REDACTED]**
China Mobile Hebei Xiong'an[7] [8]	5,170,188 Preferred Shares	1.21%	**[REDACTED]**
China Renaissance			
Huaxing Growth III[7] [8]	7,333,386 Preferred Shares	1.72%	**[REDACTED]**
Golden Development[7] [8]	15,361,813 Preferred Shares	3.60%	**[REDACTED]**
EverestHeng[7] [8]	11,374,415 Preferred Shares	2.67%	**[REDACTED]**
Fortune Athena[7] [8]	6,495,271 Preferred Shares	1.52%	**[REDACTED]**
Fortune Miner[7] [8]	1,010,509 Preferred Shares	0.24%	**[REDACTED]**
Fosun			
Shanghai Ruiwang[7] [8]	6,268,064 Preferred Shares	1.47%	**[REDACTED]**
Guangzhou Ruiyi[7] [8]	915,297 Preferred Shares	0.21%	**[REDACTED]**
GCF[7] [8]	7,333,386 Preferred Shares	1.72%	**[REDACTED]**
Gortune			
Gotrays International[7] [8]	7,404,946 Preferred Shares	1.74%	**[REDACTED]**
Storm Era[7] [8]	7,404,946 Preferred Shares	1.74%	**[REDACTED]**

Shareholders	Number and class of Shares held by the Shareholder	Aggregate ownership percentage as at the date of this document	Aggregate ownership percentage upon the completion of the [REDACTED][(1)]
Haitong			
Huzhou Yutong[(7) (8)]	2,541,520 Preferred Shares	0.60%	**[REDACTED]**
Huzhou Yuntong[(7) (8)]	1,815,368 Preferred Shares	0.43%	**[REDACTED]**
Liaoning Haitong [(7) (8)]	2,904,586 Preferred Shares	0.68%	**[REDACTED]**
Kinzon			
Kinzon Capital II[(7) (8)]	17,002,869 Preferred Shares	3.99%	**[REDACTED]**
Kinzon Capital III[(7) (8)]	2,444,462 Preferred Shares	0.57%	**[REDACTED]**
Luxshare[(7) (8)]	10,000,000 Preferred Shares	2.35%	**[REDACTED]**
Ningbo Jumin[(7) (8)]	5,082,984 Preferred Shares	1.19%	**[REDACTED]**
OFC			
OFC Fund I[(7) (8)]	8,045,851 Preferred Shares	1.89%	**[REDACTED]**
OFC Fund II[(7) (8)]	4,791,340 Preferred Shares	1.12%	**[REDACTED]**
OFC Clean Tech[(7) (8)]	147,140 Preferred Shares	0.03%	**[REDACTED]**
Shenzhen Gootor[(7) (8)]	858,306 Preferred Shares	0.20%	**[REDACTED]**
SME Development [(7) (8)]	1,487,746 Preferred Shares	0.35%	**[REDACTED]**
Puhe			
PUHE Realwin[(7) (8)]	4,616,424 Preferred Shares	1.08%	**[REDACTED]**
PUHE Intelligent[(7) (8)]	8,294,235 Preferred Shares	1.95%	**[REDACTED]**
Shangqi Management			
Changzhou Shangqi[(7) (8)]	1,429,373 Preferred Shares	0.34%	**[REDACTED]**
Yangzhou Shangqi[(7) (8)]	3,787,830 Preferred Shares	0.89%	**[REDACTED]**
Smart Han[(7) (8)]	6,351,246 Preferred Shares	1.49%	**[REDACTED]**
Sino-Rock			
SinoRock Prosperous[(7) (8)]	5,687,206 Preferred Shares	1.33%	**[REDACTED]**
Cinda Sino-Rock Investment[(7) (8)]	979,706 Preferred Shares	0.23%	**[REDACTED]**
Shanghai Ziyue[(7) (8)]	10,000,000 Preferred Shares	2.35%	**[REDACTED]**
YF Robosence[(7)(8)]	7,565,066 Preferred Shares	1.77%	**[REDACTED]**
Sinoyutong[(7) (8)]	10,831,073 Preferred Shares	2.54%	**[REDACTED]**
Other Pre-*[REDACTED] *Investors			
Logi Group Limited[(8)]	3,868,136 Preferred Shares	0.91%	**[REDACTED]**
AFFLUENT CAPITAL VENTURES LIMITED (豐都創投有限公司)[(8)]	1,010,508 Preferred Shares	0.24%	**[REDACTED]**

Shareholders	Number and class of Shares held by the Shareholder	Aggregate ownership percentage as at the date of this document	Aggregate ownership percentage upon the completion of the [REDACTED][1]
Skyward Limited[8]	1,010,508 Preferred Shares	0.24%	**[REDACTED]**
Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥))[8]	1,798,356 Preferred Shares	0.42%	**[REDACTED]**
Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership) (深圳市康成鵬峰榮承投資合夥企業(有限合夥))[8]	899,187 Preferred Shares	0.21%	**[REDACTED]**
Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Partnership) (中瑞創智（寧波）股權投資管理合夥企業(有限合夥))[8]	776,562 Preferred Shares	0.18%	**[REDACTED]**
FULL WISDOM VENTURES LIMITED (滿慧創投有限公司) [8]	1,634,886 Preferred Shares	0.38%	**[REDACTED]**
Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership) (嘉興啟元開泰股權投資合夥企業(有限合夥))[8]	2,452,310 Preferred Shares	0.58%	**[REDACTED]**
EOE Limited [8]	858,306 Preferred Shares	0.20%	**[REDACTED]**
Guangdong Innovative Lingyue Smart Manufacturing & Information Technology Investment Fund Limited Liability Partnership (廣東融創嶺岳智能製造與信息技術產業股權投資基金合夥企業(有限合夥))[8]	2,452,310 Preferred Shares	0.58%	**[REDACTED]**
Flow Limited[8]	613,073 Preferred Shares	0.14%	**[REDACTED]**
Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司) [8]	2,500,000 Preferred Shares	0.59%	**[REDACTED]**
Golden Link[8]	2,600,000 Preferred Shares	0.61%	**[REDACTED]**
Xiamen Starlight[8]	1,700,000 Preferred Shares	0.40%	**[REDACTED]**
Suzhou Chenling[8]	3,800,000 Preferred Shares	0.89%	**[REDACTED]**
GREAT VIRTUOUS LIMITED[8]	3,782,533 Preferred Shares	0.89%	**[REDACTED]**
Wuhan Zhisu Engine Equity Investment Fund Partnership (Limited Partnership) (武漢智速引擎股權投資基金合夥企業(有限合夥))[8]	366,669 Preferred Shares	0.09%	**[REDACTED]**
Ningbo Zhixing Engine Equity Investment Partnership (Limited Partnership) (寧波智行引擎股權投資合夥企業(有限合夥))[8]	855,561 Preferred Shares	0.20%	**[REDACTED]**
Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業(有限合夥))[8]	3,782,533 Preferred Shares	0.89%	**[REDACTED]**
Excel Rise Holdings Limited[8]	2,585,094 Preferred Shares	0.61%	**[REDACTED]**

Shareholders	**Number and class of Shares held by the Shareholder**	**Aggregate ownership percentage as at the date of this document**	**Aggregate ownership percentage upon the completion of the [REDACTED][1]**
Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥))[8]	2,843,603 Preferred Shares	0.67%	**[REDACTED]**
Mirae Asset Alpha Growth Fund OFC[8]	2,018,195 Preferred Shares	0.47%	**[REDACTED]**
Jurastone Tech Singularity I Ltd[8]	431,070 Preferred Shares	0.10%	**[REDACTED]**
HUITENG CO-STONE INVESTMENT LIMITED[8]	1,421,801 Preferred Shares	0.33%	**[REDACTED]**
China World Investment Limited[8]	568,720 Preferred Shares	0.13%	**[REDACTED]**
Public			
Public Shareholders[9]	**[REDACTED]** Ordinary Shares	—	**[REDACTED]**
Total	**[REDACTED] Shares**	**100%**	**100%**

Notes:

(1) Assuming (i) the **[REDACTED]** is not exercised and (ii) all Preferred Shares are reclassified as Ordinary Shares on a one-to-one basis immediately before the completion of the **[REDACTED]**.

(2) BlackPearl is owned as to 99.9% by BlackPearl Investment Limited and 0.1% by Sunton Global. Sunton Global is wholly owned by Dr. Qiu. BlackPearl Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Sunton Global and Dr. Qiu as beneficiaries.

(3) Emerald Forest is owned as to 99.9% by Emerald Forest Investment Limited and 0.1% by Emerald Forest Holding. Emerald Forest Holding is wholly owned by Dr. Zhu. Emerald Forest Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Emerald Forest Holding and Dr. Zhu as beneficiaries.

(4) Sixsense is owned as to 99.9% by CyberStone Holdings Limited and 0.1% by Realsense. Realsense is wholly owned by Mr. Liu. CyberStone Holdings Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Realsense and Mr. Liu as beneficiaries.

(5) Each of Dr. Qiu, Dr. Zhu and Mr. Liu entered into the Concert Party Confirmation to formalize and confirm that they have been parties acting in concert in exercising shareholders' rights of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier). See "– Parties Acting in Concert" above for details of the Concert Party Confirmation.

(6) Ruby, Robust and Hoping Dream are ESOP Holding Entities, holding Shares underlying the Share Incentive Schemes. Each of Robust and Hoping Dream is indirectly controlled by Futu Trustee Limited acting as the trustee of a trust to hold the Shares on trust for the Participants of Pre-**[REDACTED]** Share Incentive Scheme A and Pre-**[REDACTED]** Share Incentive Scheme B, respectively. Ruby is indirectly controlled by TMF (Cayman) Ltd. as the trustee of a trust to hold the Shares corresponding to the awards granted to Mr. Qiu pursuant to the Pre-**[REDACTED]** Share Incentive Scheme A. For details, see "Appendix IV — Statutory and General Information — D. Share Incentive Schemes".

(7) See "– Information about our Major Pre-**[REDACTED]** Investors" above for the detailed background information of each of the major Pre-**[REDACTED]** Investors.

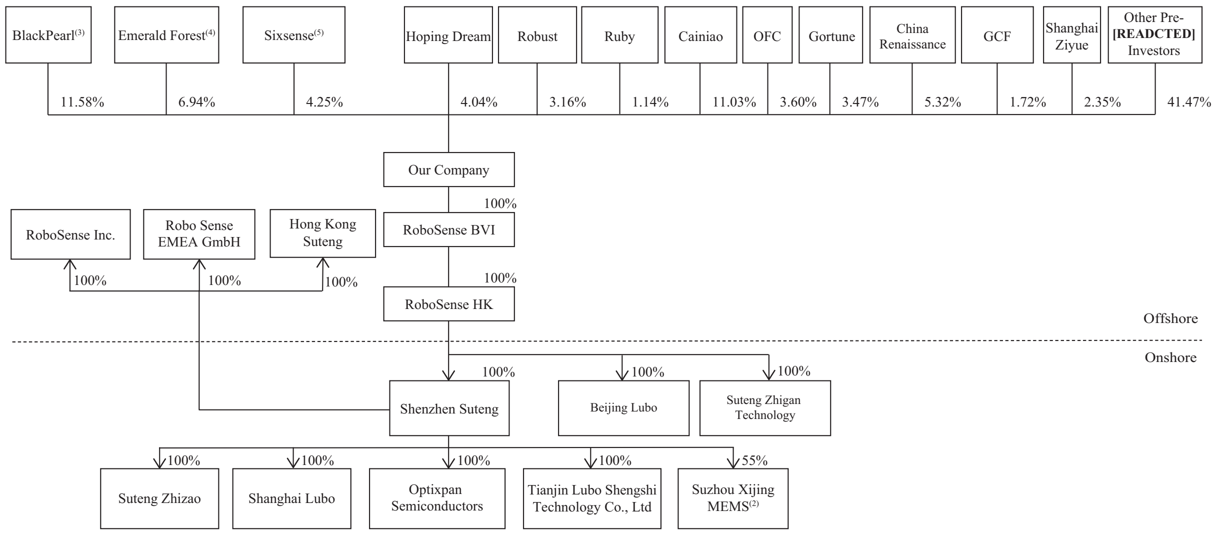
(8) To the best of the Company's knowledge, information and belief, such Shareholders are Independent Third Parties.

(9) "Public Shareholders" refer to the Shareholders who subscribe for the **[REDACTED]** pursuant to the **[REDACTED]**.

CORPORATE STRUCTURE

The following charts illustrate our shareholding and corporate structure (1) immediately after completion of Reorganization and the Pre-**[REDACTED]** Investments but prior to completion of the **[REDACTED]** and (2) immediately after the completion of the **[REDACTED]** (assuming that the **[REDACTED]** has not been exercised).

1. *Immediately after completion of the Reorganization and the Pre-*[REDACTED] *Investments but prior to the completion of the* [REDACTED]



(1) See " – Information about our Major Pre-**[REDACTED]** Investors" above for the detailed background information of each of the major Pre-**[REDACTED]** Investors and "- Capitalization of our Company" for the background information of other Shareholders.

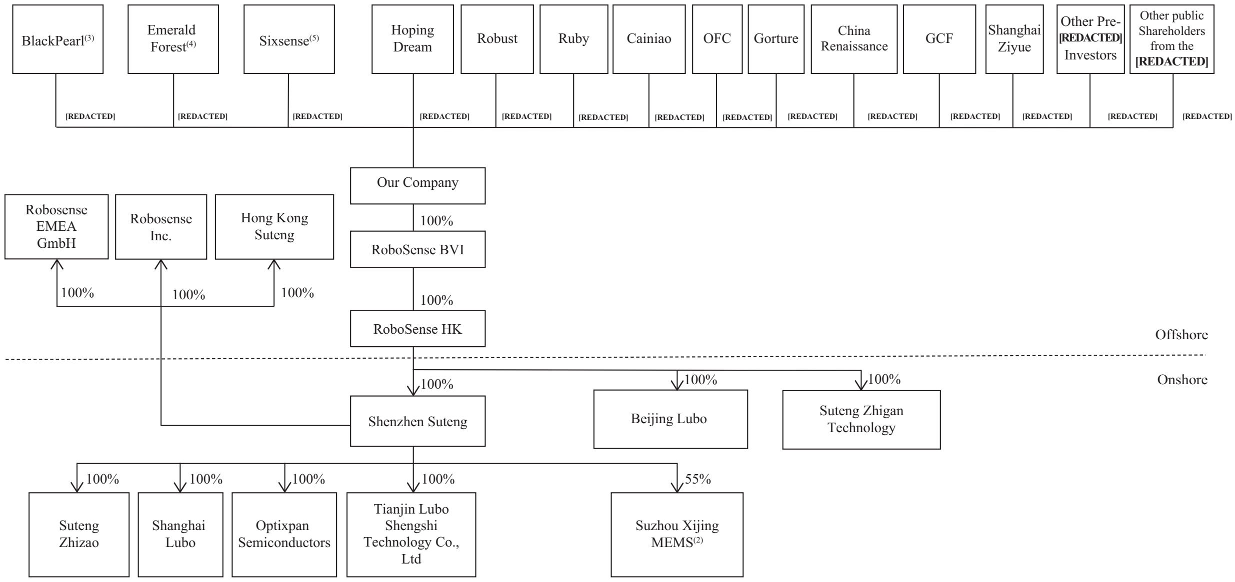
(2) The remaining 45% equity interest of Suzhou Xijing MEMS is held by Ms. ZHANG Xiaohong (張小紅), who is an Independent Third Party other than being the substantial shareholder of Suzhou Xijing MEMS.

(3) BlackPearl is owned as to 99.9% by BlackPearl Investment Limited and 0.1% by Sunton Global. Sunton Global is wholly owned by Dr. Qiu. BlackPearl Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Sunton Global and Dr. Qiu as beneficiaries.

(4) Emerald Forest is owned as to 99.9% by Emerald Forest Investment Limited and 0.1% by Emerald Forest Holding. Emerald Forest Holding is wholly owned by Dr. Zhu. Emerald Forest Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Emerald Forest Holding and Dr. Zhu as beneficiaries.

(5) Sixsense is owned as to 99.9% by CyberStone Holdings Limited and 0.1% by Realsense. Realsense is wholly owned by Mr. Liu. CyberStone Holdings Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Realsense and Mr. Liu as beneficiaries.

2. ***Immediately after the completion of the* [REDACTED] *(assuming that (i) the* [REDACTED] *is not exercised and (ii) each Preferred Share is converted into one Ordinary Share immediately before the completion of the* [REDACTED]*)***



Note:

Notes (1) to (5): See the corresponding notes for the chart under "Immediately after completion of the Reorganization and the Pre-**[REDACTED]** Investments but prior to the completion of the **[REDACTED]**" above.

PRC REGULATORY REQUIREMENTS

M&A Rules

According to the Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the State Administration of Industry and Commerce and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, if a mainland China company or individual intends to acquire its/his/her related domestic company through an offshore company which it/he/she lawfully established or controls, such acquisition shall be subject to the examination and approval of MOFCOM. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by mainland China companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the mainland China companies in exchange for the shares of offshore companies. Pursuant to the Manual of Guidance on Administration for Foreign Investment Access (《外商投資准入管理指引手冊》) issued by MOFCOM on December 2008, the M&A Rules do not apply to the transfer of equity interests in established foreign-invested enterprises from mainland China companies or individuals to offshore companies or individuals, regardless of whether there is any associated relationship between the mainland China companies or individuals and offshore companies or individuals, or whether the offshore companies or individuals are existing shareholders or new shareholders of the foreign-invested enterprises.

As advised by our PRC Legal Advisor, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules in the future, prior CSRC or MOFCOM approval for the **[REDACTED]** is not required under the M&A Rules.

SAFE Registration

Pursuant to the SAFE Circular on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"), promulgated by SAFE and came into effect on July 4, 2014, which replaced the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Round-trip Investment Through Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 75**") (i) a mainland China resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the mainland China resident for the purpose of conducting investment or financing, and (ii) following the initial registration, the mainland China resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's mainland China resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the SAFE Circular on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), promulgated by SAFE which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity are located.

As advised by our PRC Legal Advisor, as at the Latest Practicable Date, the shareholders who we are aware of being subject to SAFE Circular 37 have completed the initial registration requirement as regulated under SAFE Circular 37 in August 2021.

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

Governmental Policies on Supporting and Promoting Smart LiDAR Sensor System Development in China

The PRC Ministry of Industry and Information Technology, or the MIIT, issued the Industrial Development Action Plan on Internet of Vehicles (Intelligent Connected Vehicle) (《車聯網(智能網聯汽車)產業發展行動計劃》) on December 25, 2018, provides the speeding up of the joint development and achievement transformation of perception devices, such as vehicle vision systems, laser/millimeter wave radars, multi-domain controllers, and inertial navigation, and acceleration of the development of key components such as smart vehicle terminals and vehicle-level chips, and promote the industrial application of new-generation artificial intelligence, high-precision positioning and dynamic maps in intelligent networked vehicles.

The Catalogue for Guiding Industry Restructuring (2019 Version) (《產業結構調整指導目錄(2019年本)》), promulgated on October 30, 2019 by the National Development and Reform Commission, or the NDRC, effected on January 1, 2020 and revised on December 30, 2021, which emphasizes that building an industrial cluster of key parts of intelligent vehicles such as on-board high-precision sensors and specification chips, as well as to promote the high-precision positioning and map technologies in intelligent networked vehicles.

The Ministry of Commerce, or the MOFCOM and the other seven PRC governmental authorities jointly issued the Guidance On Promoting Service Outsourcing and Accelerating Transformation and Upgrading (《關於推動服務外包加快轉型升級的指導意見》) on January 6, 2020, which provides that PRC government shall support the development of information technology outsourcing by including enterprises' research & development and application of certain information technologies, such as cloud computing, basic software, integrated circuit design and block chain, into the scope of national science and technology program.

The NDRC, and the other ten PRC governmental authorities jointly released Smart Car Innovation Development Strategy (《智能汽車創新發展戰略》) on February 10, 2020, which provides that the PRC government to promote the development and industrialization of automotive high-precision sensors, automotive-grade chips, smart operating systems, automotive smart terminals, and smart computing platforms, and to build an industry cluster for smart automotive key components.

The PRC government also implement several preferential tax policies to encourage the development of integrated circuit and software industries. Ministry of Finance, also known as MOF, and State Taxation Administration, also known as STA issued the Announcement on Income Tax Policies for Integrated Circuit Design and Software Enterprises (《關於集成電路設計和軟件產業企業所得税政策的公告》) on May 17, 2019, for the qualified integrated circuit design enterprises and software enterprises shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires.

Notice of the State Council on Issuing Several Policies for Promoting the High-quality Development of the Integrated Circuit Industry and the Software Industry in the New Era (《國務院關

於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知) issued by State Council on July 27, 2020, which emphasized that the integrated circuit industry and software industry are the core of the information industry and the key forces leading a new round of scientific and technological revolution and industrial change. In order to further optimize the development environment of integrated circuit industry and software industry, deepen industrial international cooperation, and improve industrial innovation ability and development quality, policies and measures in eight aspects such as finance and taxation, investment and financing, research and development, import and export, human resources, intellectual property rights, market application and international cooperation are formulated and issued. The government shall encourage the development of integrated circuit industry and software industry, and vigorously cultivate enterprises in the fields, strengthen the development of integrated circuit and software majors, accelerate the setting of first-level disciplines of integrated circuit, and support the development and cultivation of integrated enterprises of industry and education in the integrated circuit field. The government shall strictly implement the integrated circuit and software intellectual property rights protection system and intensify punishments for intellectual property rights infringement and illegal acts. It is also necessary for the government to promote the cluster development and regulate the market order of integrated circuit industry and software industry, and deepen international industrial cooperation. All eligible integrated circuit enterprises and software enterprises established within the territory of China, regardless of the nature of their ownership, are entitled to foregoing Policies. The government shall deepen the global cooperation in the integrated circuit industry and software industry and actively create a favorable environment for international enterprises to invest and develop in China.

Pursuant to Notice of the General Office of the State Council on Promulgation of the Development Plan for New Energy Automobile Industry (2021 — 2035) (《國務院辦公廳關於印發新能源汽車產業發展規劃(2021 — 2035年)的通知》), issued by the General Office of the State Council on October 20, 2020, the PRC government encourages the enterprises to implement innovation projects for intelligent connected technologies. The PRC government should, by using new energy automobiles as the first application carrier of intelligent connected technologies, support enterprises in collaborating across domains, research and develop key technologies such as integrated perception of complex environment, intelligent connected decision-making and control, and design of information physical system architecture, and make breakthroughs in core technologies and products such as on-board intelligent computing platforms, high-precision maps and positioning, wireless communication of vehicle to everything (V2X), and drive-by-wire execution systems.

Regulations on to Foreign Investment in China

Investment activities in China by foreign investors are primarily regulated by the Catalogue of Encouraged Industries for Foreign Investment, the Special Administrative Measures (Negative List) for Foreign Investment Access, or the Negative List, and the PRC Foreign Investment Law (《中華人民共和國外商投資法》) and their respective implementation rules and ancillary regulations. The latest Catalogue of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄(2022年版)》) was jointly promulgated by the MOFCOM and NDRC on October 26, 2022 and took effect on January 1, 2023. The latest Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施（負面清單）（2021年版）》), or the 2021 Negative List, was jointly promulgated by the MOFCOM and the NDRC on December 27, 2021 and took effect on January 1, 2022.

The Foreign Investment Law was promulgated by the National People's Congress, or the NPC, on March 15, 2019 and took effect on January 1, 2020 to replace the three prior major PRC laws regarding foreign investment in China, namely, the Sino-Foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》), and the Wholly Foreign-Owned Enterprise Law (《中華人民共和國外資企業法》), and their respective implementation rules. Pursuant to the Foreign Investment Law, foreign investment refers to investment activities conducted by foreign investors (including natural persons, enterprises, and other entities) directly or indirectly in China, which includes: (i) foreign investors setting up foreign-invested enterprises in China individually or jointly with other investors, (ii) foreign investors acquiring shares, equity interests, property portions, or other similar rights and interests of enterprises in China, (iii) foreign investors investing in new projects in China individually or jointly with other investors, and (iv) foreign investment through other means as stipulated by laws, administrative regulations, or provisions of the PRC State Council.

Pursuant to the Foreign Investment Law, foreign investment will enjoy pre-entry national treatment in China (which means treatment that is no less favorable than treatment to domestic investment at the market entry stage), except that foreign-invested enterprises operating in "restricted" or "prohibited" industries set forth on the Negative List are required to obtain market-entry clearance and other approvals. The Foreign Investment Law does not explicitly touch upon the concept of de facto control or contractual arrangements with variable interest entities, but its catch-all provision in the definition of foreign investment leaves possibility for future laws and regulations to specify contractual arrangements as a form of foreign investment.

The Foreign Investment Law also includes certain protective principles and provisions for foreign investors and their investment in China. For example, local government authorities must abide by their commitments made to foreign investors; foreign-invested enterprises are allowed to issue shares of stock and corporate bonds; expropriation and requisition of foreign investment are generally prohibited except under special circumstances, where statutory procedures must be followed and fair and reasonable compensation must be made in a timely manner; mandatory technology transfer is prohibited; foreign investors funds are permitted to be freely transferred out and into the PRC territory during the entire lifecycle of foreign investment; and foreign-invested enterprises are provided with opportunities of fair competition in a market economy. In addition, the Foreign Investment Law allows foreign-invested enterprises that were established under to the prior foreign investment laws and regulations to maintain their corporate structure and governance within five years after the implementation of the Foreign Investment Law, after which such foreign-invested enterprises may be required to adjust the legacy corporate structure and governance pursuant to the currently effective PRC Company Law and other relevant laws and regulations.

The Implementation Regulations of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) were promulgated by the State Council on December 26, 2019 and took effect on January 1, 2020. These implementation rules further clarified that China encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment, continues to optimize foreign investment environment, and advances a higher-level opening. The State Administration for Market Regulation, or the SAMR and its local counterparts supervise the registration of foreign-invested enterprises. If additional licenses and permits are required, foreign investors will apply to other relevant government authorities supervising such licenses and permits following the same conditions and procedures applicable to PRC domestic investors unless otherwise stipulated laws and regulations.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which took effect on January 1, 2020. Pursuant to these measures, where a foreign investor directly or indirectly conducts investment activities in China, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce authority through the enterprise registration system and the national enterprise credit information publicity system. Failure to report required investment information may subject foreign investors or foreign-invested enterprises to legal liabilities.

On December 19, 2020, the National Development and Reform Commission, or the NDRC, and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Led by the NDRC and MOFCOM, the Office of the Working Mechanism shall be established under the NDRC to undertake routine work on the security review of foreign investment. Foreign investors or relevant parties in mainland China shall take the initiative to make a declaration on their investments for security review to the Office of the Working Mechanism prior to (i) making investments in the military industry, military industrial support and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) obtaining control over enterprises involved in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technologies and internet products and services, important financial services, key technologies and other important fields relating to national security. Control exists when a foreign investor (i) holds 50% or more equity interests in the enterprise, (ii) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the enterprise even when it holds less than 50% equity interests in the enterprise, or (iii) has material impact on the enterprise's business decisions, human resources, finance and technology.

Regulations on Production and Business Operation

Regulations on Product Liability

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》), which was promulgated on February 22, 1993 and last amended on December 29, 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 personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers 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 fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

On May 28, 2020, the National People's Congress promulgated the PRC Civil Code (《中華人民共和國民法典》), which took effect on January 1, 2021 and replaces the Tort Law of the People's Republic of China, the Contract Law of the People's Republic of China, and several other basic civil laws in the PRC. Under the PRC Civil Code, if a product is found to be defective and to compromise the personal and property security of others, the victim may require compensation to be made by the manufacturer or the seller of the product. Where any manufacturer or seller knowingly produces or sells defective products or fails to take effective remedial measures in accordance with the PRC Civil Code and thus causes death or serious damage to the health of another person, such person shall be entitled to claim punitive damages. If the transporter or storekeeper is responsible for the matter, the manufacturer or seller shall have the right to demand compensation for its losses.

Regulations Relating to Import and Export of Goods

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002, the import and export of goods are generally allowed by the mainland China government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC, on May 12, 1994, which came into effect on July 1, 1994 and lately amended with immediate effect on December 30, 2022, unless otherwise provided by laws and regulations, the mainland China government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

Regulations on Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014, and effective on January 1, 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, waste water, waste residue, medical waste, dust, malodorous gases, radioactive substances, noise, vibrations, ray radiation, 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 fines, orders to rectify within a 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. In addition, environmental organizations 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 PRC Work Safety Law (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, amended on August 27, 2009, August 31, 2014, June 10, 2021 and became effective on September 1, 2021, producers and business operators shall establish, improve and implement the responsibility system for work safety of all employees of the entity, and strengthen the development of standards for work safety, increase the input and guarantee of funds, materials, technologies, and personnel in terms of work safety, improve the conditions for work safety. Producers and business operators shall provide their employees with education and training on work safety to ensure that the employees acquire the necessary knowledge about work safety, are familiar with the relevant rules for work safety and safe operating procedures, master the safety operating skills for the posts, understand the emergency handling measures for accidents and are aware of their rights and obligations in respect of work safety. No employee who fails to pass the examination after receiving education and training on work safety may be assigned to posts.

Regulations on Development of Construction Projects

Regulations on Planning of a Construction Project

Pursuant to the PRC Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and amended on April 24, 2015 and April 23, 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 pursuant to the Administrative Provisions on Construction Permit of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on March 30, 2021.

Pursuant to the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009, and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure promulgated and implemented by the Ministry of Housing and Urban-Rural Development (《房屋建築和市政基礎設施工程竣工驗收規定》) on December 2, 2013, upon the completion of a construction project, the construction enterprise must submit an application to the competent government department 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 Fire Control

Pursuant to the PRC Fire Safety Law (《中華人民共和國消防法》), which was promulgated by the SCNPC on April 29, 1998, amended on October 28, 2008, April 23, 2019, and April 29, 2021, and effective on April 29, 2021, and the Interim Provisions on Administration of Fire Control Design

Review and Acceptance of Construction Project (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development, which became effective on June 1, 2020, the construction entity of a large-scale crowded venue (including the construction of a manufacturing plant whose size is over 2,500 square meters) and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the filing for fire prevention design and the fire safety completion inspection and acceptance procedures within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to (i) orders to suspend the construction of projects, use of such projects, or operation of relevant business, and (ii) a fine between RMB30,000 and RMB300,000.

Regulations on Internet Information Security and Privacy Protection

Regulations on Information Security

The Decision on Maintenance of Cybersecurity (《關於維護互聯網安全的決定》) enacted by the SCNPC on December 28, 2000, as amended in August 2009, stipulates, among others, that the following activities conducted via internet are subject to criminal penalty if they constitute crimes under PRC law: (i) hacking into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack computer systems and communications networks, thus damaging computer systems and the communications networks; (iii) disconnecting computer networks or communications services without authorization in violation of laws and regulations; (iv) divulging state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights via internet.

In November 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), or the Cybersecurity Law, which became effective on June 1, 2017. The Cybersecurity Law requires that network operators, including 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. The Cybersecurity 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 cybersecurity, and take corresponding remedial measures. Internet information services providers are also required to maintain the integrity, confidentiality, and availability of network data. The Cybersecurity 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 Cybersecurity Law may subject an internet information services provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, shutdown of websites, or criminal liabilities.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which became effective from September 1, 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security.

Pursuant to the Measures for Cybersecurity Review (《網絡安全審查辦法》) promulgated by the Cyberspace Administration of China, or the CAC and certain other PRC government authorities in December 2021, which took effect in February 2022, critical information infrastructure operators must pass a cybersecurity review when purchasing network products and services that affect or may affect national security.

The State Council released the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) on July 30, 2021 which effective on September 1, 2021, according to which, critical information infrastructure, also known as CII, means any of network facilities and information systems in important industries and fields, such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, and science, technology and industry for national defense, and other infrastructures that may seriously endanger national security, national economy and people's livelihood, and public interests in the event that they are damaged or lose their functions or their data are leaked. The operator of CII, also known as the CIIO, shall establish and improve the network security protection system. The CIIO shall conduct network security detection and risk assessment on key information infrastructure at least once a year by itself or by entrusting a network security service institution, timely rectify the security problems found, and report the situation in accordance with the requirements of the protection department. When a major network security incident or threat occurs, the operator shall report to the protection department and the public security organ in accordance with relevant regulations.

On June 22, 2007, the Ministry of Public Security of the PRC, also known as MPS and the other three PRC governmental authorities jointly promulgated the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), which requires that entities operating and using information systems shall perform their obligations and duties of the hierarchical protection of information security in accordance with these Measures and the relevant standards. Entities shall access their information system in accordance with the Information Security Technology — Classification Guide for Classified Protection of Information System. On January 8, 2011, the State Council released the Regulations of the People's Republic of China on the Security Protection of Computer Information System (《中華人民共和國計算機信息系統安全保護條例》). The security grading protection shall be exercised in respect of computer information systems.

On July 7, 2022, the CAC promulgated the Outbound Data Transfer Security Assessment Measure, or the Security Assessment Measures (《數據出境安全評估辦法》), which took effect on September 1, 2022. Pursuant to the Security Assessment Measures, a data processor shall apply to competent authorities for security assessment prior to transferring any data abroad if the transfer involves (i) important data; (ii) personal information transferred overseas by a CIIO and a data processor that has processed personal information of more than one million individuals;

(iii) personal information transferred overseas by a data processor who has already provided personal information of 100,000 persons or sensitive personal information of 10,000 persons overseas since January 1 of the previous year; or (iv) other circumstances as requested by the CAC. Furthermore, on August 31, 2022, the CAC promulgated the Guidelines for filing the Outbound Data Transfer Security Assessment (Version 1) (《數據出境安全評估申報指南（第一版）》), which provides that acts of outbound data transfer include (i) overseas transmission and storage by data processors of data generated during mainland China domestic operations; (ii) the access to, use, download or export of the data collected and generated by data processors and stored in mainland China by overseas institutions, organizations or individuals; and (iii) other acts as specified by the CAC.

Regulations on Privacy Protection

The PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), or the PIPL, was issued by the SCNPC on August 20, 2021 and became effective on November 1, 2021, which integrates the scattered rules with respect to personal information rights and privacy protection. The PIPL aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information, as defined in the PIPL, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The PIPL provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) issued by the SCNPC on December 28, 2012 and the Provisions on the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT on July 16, 2013 and became effective on September 1, 2013, as well as the Cybersecurity Law, any collection and use of a user's personal information must be consensual, legal, reasonable, and necessary, and must be limited to specified purposes, methods, and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering with, or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage, or loss. In case of any actual or potential leakage of user personal information, internet information service providers must take immediate remedial measures and make timely report to the relevant government authorities and inform users in accordance with the regulations. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, shutdown of websites, or even criminal liabilities.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security on Lawfully Punishing Criminal Activities Infringing upon the

Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) issued on April 23, 2013 and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on May 8, 2017 and effective on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant regulations and rules; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person, and not recoverable); (iii) collecting a citizen's personal information in violation of applicable regulations and rules when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting, or exchanging such information in violation of applicable regulations and rules.

Automobile Data Security Protection

On August 16, 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), or the Provisions on Automobile Data Security, (《汽車數據安全管理若干規定(試行)》) which took effect from October 1, 2021 and aims to regulate the collection, storage, utilization, processing, transmission, provision, publication 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, component and software providers, dealers, maintenance providers and travel service enterprises 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 evaluation shall be conducted by the national cyberspace administration authority in concert with relevant departments under the State Council if there is a need to provide such data overseas. To process critical data, automobile data processors shall conduct risk assessment in accordance with regulations and submit risk assessment reports to related departments at provincial levels.

The MIIT issued the Notice of the Ministry of Industry and Information Technology on Strengthening the Cybersecurity and Data Security of the Internet of Vehicles (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) on September 15, 2021, according to which, all Intelligent networked automobile manufacturer and Internet of vehicles service platform operators shall establish a network security and data security management system, strengthen the security protection, monitor and prevent network security risks and threats, strengthen the security protection capacity of network facilities and network systems of the Internet of vehicles, ensure the communication security of the Internet of vehicles, carry out the security monitoring and early warning of the Internet of vehicles, and do a good job in the security emergency disposal of the Internet of vehicles, do a good job in the classification and filing of Internet of vehicles network security protection, etc.

National Information Security Standardization Technical Committee published Security Guidelines for Processing Vehicle Collected Data (《汽車採集數據處理安全指南》) on October 8, 2021. This Guidelines specifies the safety requirements for processing activities such as transmission, storage and exit of vehicle collected data.

Regulations on Intellectual Property

Patent

Pursuant to the PRC Patent Law (《中華人民共和國專利法》) promulgated by the SCNPC in 1984 and last amended in 2020, which became effective on June 1, 2021 and the Implementation Regulations of the Patent Law (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001 and last amended in 2010 and became effective on February 1, 2010, any invention, utility model, or design must meet three conditions to be patentable: novelty, inventiveness, and practical applicability. The Patent Office under the State Intellectual Property Office is responsible for accepting, examining, and approving patent applications. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model, and a fifteen-year term for a design, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent holder to use the patent. Otherwise, the use without consent or proper license will constitute an infringement of the rights of the patent holder.

Copyright

The PRC Copyright Law (《中華人民共和國著作權法（2020修正）》), which became effective on June 1, 1991 and last amended on November 11, 2020, provides that Chinese citizens, legal persons, or other organizations own copyright in their copyrightable works, whether published or not, 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. Under the Copyright Law, the term of software copyright protection is 50 years. 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 Center. Pursuant to the Copyright Law, an infringer of copyrights is subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners, and compensating the loss of the copyright owners. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Copyright Protection Regulations (《計算機軟件保護條例（2013修訂）》) promulgated by the State Council on June 4, 1991 and amended on January 30, 2013, and became effective on March 1, 2013 the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department. The software copyright owner may authorize others to exercise that copyright and is entitled to receive remuneration.

Under the Order of the State Council on the Issuance of the Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》), promulgated on April 2, 2001 and coming into force on October 1, 2001, any layout-design created by a Chinese natural person, legal person or other organization shall be eligible for the exclusive right of layout-design in accordance with these Regulations. Any layout-design which is to be protected shall be original in the sense that the layout-design is the result of the creator's own intellectual effort, and it is not commonplace among creators of layout-designs and manufacturers of integrated circuits at the time of its creation. The intellectual property administration department of the State Council is responsible for the relevant administrative work concerning the exclusive right of layout-design in accordance with these regulations.

Trademark

Trademarks are protected under the PRC Trademark Law (《中華人民共和國商標法（2019修訂）》), which was adopted by the SCNPC on August 23, 1982 and last amended on April 23, 2019, and the Implementation Regulations of the Trademark Law (《中華人民共和國商標法實施條例（2014修訂）》) which was promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Law has established a first-to-file principle for trademark registrations, and 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 a trademark application maybe rejected. Registered trademarks are granted a term of ten years renewable for consecutive ten-year periods upon request by the trademark owners. 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 the record.

Domain Name

The administration of internet domain names in China is mainly conducted by the China Internet Network Information Center under the supervision of the MIIT. On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which took effect on November 1, 2017. Domain name registration services follow a first-to-file principle under these administrative measures. If there is any change to the contact information of a domain name holder, the holder must update the registration with the relevant domain name registrar within 30 days.

Regulations on Foreign Exchange

Regulations on Foreign Currency Exchange

The Administrative Regulations on Foreign Exchange (《中華人民共和國外匯管理條例（2008修訂）》) was promulgated by the State Council in January 1996 and last amended and effective in August 2008. Under these regulations, Renminbi is freely convertible for payments of current account items, such as distribution of dividends, interest payments, and trade and service-related foreign exchange transactions, and such payments can be made in foreign currencies without prior approval by the State Administration of Foreign Exchange, or the SAFE. In contrast, approval by or registration with appropriate government authorities is required where Renminbi is converted into a foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments, and investments in securities outside of China.

Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular 59, promulgated by the SAFE on November 19, 2012, effective on December 17, 2012, and last amended on December 30, 2019, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds by foreign investors in China, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces.

In 2013, the SAFE promulgated the Circular on Promulgation of the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors and Supporting Documents (《國家外匯管理局關於印發<外國投資者境內直接投資外匯管理規定>及配套文件的通知》), which was last amended on December 30, 2019, which specified that the administration by the SAFE or its local branches on direct investment by foreign investors in China must be conducted by way of registration and banks must process foreign exchange business relating to direct investment in China based on the registration information provided by the SAFE and its local branches.

In February 2015, the SAFE promulgated the Circular on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or the SAFE Circular 13, which was amended on December 30, 2019. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from the SAFE, persons and entities may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of the SAFE, may directly review the applications, process the registrations, and perform statistical monitoring and reporting responsibilities.

The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, on March 30, 2015, which was amended and effective on December 30, 2019. Pursuant to the SAFE Circular 19, foreign-invested enterprises are allowed, within the scope of business, to settle their foreign exchange capital in their capital accounts, for which the relevant foreign exchange authority has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the accounts), on a discretionary basis according to the actual needs of their business operations. The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which took effect in June 2016. The SAFE Circular 19 and the SAFE Circular 16 prohibit foreign-invested enterprises from using Renminbi converted from their foreign exchange capital for expenditures beyond their business scopes, providing entrusted loans, or repaying loans between non-financial enterprises.

In January 2017, the SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), or the SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from PRC domestic entities to offshore entities, including the following: (i) under the genuine transaction principle, banks must check board resolutions regarding profit distribution, the original tax filing records, and the audited financial statements; and (ii) PRC domestic entities must hold income to account for prior years' losses before remitting the profits. Furthermore, according to the SAFE Circular 3, PRC domestic entities must make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE issued Circular on Further Promoting the Facilitation of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which took effect on the same day. The SAFE Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. However, there are substantial uncertainties as to its interpretation and implementations in practice.

Pursuant to the Circular on Relevant Issues Regarding Foreign Exchange Control on PRC Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 37, which was issued and effective on July 4, 2014, PRC residents, including PRC persons and entities, are required to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity for the purpose of overseas investment and financing or round-trip investment, with such PRC residents' legally owned assets or equity interest in PRC domestic enterprises or offshore assets or equity interest referred to as special purpose vehicles. The round-trip investment refers to direct investment in China by PRC residents through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights, and management rights. The SAFE Circular 37 also requires amendment to the registration in the event of any significant change to the special purpose vehicles, such as increase or decrease of capital contributed by PRC persons, share transfer or exchange, merger, division, or other material event.

If a PRC shareholder holding equity interest in a special purpose vehicle fails to complete the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from conducting further cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. In addition, failure to comply with various SAFE registration requirements could result in liabilities under PRC law for foreign exchange evasion, including (i) a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (ii) in the case of serious violations, a fine of no less than 30% of and up to the total amount of foreign exchange remitted overseas and deemed to have been evasive. Furthermore, the persons-in-charge and other persons at our PRC subsidiaries who are held directly liable for the violations may be subject to criminal penalties.

The SAFE Circular 13 cancels the administrative approval requirements of foreign exchange registration of foreign direct investment and overseas direct investment, and simplifies the procedures of foreign exchange-related registration, and foreign exchange registrations of foreign direct investment and overseas direct investment will be handled by the banks designated by the foreign exchange authority instead of the SAFE and its local branches.

Regulations Relating to Foreign Debts

A loan made by foreign investors as shareholders in a foreign-invested enterprise is considered to be foreign debt in mainland China and is regulated by various laws and regulations, including the Foreign Exchange Administrative Regulation (《中華人民共和國外匯管理條例（2008修訂）》), the Interim Provisions on the Management of Foreign Debts (《外債管理暫行辦法》) promulgated by SDPC, MOF and SAFE, and took effect on March 1, 2003, and was last amended on September 1, 2022 and the Administrative Measures for Registration of Foreign Debts (《外債登記管理辦法》) promulgated by SAFE on April 28, 2013 and amended by the Notice of the SAFE on Abolishing and Amending the Normative Documents Related to the Reform of the Registered Capital Registration System (《國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》) on May 4, 2015. Under these rules, a shareholder loan in the form of foreign debt made to a Chinese entity does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by local banks. The SAFE Circular 28 provides that a non-financial enterprise in the pilot areas may register a permitted amount of foreign debts, which is as twice of the non-financial enterprise's net assets, at the local foreign exchange bureau. Such non-financial enterprise may borrow foreign debts within the permitted amount and directly handle the relevant procedures in banks without registration of each foreign debt. However, the non-financial enterprise shall report its international income and expenditure regularly.

Regulations Relating to Dividend Distribution

The principal regulations governing distribution of dividends of wholly foreign-owned enterprise, or WFOE, include the PRC Company Law (《中華人民共和國公司法》). Under these regulations, WFOEs in mainland China may pay dividends only out of their accumulated profits, if any, determined in accordance with the mainland China accounting standards and regulations. In addition, foreign investment enterprises in mainland China are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

Regulations on Stock Incentive Plans

In February 2012, the SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Stock Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing the previous rules issued by the SAFE in March 2007. Under this notice and other relevant rules, PRC residents who participate in a stock incentive plan in an overseas listed company are required to register with the SAFE or its local branches and complete certain other procedures, subject to certain exceptions.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas listed company or another qualified entity selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests, and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent, or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to the SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agent before distribution to such PRC residents. In addition, the SAFE Circular 37 provides that PRC residents who participate in a stock incentive plan of an overseas unlisted special purpose company may register with the SAFE or its local branches before exercising rights.

Regulation on Outbound Direct Investment

On December 26, 2017, the NDRC promulgated the Administrative Measures for the Outbound Investment of Enterprises (《企業境外投資管理辦法》), or NDRC Order No.11, which took effect on March 1, 2018. According to NDRC Order No.11, non-sensitive overseas investment projects are required to make record filings with the local branch of the NDRC. On September 6, 2014, MOFCOM promulgated the Administrative Measures on Overseas Investments (《境外投資管理辦法（2014）》), which took effect on October 6, 2014. According to such regulations, overseas investments of mainland China enterprises that involve non-sensitive countries and regions and non-sensitive industries must make record filings with a local branch of MOFCOM. The Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) was issued by SAFE on November 19, 2012 and amended on May 4, 2015, October 10, 2018 and December 30, 2019 respectively, under which mainland China enterprises must register for overseas direct investment with local banks. The shareholders or beneficial owners who are mainland China entities are required to be in compliance with the related overseas investment regulations. If they fail to complete the filings or registrations required by overseas direct investment regulations, the relevant authority may order them to suspend or cease the implementation of such investment and make corrections within a specified time.

Regulations on Taxation

Regulations on Enterprise Income Tax

On March 16, 2007, the SCNPC promulgated the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法（2018修正）》), which was last amended on December 29, 2018. On December 6, 2007, the State Council promulgated the Implementation Regulations of the Enterprise Income Tax Law (《中華人民共和國企業所得税法實施條例》), which was amended on April 23, 2019. Under these laws and regulations, both PRC resident enterprises and non-PRC resident enterprises are subject to tax in China. PRC resident enterprises include enterprises established in China under PRC laws and enterprises established under foreign laws but actually or in effect controlled from within China. Non-PRC resident enterprises include enterprises established under foreign laws whose actual management is conducted outside of China, with either established institutions or premises in China or income generated from China. A uniform enterprise income tax rate of 25% is applied, and enterprises qualified as High and New Technology Enterprises are entitled to a 15% enterprise income tax rate in lieu of the 25% uniform statutory tax rate. However, if non-PRC resident enterprises have not formed permanent establishment or premises in China, or if they have formed permanent establishment or premises in China but there is no actual relationship between the relevant income derived in China 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 within China.

Regulations on Value-Added Tax

The PRC Provisional Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例(2017修訂)》) were promulgated by the State Council on December 13, 1993, which became effective on January 1, 1994 and were subsequently amended from time to time. The Detailed Rules for the Implementation of the PRC Provisional Regulations on Value-Added Tax (2011 Revision) (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》) was promulgated by the MOF, on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the PRC Provisional Regulations on Business Tax and Amending the PRC Provisional Regulations on Value-Added Tax (《國務院關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定》). Pursuant to these regulations, rules and decisions, all enterprises and individuals engaged in sale of goods, provision of processing, repair, and replacement services, sales of services, intangible assets, real property, and the importation of goods within the PRC territory are VAT taxpayers. On March 20, 2019, the MOF, the STA, and the General Administration of Customs jointly issued the Announcement on Relevant Policies on Deepen the Reform of Value-Added Tax (《關於深化增值稅改革有關政策的公告》). Pursuant to this announcement, the generally applicable VAT rates are simplified as 13%, 9%, 6%, and 0%, which became effective on April 1, 2019, and the VAT rate applicable to the small-scale taxpayers is 3%.

Regulations on Dividend Withholding Tax

Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and the relevant implementing regulations provide that an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which 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 an 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 Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Double Tax 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 Tax 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 (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), or STA Circular 81, issued on February 20, 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 (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》), which was issued on February 3, 2018 by the STA and effective on April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors apply, including without limitation: (i) 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, (ii) whether the business operated by the applicant constitutes the actual business activities, and (iii) whether the counterparty country or region to the tax treaties levies any tax or grant tax exemption on relevant incomes or levies tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that relevant information proving the status of "beneficial owner" shall be retained in the case of entitlement to dividends, interest and treaty benefits of royalty clause according to the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (《國家税務總局關於發佈<非居民納税人享受協定待遇管理辦法>的公告》), which was promulgated by the STA on October 14, 2019 and became effective on January 1, 2020.

Regulations on Employment and Social Welfare

Regulations on Employment

The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which became effective on January 1, 2008 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), promulgated by the State Council on September 18, 2008, primarily aim at regulating rights and obligations of employer and employee relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor 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 must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Regulations on Social Welfare

Employers in China are required by PRC laws and regulations to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例(2010修訂)》) implemented on January 1, 2004 and amended in 2010, the PRC Social Insurance Law (《中華人民共和國社會保險法(2018修正)》) implemented on July 1, 2011 and amended on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) amended by the State Council and came into effect on March 24, 2019, employers are required to provide their employees in China 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. On July 20, 2018, the General Office of the CPC Central Committee and the General Office of the State Council issued the Plan for Reforming the State and Local Tax Collection and Administration Systems (《中共中央辦公廳、國務院辦公廳印發<國稅地稅徵管體制改革方案>》), which stipulated that the STA will become solely responsible for collecting social insurance premiums.

In accordance with the Regulations on the Administration of Housing Funds (《住房公積金管理條例》), which was promulgated by the State Council in 1999 and amended in 2002 and 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employers and employees 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.

Regulations on M&A and Overseas Listings

On August 8, 2006, six PRC government authorities including the China Securities Regulatory Commission, or the CSRC adopted the Regulations on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定（2009修訂）》), or the M&A Rules, which took effect on September 8, 2006 and was amended on June 22, 2009. Foreign investors must comply with the M&A Rules when (i) they purchase equity interest in a PRC domestic company or subscribe the increased registered capital of a PRC domestic company, and thus changing the nature of the PRC domestic company into a foreign-invested enterprise, (ii) they establish a foreign-invested enterprise in China, purchase the assets of a PRC domestic company, and operate the assets, or (iii) they purchase the assets of a PRC domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A Rules purport to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. However, the Foreign Investment Law has partially replaced the M&A Rules with respect to equity or assets acquisition of a non-related PRC domestic company by a foreign investor. Equity or assets acquisition of a related PRC domestic company by a foreign investor continues to be subject to the M&A Rules.

In addition, according to the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》) issued by the General Office of the State Council on February 3, 2011 and became effective on March 3, 2011, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM on August 25, 2011 and became effective on September 1, 2011, 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 the regulations prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), among which, it emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), or the Trial Measures, and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenue or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; and (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality, which became effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses relevant documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall complete the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and out-of-country transfers shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

OUR MISSION

Our mission is to make the world safer and smarter by endowing automobiles and robots with perception capabilities superior to human eyes.

WHO WE ARE

We are a global leader in the LiDAR and perception solutions market. By integrating hardware and software, we have differentiated ourselves from most LiDAR companies in the market who only focus on hardware. Combined with visual or other sensors, LiDAR forms perception solutions that endow automobiles and robots with perception capabilities superior to human eyes. We develop our solutions based on chip-driven LiDAR hardware and AI perception software, expanding application scenarios and realizing large-scale commercialization in the industry.

We believe that our market leadership, customer-centric technology and products, and mass production capabilities position us as a global leader of LiDAR and perception solutions.

Market Leadership

We are the world's first LiDAR company to achieve mass production of automotive-grade solid-state LiDAR, according to CIC. As of March 31, 2023, we had served the largest number of automotive OEMs and Tier 1 suppliers, obtained the most design wins and achieved SOP for the highest number of vehicle models as compared with other LiDAR companies around the world, according to CIC.

In June 2021, we led the era of mass production for automotive-grade solid-state LiDAR by delivering M1, our flagship LiDAR product, to a North American automotive OEM. According to CIC, we commenced the delivery of mass-produced automotive-grade LiDAR more than one year ahead of any publicly listed LiDAR companies in the world. Our products have earned industry-wide recognition. As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, ranking No. 1 globally, according to CIC. As of the same date, our LiDAR products had been selected by nine of China's top ten largest automotive OEMs, which include China's largest automotive OEM and world's largest NEV OEM, in terms of sales volume in 2022, according to CIC. In addition, we have established cooperation with more than 200 automotive OEMs and Tier 1 suppliers globally. We obtained almost half of the total design-win vehicle models in the automotive LiDAR solutions market as of March 31, 2023, according to CIC.

We have delivered LiDAR products and solutions to the largest number of customers according to CIC. As of March 31, 2023, we had achieved SOP for nine vehicle models for seven of the 21 aforementioned automotive OEMs and Tier 1 suppliers. As of March 31, 2023, we had delivered over 100,000 LiDAR units since our inception. We have widely extended our application use cases beyond the automotive industry, such as agricultural robots, inspection robots, V2X solutions and reference solutions. As of March 31, 2023, we had served approximately 2,000 customers in the robotics and other non-automotive industries. According to CIC, we ranked No. 1 globally in terms of cumulative sales volume for customers in the robotics and other non-automotive industries as of December 31, 2022.

Customer-centric Technology and Product Approach

We have adopted a customer-centric approach when developing our technology and products. The development of the LiDAR industry has progressed through two distinct stages, namely the application exploration stage and the large-scale mass production stage. The first stage focuses on product performance. As the industry moves towards large-scale production, customers, particularly those in the automotive industry, are demanding products with superior performance, higher reliability and lower costs. Furthermore, LiDAR's AI perception software and fusion technology with other sensors also play an increasingly critical role in bringing out its best performance. In order to meet the evolving needs of our customers, we integrate hardware and software in our LiDAR solution offerings.

Our customer-centric approach is built on our chip-driven LiDAR platform as well as industry-leading AI perception software capabilities. By integrating software and hardware, we are able to achieve mutual success for ourselves and our customers and set us apart from our competitors.

Chip-driven LiDAR Platform

For our hardware, we focus on developing chip-driven LiDAR platforms based on our proprietary LiDAR-on-chip technology that enables fast and efficient product iterations. At the application exploration stage, we launched our R Platform products using discrete components to meet market requirements for superior performance. To further reduce cost and enhance quality, we subsequently increased our focus on research and development of proprietary chips, leading to the successful development of our M and E Platforms, which became key milestones in our journey towards global recognition.

According to CIC, we were one of the earliest LiDAR companies to develop proprietary chip technology. Since 2017, we have been developing our chip-driven scanning, transmission, receiving and processing systems. The launch of our M series products in June 2021 made us the first LiDAR company in the world to achieve mass production of automotive-grade LiDAR products equipped with in-house developed chips, according to CIC. Subsequently in November 2022, we launched our E series products equipped with in-house chips integrating transmission, receiving and processing systems.

As of December 31, 2022, we were the only LiDAR company in the world that had achieved mass deployment of chip-level intelligent scanning technology, according to CIC. The M Platform equipped with MEMS scanning chip is widely recognized, and adopted by the highest number of automotive OEMs and Tier 1 suppliers globally measured by the number of design wins, according to CIC. Our M Platform features the following technical characteristics:

- ***Minimalist design.*** The revolutionary two-dimensional scanning eliminates the component stacking used in traditional one-dimensional scanning systems, the latter of which requires 128 sets of transceiver devices to achieve 128 channel scanning. In contrast, M1 uses only five sets of transceiver devices, each capable of achieving 126-channel scanning, greatly improving reliability, robustness and cost efficiency while ensuring high performance.

- ***Efficient and intelligent.*** Our award-winning proprietary "GAZE" technology enables chip-level intelligent dynamic adjustment of region of interest ("ROI"), thereby optimizing computing efficiency through better allocation of point cloud resources, making our products more efficient and intelligent than most other LiDAR solutions that can only perform mechanical horizontal scanning of a fixed area.

- ***High reliability.*** MEMS mirror meets stringent automotive-grade reliability requirements spanning from chip design, tape-out to chip packaging and testing. Our M series MEMS mirror is the only LiDAR scanning component in the industry that has obtained the automotive-grade AEC-Q100 certification, according to CIC.

Our M series products are also equipped with custom-developed SiPM and will be equipped with our self-developed SoC in the future, supporting an in-house developed chip-driven transmission, receiving and processing system.

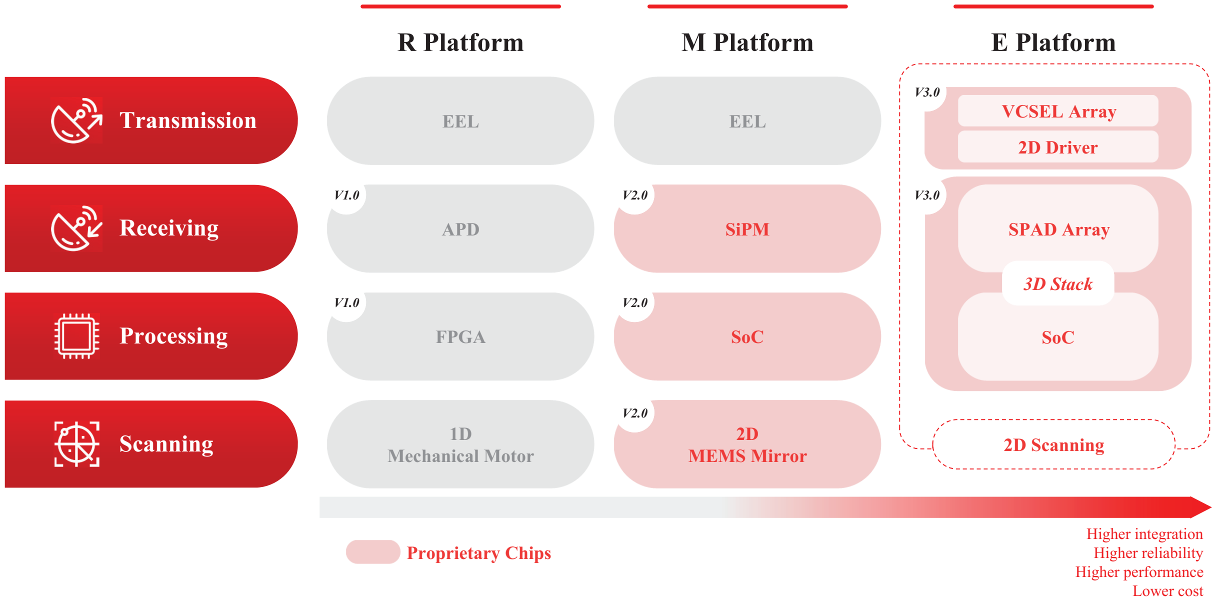
We have further advanced our LiDAR-on-chip technology with the launch of our E Platform. The ground-breaking SPAD array/SoC with 3D stacking in our E Platform integrates the receiving and processing systems into a single chip for the first time, according to CIC. Our E series products deliver industry-leading performance, featuring the following:

- ***Superior performance.*** The SPAD detection layer employs a large receiving array area, enabling high frame rate and wide FOV coverage while still achieving a small angular resolution for close-range blind spot detection. According to CIC, E1 delivers the best FOV and ranging capability among all released solid-state blind spot LiDAR products.

- ***High level of integration.*** By integrating the LiDAR signal processing system into the SoC using 3D stacking process, E Platform has achieved the highest level of integration in the industry, according to CIC; and E1 is the smallest blind spot LiDAR product currently available, according to the same source.

- ***High reliability.*** The 3D stacking process ensures pixel-level consistency, which in turn ensures the overall consistency of the point cloud. Additionally, this chip has incorporated functional safety design, further enhancing its reliability.

The following diagram illustrates the roadmap of how LiDAR-on-chip technology is gradually deployed across our LiDAR platforms:



Our development of our LiDAR-on-chip technology has gone through the following three stages:

- ***V1.0.*** We initially started to use APD and FPGA chips procured from our suppliers on our R Platform products.

- ***V2.0.*** We continued to develop our LiDAR-on-chip technology on our M series products equipped with MEMS scanning chip, along with custom-developed SiPM and self-developed SoC.

- ***V3.0.*** We integrated SPAD array/SoC into a single chip for our E series products, eliminating the entire scanning architecture and providing a cost-effective perception solution.

Industry-leading AI Perception Software

Our industry-leading AI perception software, HyperVision, converts raw sensor data collected through LiDAR and cameras into high-quality perception information that can be directly used by autonomous vehicles and robots. We use advanced AI technology to combine multiple types of sensor data through neural networks to provide a complete set of environment perception information. Different sensors supplement each other and form a "Super Sensor." HyperVision features the following characteristics:

- ***Safety***. We safeguard safety throughout the entire perception process, from transmission and reception of information to perception results. To further enhance the reliability of the perception results, we also employ redundant perception algorithms across multiple sensors, including cameras and LiDARs.

- ***Performance***. We are able to provide precise 4D perception results through advanced sensing technology. Our ability to perceive obstacles is not limited by the training samples. By effectively fusing information from multiple sensors, including cameras and LiDARs, we achieve better perception performance than using either type of sensor.

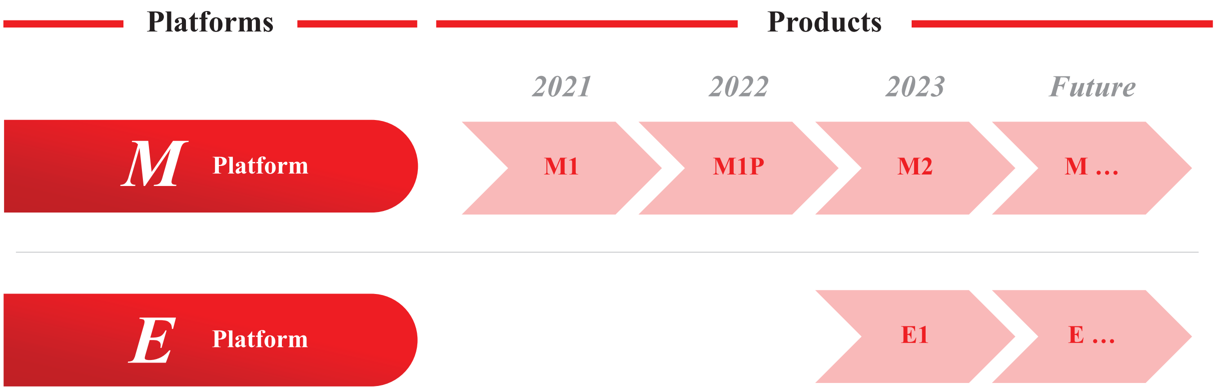
- ***Openness***. Our perception software provides open and flexible user redevelopment environment. Customers can use our AI models as bases and flexibly introduce their own data through the toolchains we provide to retrain and fine-tune neural networks. In addition, we provide reference codes to selective customers, giving them the flexibility to design and customize their own applications on top of the core functionalities.

Leveraging our perception software capabilities, we are able to offer customized LiDAR perception solutions to meet diverse customer demands. According to CIC, we are the first LiDAR company in the industry to offer high performance perception solutions. We had collaborated with multiple customers and business partners, including automotive OEM and Tier 1 suppliers, to jointly develop perception software. Our revenue from sales of LiDAR perception solutions accounted for 23.1% of our total revenue in 2022.

Highly Iterative Product Development Approach

We have adopted a highly iterative and customer-centric product development approach, especially for ADAS customers who are highly sensitive to project development risks, product quality and cost-efficiency. Through our approach, we are able to (i) reduce R&D risks for new product development, (ii) provide proven components, equipment and production processes to ensure reliability and maximize economies of scale, and (iii) optimize project development timeframe.

The highly iterative nature of our products is demonstrated by the mass production of M1 in 2021, followed by M1P in 2022; and we plan to begin mass production of M2 in 2023. All of these products are able to achieve performance improvements without significant changes to their physical dimensions or connectors, allowing our customers to easily implement upgrades with minimal additional efforts. According to CIC, our M series products were the only products in the world that had achieved such continuous iteration as of March 31, 2023. Our M and E series products will continue to be upgraded in the future, fueling our continued growth and success in the market. The following diagram illustrates our product iteration roadmap for our M and E Platforms:



Mass Production Capabilities

We have accumulated significant know-how in product verification, engineering and manufacturing, all of which are crucial to the success of large-scale mass production and delivery.

Comprehensive portfolio of certifications

We have obtained a comprehensive portfolio of certifications, including CNAS, IATF16949, ISO9001, TS22163, ISO45001, ISO14001 and other automotive-grade quality or safety management system certifications. We were also the first to obtain ASPICE CL2 certification in the LiDAR industry in China, according to CIC.

Extensive product verification and validation

Our large customer base allows us to conduct extensive verification and validation of our products. We have a CNAS-accredited professional LiDAR lab where stringent verifications are conducted throughout the R&D process and the ongoing reliability tests are conducted during the mass production phase.

Our M series products have passed the verification tests of 21 domestic and overseas automotive OEMs and Tier 1 suppliers for the purpose of obtaining design wins.

Resilient supply chain

We have established a comprehensive supply chain to support large-scale LiDAR production. We have formed strategic cooperation with Texas Instruments (TI) and maintained strong cooperative relationships with a number of overseas and domestic chip suppliers. The core MEMS scanning chip in our mass-produced M series products is developed and packaged in-house, which allows us to effectively control costs and reduce potential supply chain risks. In addition, the core SoC for our E series products is also developed in-house.

State-of-the-art manufacturing facilities

We operate two in-house manufacturing centers in Shenzhen. Our Honghualing factory occupies approximately 13,000 square meters of space and mainly produces solid-state LiDARs, and has a monthly designed capacity of approximately 46,800 units. Our Shiyan factory mainly produces R Platform LiDARs with a monthly designed production capacity of approximately 2,500 units. We also invested in a manufacturing center through our joint venture Luxsense in Dongguan. We have established a high level of control throughout the entire production process from prototype to mass production. Utilizing our automated intelligent manufacturing and engineering facilities, we are able to achieve high product consistency and effective cost control.

In conclusion, we believe that our market leadership, customer-centric technology and product approach, and mass production capabilities will continuously substantiate our advantages for the future in the following aspects:

- ***Rapid and sustainable growth***. We have a large and diverse customer base that defines the future development trends of the autonomous vehicles and robotics industries. The fast and consistent rollout of our design wins will continue to drive our rapid and sustainable growth in the future.

- ***Customer loyalty.*** Our iterative product development strategy allows our customers to reduce adoption costs and accelerate time-to-market for their products. This will increase customer stickiness and help customers maintain their market competitiveness.

- ***Cost-efficiency.*** Based on chip-driven platforms and a highly iterative product development strategy, our products are inherently cost-effective. As we scale up, we will continue to drive down costs by reducing procurement costs and increasing the utilization of our production lines.

- ***Monetization potential.*** Our perception software capabilities enable us to provide sensor fusion perception solutions to our customers on top of LiDAR hardware, resulting in greater monetization opportunities than our peers who exclusively offer LiDAR hardware.

MARKET TRENDS AND OPPORTUNITIES

The global LiDAR solutions market, which includes both LiDAR hardware and perception software, is expected to experience rapid growth in the autonomous vehicles and robotics industries in the future, according to CIC. The size of the global LiDAR solutions market as measured by gross sales amount is projected to grow at a CAGR of 78.8% from RMB12.0 billion in 2022 to RMB1,253.7 billion in 2030 according to CIC. China is expected to be the most prominent market, accounting for 34.4% of the global LiDAR solutions market by 2030. China's LiDAR solutions market is expected to grow at a CAGR of 79.5% from 2022 to 2030, according to CIC.

The automotive industry is expected to be the main driver of growth in the LiDAR solutions market, constituting 79.8% of the global market by 2030, according to CIC. The robotics market offers a wealth of application scenarios, representing a high-growth area for LiDAR applications in the future. According to CIC, the global market size for LiDAR solutions for robotics is expected to reach RMB216.2 billion by 2030. As the global LiDAR solutions market continues to expand in the next two decades, we believe we are well positioned to capture global market opportunities, especially in China, by leveraging our cutting-edge LiDAR hardware and software technology and our close partnerships with blue chip customers in automotive and robotics industries.

OUR FINANCIAL PERFORMANCE

We have experienced strong revenue growth in recent years. Our revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021, and further by 60.2% to RMB530.3 million in 2022. We had a net loss of RMB220.6 million, RMB1,654.5 million and RMB2,086.1 million in 2020, 2021 and 2022, respectively. Our adjusted net loss (non-IFRS measure), which was adjusted by adding back (i) share-based compensation, (ii) fair value changes in financial instruments issued to investors and (iii) listing expenses, amounted to RMB59.9 million, RMB107.6 million and RMB562.8 million in 2020, 2021 and 2022, respectively.

OUR STRENGTHS

We believe that our competitive strengths are as follows:

Large and Diverse Customer Base

As of March 31, 2023, we had served the largest number of automotive OEMs and Tier 1 suppliers, obtained the most design wins and achieved SOP for the highest number of vehicle models as compared with other LiDAR companies around the world, according to CIC. As of March 31, 2023, we had established cooperation with more than 200 automotive OEMs and Tier 1 suppliers globally and earned design wins for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers. Our customers include nine of the top ten largest automotive OEMs as measured by 2022 sales volume in China, which include China's largest automotive OEM and world's largest NEV OEM in terms of sales volume in 2022, according to CIC. We have also established long-term relationships with our customers, and have obtained more than one design win with 12 automotive OEMs and Tier 1 suppliers.

In addition, as of March 31, 2023, we had served approximately 2,000 customers in the robotics and other non-automotive industries. During the Track Record Period, our revenue generated from sales of products for applications in the robotics and other non-automotive industries grew at a CAGR of 38.8%. According to CIC, we ranked No. 1 globally in terms of cumulative sales volume to customers in the robotics and other non-automotive industries as of December 31, 2022.

LiDAR-on-chip Technology

Our platform-based product strategy is underpinned by our LiDAR-on-chip technology. Our LiDAR products and solutions empowered by this proprietary technology are widely recognized by customers for their superior performance and cost advantages.

Compared to our mechanical LiDAR, our M series products equipped with MEMS scanning chips are ground-breaking with exceptional value. Our M Platform is the first of its kind to be equipped with self-developed chip-driven transmission, receiving, processing and scanning system, according to CIC. Our M series products are the world's most popular LiDAR products today as measured by the number of design wins, according to CIC.

E1, our solid-state blind spot LiDAR product built upon the E Platform, adopts our next generation in-house developed SPAD array/SoC, which has further simplified circuit design and manufacturing process by integrating the core LiDAR components of receiving and processing. This in turn has given our E series products an exceptional cost advantage while further enhancing their performance, reliability, and energy efficiency. Priced at only half the price of our M series products, E1 demonstrates exceptional value for money and strong commercialization potential.

Full-stack Perception Capabilities

Our full-stack, hardware and software integrated perception capabilities provide us with greater commercialization opportunities than companies who exclusively offer LiDAR hardware products.

Our AI perception software provides fusion perception solutions to our customers on top of our LiDAR hardware, increasing our level of engagement with customers, particularly those in the automotive industry. Customers who purchase our perception software are incentivized to opt for our LiDAR hardware, and vice versa, to achieve the best compatibility. We have already begun developing fusion perception solutions for a number of our customers, including a Chinese automotive OEM and a North American automotive OEM.

Our full-stack perception solutions can also help our customers in the robotics industry achieve faster implementation of their products. Our perception solutions allow customers to save time and costs in developing their own perception technology and empower their product commercialization, which in turn would also accelerate our own commercialization.

Strong Mass Production Capabilities

Our strong mass production capabilities originate from our "design for manufacturing" philosophy. Our LiDAR design substantially decreases the number of components, simplifies the manufacturing process and reduces manufacturing costs. We were the first to achieve mass production of solid-state LiDAR products and have established a complete LiDAR mass production ecosystem. We have mastered processes spanning from product verification, supply chain management to manufacturing. We have established manufacturing facilities consisting of both self-operated and contract manufacturing with an combined estimated annual design production capacity of over one million units for our Honghualing factory, Shiyan factory and joint venture Luxsense (立騰). We have adopted automated manufacturing processes to ensure product consistency, reduce labor costs, enhance utilization, and achieve effective cost control. As of March 31, 2023, we had achieved SOP for seven automotive OEMs and Tier 1 suppliers and delivered over 100,000 LiDAR units since our inception.

Visionary Management and Seasoned R&D Team

We are led by a visionary management team with rich experience in disruptive LiDAR technology. Our founder and CEO, Dr. Chunxin Qiu, holds a Ph.D. in Control Science. Dr. Qiu is a leading expert in computer perception and robotics who has been recognized as one of the 2017 MIT Innovators under 35. Dr. Qiu leads a well-balanced team of seasoned executives with substantial experience and strong backgrounds in LiDAR technologies, supply chain, manufacturing, business development and finance. Under Dr. Qiu's leadership, we have achieved significant breakthroughs in the development of our LiDAR products and perception software, and have won numerous high-profile awards.

We have invested heavily in our research and development team. As of December 31, 2022, we had 482 employees in our research and development team, which accounted for 36.8% of our entire work force. Our research and development team comprises professionals with diverse skill sets covering almost every aspect of LiDAR-related hardware and software engineering. More than a third of these employees have a master's or Ph.D. degree. Our strong in-house research and development capabilities are the foundation of our continued success.

OUR STRATEGIES

The key elements of our growth strategies include:

Continued investment in our core technologies and refinement of our product offerings

Our philosophy of seamlessly integrating hardware and software capabilities will continue to guide our research and development efforts moving forward. We intend to further invest in our core technologies, including our in-house designed chips, technology platforms and AI perception software to support the development of our products and solutions.

Building off the success of our chip-driven LiDAR platforms, we intend to further refine our products and solutions. We will continue to upgrade our existing products, including refining product design and simplifying product architecture with the use of our in-house designed SoCs. This will further enhance the competitiveness of our products in terms of performance, cost effectiveness and reliability. Our customers are able to seamlessly upgrade to the next-generation of

LiDAR solutions on the same platform with minimal additional development cost, thereby enhancing customer stickiness.

Furthermore, we will continue to pioneer different LiDAR technologies, roll out and commercialize new products, to satisfy constantly evolving needs of customers.

We intend to further optimize our AI perception software by obtaining abundant high-quality training data and enhancing computing power efficiency through structural optimization of our software. We are also committed to enhancing our multi-sensor fusion technology in order to offer a full spectrum of perception solutions to our customers. We are confident that our in-house developed LiDAR solutions featuring highly synergistic integration of hardware and software will continue to distinguish us from our competitors.

Strengthening manufacturing and supply chain capabilities

We will continue to strengthen our manufacturing capabilities and enhance supply chain management ability to facilitate the rapidly growing mass production and delivery of our LiDAR products. We plan to continuously invest in existing manufacturing facilities, including refining our production processes and upgrading the automation level of our smart manufacturing production lines, in order to ramp up our production capacity while lowering unit cost. We plan to devise stringent quality control measures at each stage of the manufacturing process to ensure the quality of our products. Additionally, we will also explore different ways to enhance our manufacturing capabilities by partnering with contract manufacturers in order to meet mass production needs while controlling capital expenditure.

Meanwhile, we will continue to improve our supply chain planning to optimize the cost structure of our products and solutions. We also plan to strengthen our digitalized operation systems to further enhance our supply chain capabilities and efficiency. We intend to seek strategic partnerships with industry leaders across the value chain, especially our key component suppliers, to gain advantages in terms of technical support, lead-time and procurement costs. These efforts will further strengthen our cost leadership in the industry and allow us to offer high performance products at competitive prices to our customers.

Strengthening and broadening our customer base

The success of the M series has helped us earn widespread customer recognition and establish strong relationships with our customers and business partners. Building upon this momentum, we intend to grow our customer base by establishing partnerships with additional global automotive OEMs, Tier 1 suppliers and robotics companies and developing customized products and solutions catering to their particular needs. In addition, we intend to deepen our relationships with existing customers by diversifying our offerings to cover more vehicle models, products and application scenarios, and thereby further enlarge our market share.

We are also actively cultivating overseas customers. We have already entered the North American and European markets and are planning to establish our presence in additional Asian and Latin American markets to serve regional customers by setting up overseas sales and marketing teams as well as collaborating with global partners.

Attracting and retaining talent

We seek to maintain a highly experienced talent pool with a focus on attracting, retaining and incentivizing highly skilled research and development personnel with expertise and experience in relevant fields such as chips, algorithms and engineering, to remain at the forefront of LiDAR technology. We also plan to hire more experienced sales and marketing talents to support our global business development. As such talent is highly sought after, we plan to invest in our domestic and global human resource management, diversify talent recruitment channels, and provide competitive compensation and benefit packages to attract and retain talent. In addition, we intend to develop our employees' expertise by offering enhanced training programs leveraging both internal and external resources, and facilitate their career progression by providing various development opportunities.

OUR PRODUCTS AND SOLUTIONS

We have built our industry-leading technology capabilities on two fundamental pillars: chip-driven hardware platforms and AI perception software. Based on this approach, we have developed solutions integrating both hardware and software and designed for a wide range of ADAS, robotics and other non-automotive application scenarios. For the year ended December 31, 2022, our revenue from products for ADAS applications, and from products for robotics and others accounted for 30.2% and 45.1% of our total revenue, respectively.

In 2022, we served 953 customers, with key customers including Geely Auto, GAC Aion, Great Wall Motor, Xpeng, Lotus and Lucid. Our other major customers include China's largest automotive OEM and world's largest NEV OEM, in terms of sales volume in 2022, according to CIC. In 2022, we sold approximately 57,000 units of our LiDAR products and we sold our LiDAR perception solutions to approximately 200 customers.

We offer our customers LiDAR hardware products, as well as LiDAR solutions combining both LiDAR hardware and AI perception software. Our products and services are used in a wide range of application scenarios, particularly ADAS and robotics. The following table sets forth our revenue breakdown by nature, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Products						
— For ADAS	6,175	3.6	40,089	12.1	160,355	30.2
— For robotics and others	124,036	72.6	189,014	57.1	239,053	45.1
Subtotal	**130,211**	**76.2**	**229,103**	**69.2**	**399,408**	**75.3**
Solutions	**37,918**	**22.2**	**84,730**	**25.6**	**122,260**	**23.1**
Services and others	**2,802**	**1.6**	**17,230**	**5.2**	**8,654**	**1.6**
Total	**170,931**	**100.0**	**331,063**	**100.0**	**530,322**	**100.0**

OUR LiDAR PLATFORMS

We have launched three LiDAR platforms utilizing our LiDAR hardware and LiDAR-on-chip technologies: the M Platform, the E Platform and the R Platform. In addition, we are in the process of designing and developing the F Platform, our next-generation LiDAR platform. The following graphic sets forth the representative LiDAR product portfolio for our M Platform, E Platform, and R Platform and their respective technical specifications:

	M Platform			E Platform
	RS-LiDAR-M1	RS-LiDAR-M1P	RS-LiDAR-M2	RS-LiDAR-E1
				
Main application scenarios	ADAS			ADAS
Production stage	In production	In production	Under client testing	Under client testing
Laser wavelength (nm)	905	905	905	905
Range (m)	200m (150m@10% NIST)	200m (180m@10% NIST)	220m (200m@10% NIST)	75m (30m@10% NIST)
Blind spot (m)	≤0.5m	≤0.5m	≤1m	≤0.1m
Accuracy (cm)	±5cm	±5cm	±5cm	±5cm
Horizontal FoV (Degree)	120º (-60.0º ~ +60.0º)	120º (-60.0º ~ +60.0º)	120º (-60.0º ~ +60.0º)	120º
Vertical FoV (Degree)	25º (-12.5º ~ +12.5º)	25º (-12.5º ~ +12.5º)	25º (-12.5º ~ +12.5º)	90º
Vertical resolution	0.2º (Adjustable ROI: 0.1º)	0.2º (Adjustable ROI: 0.1º)	0.2º (Adjustable ROI: 0.1º)	0.625º
Horizontal resolution	0.2º	0.2º	0.1º	0.625º
Dimension (mm)	108mm(D) × 110mm(W) × 45mm(H)	111mm(D) × 110mm(W) × 45mm(H)	111mm(D) × 110mm(W) × 45mm(H)	63mm(D) × 125mm(W) × 70mm(H)
Weight (g)	~730	~730	~730	~500
Operating temperature (℃)	-40℃ ~ +85℃	-40℃ ~ +85℃	-40℃ ~ +85℃	-40℃ ~ +85℃

R Platform

	RS-Ruby series	RS-Helios series	RS-Bpearl	RS-LiDAR–32/16
				
Main application scenarios	Robotics and other applications			
Production stage	In production	In production	In production	Production halted
Laser wavelength (nm)	905	905	905	905
Range (m)	240m (240m@10% NIST)	150m (90m@10% NIST)	100m (30m@10% NIST)	32-beam: 200m (150m@10% NIST) 16-beam: 150m (80m@10% NIST)
Blind spot (m)	≤0.4m	≤0.2m	≤0.1m	≤0.4m
Accuracy (cm)	Up to ± 3cm (0.4m to 3m)/ Up to ± 2cm (3m to 240m)	± 2cm (1m to 100m) ± 3cm (0.1m to 1m) ± 3cm (100m to 150m)	Up to ± 3cm	32-beam: Up to ± 3cm 16-beam: Up to ± 2cm
Horizontal FoV (Degree)	360º	360º	360º	360º
Vertical FoV (Degree)	40º (-25º ~ +15º)	RS-Helios 5515: 70º (-55º ~ +15º) RS-Helios 1615: 31º (-16º ~ +15º) RS-Helios 1610: 26º (-16º ~ +10º) RS-Helios 16P: 30º (-15º ~ +15º)	90º	32-beam: 40º 16-beam: 30º
Vertical resolution	0.1º (-2.99º ~ +1.01º)/ 0.1º (-6.51º ~ +3.81º)	RS-Helios 5515: Up to 1.33º RS-Helios 1615: 1º RS-Helios 1610: Up to 0.5º RS-Helios 16P: 2º	2.81º	32-beam: Up to 0.33º 16-beam: 2.0º
Horizontal resolution	Balance model: 0.2º/0.4º High performance model: 0.1º/0.2º	0.1º/0.2º/0.4º	0.1º/0.2º/0.4º	0.1º/0.2º/0.4º
Dimension (mm)	Ø125mm × H128mm	Ø100mm × H100mm	Ø100mm × H111mm	32-beam: Ø114mm × H108.73mm 16-beam: Ø109mm × H80.7mm
Weight (g)	~1,850	~1,000	~920	32-beam: ~1,130 16-beam: ~870
Operating temperature (°C)	-40°C ~ +60°C	-40°C ~ +60°C	-30°C ~ +60°C	-30°C ~ +60°C

We have a comprehensive portfolio of LiDAR products based on our LiDAR technology platforms. Our LiDAR products may be used in a wide range of application scenarios, particularly for ADAS and robotics. For details about LiDAR hardware and the different classifications of autonomous driving, see "Industry Overview — LiDAR Hardware" and "Industry Overview — Overview of the Automotive LiDAR Solutions Market — Classification of Driving Automation."

M Platform

The M Platform is our flagship platform for automotive-grade solid-state LiDAR, designed for ADAS applications. Our M Platform uses fast-steering MEMS scanning chip that enable high performance scanning. We have developed a 2D-scanning MEMS scanning chip, differentiating our M Platform from many existing LiDAR products that utilize a one-dimensional scanning system. Unlike conventional MEMS mirrors that have a smaller mirror size, our MEMS mirror embedded in our MEMS scanning chip is comparatively larger. Together with the 2D-scanning structure, it produces a wider FoV, deflection angle, long-range detection and high resolution, while significantly reducing the structural complexity of the LiDAR architecture. Each transceiver within our M Platform adopts a modular design that allows each transceiver to be independently produced and installed. This modular design makes our M Platform particularly suitable for mass production, and thereby improves its reliability, cost effectiveness and manufacturability.

Our M series products have passed stringent automotive-grade testing to ensure reliability and durability.

LiDAR-on-Chip Technologies on M Platform

We have adopted the following LiDAR-on-chip technologies for our M Platform:

- ***2D MEMS Scanning Chip.*** Our MEMS scanning chip has a highly integrated and simplified design. 2D scanning enables our M Platform to adapt to different scenarios and conditions, effectively utilizing and allocating resources to cover both city and expressway scenarios.

- ***M Platform SoC.*** We have developed the M Platform SoC, which can perform multiple functions including controlling the firing of laser light pulses, receiving and processing analog signals, and controlling MEMS mirrors. It processes point clouds efficiently and enables more functions and faster output than standard signal processing chips.

In addition to its simplified structure, our M series products can be paired with our highly intelligent perception software. Our M Platform can dynamically fine-tune its scan pattern in real time according to changes in its surrounding environment. This is a feature that enables earlier detection of distant obstacles on highways and facilitates a faster response to nearby traffic in the city. With such features and capabilities, our M Platform enhances ADAS performance.

M Series LiDAR Products

RS-LiDAR-M1

M1 is the world's first mass-produced automotive-grade solid-state LiDAR, according to CIC. It has a wide 120 degree (horizontal) * 25 degree (vertical) FoV and a 150-meter@10% detection range. It has an average horizontal resolution of 0.2 degrees and an average vertical resolution of 0.2 degrees. The dimensions of the M1 are 108mm * 110mm * 45mm, and its weight is approximately 0.73kg.

M1 achieves performance comparable to a 126-channel LiDAR, while using only five transceiver modules. The limited number of components makes M1 easier and less expensive to manufacture. M1 has outstanding angular resolution, solid shock resistance and a prolonged product life span. In 2022, we shipped approximately 36,600 units of our M1 LiDAR products.

RS-LiDAR-M1P

M1P is the upgraded version of M1, with a 180-meter@10% detection range and enhanced adjustable average horizontal resolution from 0.2 to 0.1 degrees. As compared to the M1, M1P is more cost-effective, has further enhanced capabilities and is supported by upgraded hardware structure and software. In 2022, we shipped approximately 4,300 units of our M1P LiDAR products.

RS-LiDAR-M2

M2 is the next-generation product of our M Platform. Featuring a systemic upgrade from M1, M2 is currently in its prototype sample phase. M2's optimized receiving module can lead to higher sensitivity and increased detection range of 200-meter@10% with enhanced average horizontal resolution of 0.1 degrees. With its more integrated overall design, M2 may also be produced more efficiently. We expect to launch M2 in 2023.

E Platform

Our E Platform, based on Flash technology, is developed to address the market demand for blind spots and short-range detection. Flash LiDAR operates by illuminating the entire visual detection field with sequential flash. By leveraging our LiDAR-on-chip technologies and integrating SPAD array/SoC, Flash LiDAR eliminates the entire scanning architecture. This simple design makes Flash LiDAR more cost-effective. We believe that Flash LiDAR can be used in a wide range of application scenarios involving autonomous driving and robotics.

LiDAR-on-Chip Technologies on E Platform

We have adopted the following LiDAR-on-chip technologies for our E Platform:

- ***SPAD Array/SoC.*** Our SPAD array/SoC uses back-side illuminated and three-dimensional stacking techniques, thereby integrating the whole process of signal receiving and processing into one digital-analog hybrid chip, and achieving high sensitivity, resolution and processing capabilities. Through innovation in packaging and a large array area covering larger FoV, our SPAD SoC effectively enhances the critical transition efficiency of signals and reduces crosstalk to achieve enhanced ranging capabilities.

- ***VCSEL Driver IC.*** Our VCSEL driver IC is highly integrated, making it small, lightweight, durable and simple to manufacture. Paired with an array of VCSELs, VCSEL Driver IC improves the uniformity of light emission and enhances performance through narrow pulse width and high repetition rate.

E Series LiDAR Product

RS-LiDAR-E1

E1 has a wide 120 degree (horizontal) * 90 degree (vertical) FoV with support for a refresh frame rate as high as 25 Hz. With a 30-meter@10% detection range, the E1 has key performance metrics that are the best in the industry. E1 is the best blind spot supplement for our M series products, as it is able to create zero blind spots for autonomous driving systems. Leveraging our Flash technology, E1 is able to provide blind spot coverage in the illuminated FoV, and possesses high resolution and detection capabilities over its wide FoV.

Equipped with our self-developed chip and 2D electronic scanning technology. By combining the core components of receiving and processing, it greatly simplifies the circuit design and production process, and thereby delivers strong performance and cost advantages, satisfying market demand for durability and reliability in blind spot LiDAR.

For the transmission system, E1 adopts 2D addressable surface array VCSEL technology, which supports flexible scanning modes and greatly improves energy utilization through its industry-leading performance. The peak power consumption of 2D scanning is significantly lower than that of 1D scanning, saving more energy and offering advantages in heat dissipation. 1D scanning lights up only one VCSEL line array at a time and the whole column uses the same level of power consumption, making it impossible to flexibly allocate energy to different areas. In contrast, 2D scanning can dynamically adjust local emitting power in real time according to different ranging scenarios in order to achieve optimal energy for different areas.

The receiving system of E1 uses an advanced 3D stacking process to integrate our SPAD array and high performance SoC into one chip, which greatly simplifies the system and reduces cost while providing the capability to directly process and generate point clouds.

R Platform

The R Platform, our mechanical platform embedded with 1D scanning architecture, is the result of our early research and development efforts. The R Platform is the foundation upon which we significantly accelerated our development of solid-state LiDAR, and has paved the way for us to capture tremendous market opportunities in the automotive and robotics industries.

R Platform Products

Our R Platform includes a comprehensive line-up of mechanical LiDAR products comprising 16, 32, 80 or 128 channels to support our customers' needs in a wide range of application scenarios, particularly for autonomous driving testing and smart robots. In 2022, we shipped approximately 15,400 units of our R Platform LiDAR products. According to CIC, we ranked No. 1 in China in terms of cumulative sales volume of mechanical LiDAR products as of December 31, 2022.

F Platform

We are developing F Platform LiDAR products that will support ultra-long detection ranges. Our F Platform is expected to deliver high resolution at an ultra-long range of over 300 meters. Our F Platform removes the need for big, costly and hard-to-integrate fiber lasers. Our F Platform is expected to facilitate faster evasive decision making while requiring lower computing power. We believe our F Platform will further advance the development of autonomous driving.

OUR AI PERCEPTION SOFTWARE

We launched HyperVision, our AI perception software in 2017. We have subsequently developed our multi-sensor fusion perception software based on the experience we have accumulated since launching HyperVision. Combined with our LiDAR hardware products and other sensors, we are able to provide a full-stack automotive perception information collection and processing solution, which functions as a "Super Sensor" for autonomous driving.

HyperVision 1.0

In 2017, we launched HyperVision 1.0, our LiDAR-based AI perception software. This software is built on deep learning algorithms that can detect, track, and distinguish objects in real-world environments and directly display the position and distance information through radar transceiver signals, thereby reducing our customers' reliance on data collection and model training. As HyperVision 1.0 requires relatively low computing power, it allows our LiDAR to be applied to a wider range of vehicles with limited computing power. By combining leading hardware products and perception software, we have developed a number of LiDAR solutions that allow us to iterate and optimize algorithms faster for our large customer base, while empowering our LiDAR hardware platform. Our advanced perception software is built on sophisticated algorithms and can transform point clouds generated from LiDAR into semantic information. HyperVision 1.0 allows our LiDAR solutions to maintain high accuracy under various temperature, light and weather conditions in an extended detection range. Key features of HyperVision 1.0 include:

- ***Low computing power requirement.*** HyperVision 1.0 requires less than 0.5 TOPS computing power, making it viable for automobiles with low computing power and enlarging the range of application scenarios in which it may be used.
- ***Compatibility.*** With its single model structure, HyperVision 1.0 is compatible with multiple computing power platforms and most perception applications and can provide support for various vehicle models across different platforms.
- ***Rich object detection and categorization information.*** HyperVision 1.0 supports detection and categorization of various objects in common traffic application scenarios, including:
  - *Free space detection.* Our AI perception software offers road curb detection and free space detection modules to provide pathfinding functions.
  - *Object recognition.* Our AI perception software for autonomous driving includes object detection, obstacle classification and recognition, and lane markings detection modules. The object detection module provides vehicles with real time information on surrounding objects. The obstacle classification and recognition module categorizes obstacles for better path planning and decision making. The lane markings detection module extracts precise information about lane markings and road signs.
  - *Tracking of moving objects.* Our AI perception software has a moving object tracking module that can estimate movement-related information such as speed, size and direction, in real time. The speed information can be further analyzed to derive the acceleration and angular speed of objects which indicate their trajectory and behavioral intentions.

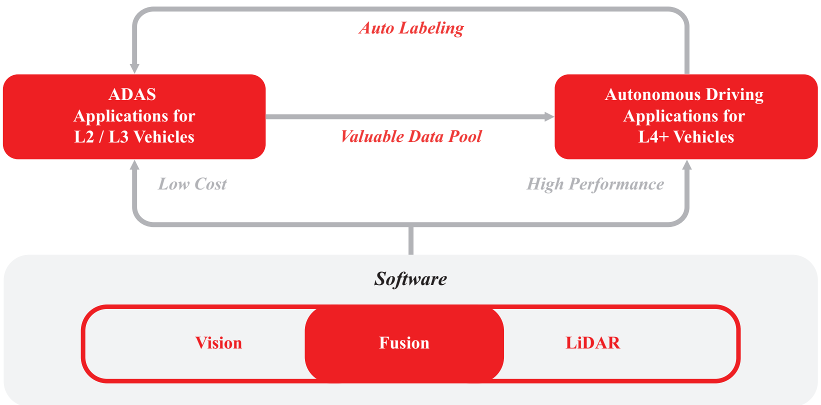
An autonomous vehicle equipped with HyperVision 1.0 is able to not only visualize but also analyze and comprehend its surrounding environment. Owing to these superior features, our LiDAR can be easily deployed in different applications and can be individually customized for customers.

HyperVision 2.0

HyperVision 2.0, our AI perception software, empowers the autonomous driving and robotics industries by converting raw LiDAR, vision and other sensor data into high-value information that can be used directly in autonomous vehicles and robots. HyperVision 2.0 provides these industries with a strong perception solution that is safe, intelligent and ready-to-use.

HyperVision 2.0 provides a full-stack algorithmic solution supporting target perception, environment perception, predictive decision-making and motion planning capabilities. Aside from its integration into our LiDAR hardware, HyperVision 2.0 may also use the same algorithmic stack and be deployed to support ADAS pure vision, ADAS LiDAR + vision and autonomous driving LiDAR + vision solutions. HyperVision 2.0 currently focuses on applications in the autonomous driving industry, and we expect to expand its applications to the robotics industry.

We provide autonomous driving solutions and ADAS solutions. Our autonomous driving solution emphasizes performance, while our ADAS solution emphasizes cost-efficiency. Both solutions can achieve point-to-point autonomous driving on highway, urban roads and parking. Our ADAS solution aggregates a valuable data pool, which can be utilized for the development and upgrade of our autonomous driving solution, which in turn provides auto labeling capabilities that can be applied back to our ADAS solution, thereby creating a virtuous cycle between our ADAS and autonomous driving solutions as illustrated in the diagram below:



Our ADAS and autonomous driving solutions offer the same visual perception solutions using different LiDAR hardware and solution, both of which can be tailored for different application scenarios with different perception capabilities requirements.

HyperVision 2.0 features the following core capabilities when applied to autonomous driving:

- Identifying all static elements of the driving environment within the field of view, such as lane lines and road edges. All elements are expressed in 3D space and contain real-time information on key attributes, such as traffic light status.

- Identifying all traffic participant information within the field of view, including pedestrians, cyclists and vehicles. Such information can be expressed in 4D and higher dimensional space, such as position, orientation, speed and acceleration, as well as richer semantic features such as turn signals, brake lights and other real-time key attributes.

- Providing a real-time constructed 4D semantic occupancy field unifying both dynamic and static scenarios. Under such semantic occupancy field, various types of information can be queried at each spatio-temporal point. These types of information include the existence and visibility of each target, as well as their corresponding semantic category and movement speed.

- Providing real-time understanding and behavior prediction from a higher dimension scenario. It can also provide predictive results and risk assessments based on 4D information and intentions of each traffic participant within the driving scenario.

The above core capabilities can be applied to three different sets of sensor configurations: pure vision, pure LiDAR and vision + LiDAR. These core capabilities are not limited by the number of sensors. The full information fusion of sensors in different modalities (vision or LiDAR) combines the strengths of different sensors and achieves mutual information redundancy, thereby forming a "Super Sensor."

We use advanced AI technologies in our perception software that enable sensor data to flow through the neural network to each task and branch, thereby greatly improving the intelligence of our perception software. We provide readily interpretable perception algorithms that identify safety-critical objects, which ensure safe and reliable perception results through perception redundancy.

OUR SOLUTIONS

Our advanced perception solutions integrate our cutting-edge LiDAR hardware and perception software. Complemented by expert training and support services, our solutions are able to meet our customers' unique requirements.

Our select solutions:

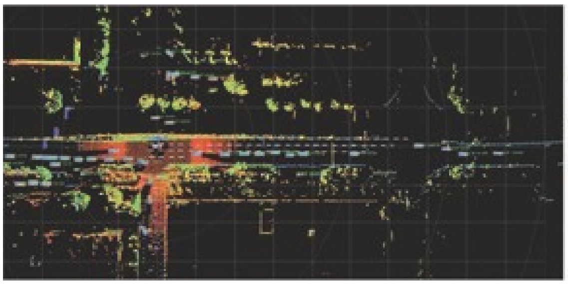
- ***RS-LiDAR-Perception.*** RS-LiDAR-Perception is our solution designed for ADAS applications, and can be integrated into customized solutions that are designed for specific vehicle models. It can integrate seamlessly with our M1 and E1 LiDARs to create zero blind-zone LiDAR perception solutions for autonomous driving vehicles. RS-LiDAR-Perception is designed for busy traffic flow and complex driving scenarios. We currently provide this solution for passenger and commercial vehicles.

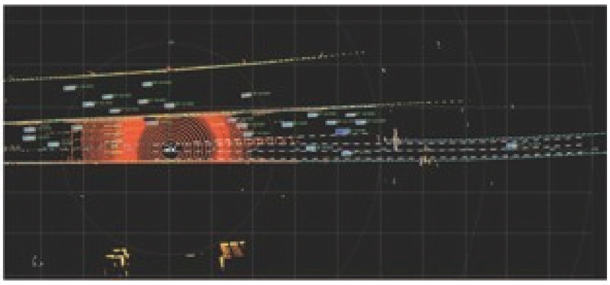
- ***RS-P1, -P2 Solutions.*** These solutions are for driverless logistics, inspection, cleaning vehicles, minibuses, and other low and medium speed autonomous driving scenarios. Our RS-P1 and -P2 Solutions can quickly invoke the autonomous driving perception function through one-click start without cumbersome configuration.

- ***RS-Fusion-P5, -P6 Solutions.*** Our RS-Fusion-P5 and -P6 Solutions are robotaxi solutions that integrate our LiDAR hardware products and AI perception software to enable higher level autonomous driving. It outfits robotaxis with our LiDARs, thereby providing a 360-degree horizontal FoV with zero blind spots. We reinforce our RS-Fusion-P5 and -P6 Solution LiDAR array with a multi-sensor fusion system to enable intelligent navigation in a variety of real-world driving scenarios.

- ***RS-V2X Solution.*** Our RS-V2X Solution is a vehicle-to-road LiDAR solution for scenarios such as urban roads, highways, parking lots, logistics parks, terminals and mining areas. Our RS-V2X Solution achieves accurate space-time synchronization by fusing LiDAR point clouds from multiple base stations to form a complete composition of location information at a specific time in a specific area. Our RS-V2X Solution can set dynamic electronic fences of any shape and display traffic flow statistics in the area. In addition, when combined with our AI perception software through fusion, our RS-V2X Solution can process the underlying data collected from LiDAR and cameras in an area to provide more comprehensive perception data output.

- ***RS-Reference Solution.*** Our RS-Reference Solution generates and evaluates road conditions data using our advanced LiDAR and multi-sensor fusion systems. Ground truth information collected and processed by our RS-Reference Solution includes dynamic and static information such as obstacle types, speeds, lane lines and road boundaries. Our RS-Reference Solution integrates multiple sensors, including our LiDAR, a camera and a millimeter-wave radar. Empowered by AI perception software and offline information processing, our RS-Reference Solution contains full-stack evaluation tools that include information collection, sensor calibration, visualization and manual verification. This solution helps customers build simulation scenes and evaluate road-side perception systems.





We believe our solutions also have potential for use in more non-automotive applications. For example, our solutions have been used in agricultural robots, inspection robots, V2X solutions and reference solutions.

RESEARCH AND DEVELOPMENT

Innovation is core to our corporate culture. We have invested significant resources into the R&D of our LiDAR technologies. We have established three research and development centers in China, located in Shenzhen, Shanghai and Suzhou. We strategically place our research and development teams in locations that are close to the best talent and to our business partners. The R&D team also collaborates with our operations and supply chain teams in order to continually optimize and improve manufacturing processes and assist with supply chain planning.

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions that are acceptable to customers is critical for maintaining our market position. As of December 31, 2022, our R&D team consisted of 482 members, more than half of whom hold a master's degree or above. Our R&D team which include chip engineers, LiDAR engineers and software engineers, represented 36.8% of our total employees as of the same date, and serve as the backbone of our company that enables us to stay competitive. We incurred R&D expenses of RMB81.5 million in 2020, RMB133.0 million in 2021 and RMB305.9 million in 2022, constituting 47.7%, 40.2% and 57.7% of our total revenue for the respective periods. Our team has extensive experience with a wide variety of the world's leading engineering and automotive organizations.

INTELLECTUAL PROPERTY

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual property, including patents, registered trademarks, confidential technical information and expertise in the development of LiDAR technologies in China, the United States and the European Union.

We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property. As of the Latest Practicable Date, our research and development efforts had accumulated 365 patents and 797 patent applications. Our patents and patent applications consist of 987 invention patents, 141 utility patents and 34 design patents. Our intellectual property portfolio includes 612 patents and patent applications for our key technologies used in our M and E platforms. In addition, as of the Latest Practicable Date, we had 64 registered trademarks, 34 registered computer software copyrights, two registered work copyrights and three registered domain name.

There can be no assurance that our intellectual property protection efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "— Legal Proceedings and Compliance — Legal Proceedings", "Risk Factors — Risks Related to Our Business and Industry — Despite the actions we are taking to defend and protect our intellectual property, we may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our products and solutions and such efforts to defend and protect our intellectual property may be costly" and "Risk Factors — Risks Related to Our Business and Industry — Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected."

SALES AND MARKETING

Our Sales and Marketing Network

We adopt a direct sales model. As of December 31, 2022, we operated a dedicated in-house sales and marketing team of 123 employees. Our sales and marketing team has profound industry knowledge and expertise and works closely with our customers and partners as well as our internal operations teams to promote our products and solutions, in both China and overseas. We have established a physical presence across multiple countries and regions, including mainland China, Hong Kong, Germany and the United States. We have also set up sales offices in major cities throughout mainland China, including Shenzhen, Shanghai, Suzhou and Tianjin. Through these sales offices, we have expanded our reach to cover most of China. We are in the process of further expanding our sales and marketing network in the United States and Europe.

Marketing

We take a customer-centric marketing approach to build and expand our relationships with customers and partners. We collect feedback directly from them to garner insights that help drive our business and operations forward. We utilize offline and online marketing channels such as our website, advertising campaigns, and word of mouth. We formulate targeted marketing strategies and organize marketing activities such as exhibitions and social media platforms to meet our business promotion needs and enhance our brand awareness. As we continue to expand domestically and globally, we will continue to optimize our sales and marketing network to ensure that we have sufficient geographic coverage across both existing and new markets.

Pricing

We price our products by considering a variety of factors, such as product positioning, competitive landscape, and procurement and production costs.

For our LiDAR hardware products for customers in the ADAS industries, we offer discounts for larger quantity orders in order to encourage customers to order more units at once, and thereby increase our sales volume and potentially reduce per-unit production costs. This also incentivizes customers to form long-term partnerships with us, and thereby result in more stable revenue streams for us. We also maintain competitive pricing across product lines of our LiDAR products for robotics and other non-automotive industries.

We charge a premium for our solutions that bundle hardware and software, as our software, enhances the value of hardware and provide customers with comprehensive and customizable solutions tailored for their needs.

CUSTOMERS

We serve automotive OEMS, Tier 1 suppliers and customers in a wide range of robotics and other non-automotive industries. In 2022, we provided our LiDAR products, solutions and services to 953 customers in China and overseas, including the United States and Europe. As of March 31, 2023, 21 automotive OEMs and Tier 1 suppliers had selected our M series products for mass production. We are actively pursuing business relationships with other leading automotive OEMs, both in China and globally. We have established strong bonds with our customers, some of whom are our shareholders.

Our ADAS products are primarily used by automotive OEMs and Tier 1 suppliers. Such customers are generally engaged in the design, manufacture and operation of passenger vehicles and commercial vehicles. Our design wins with such customers are a huge part of our success, and we provide technology development services to customers with customization requirements. We intend to further strengthen existing customer relationships and pursue new relationships to expand our customer base.

Our customers in robotics and other non-automotive industries are engaged in the design, manufacture and operation of robotics, such as cleaning robots, logistics robots and agricultural robots. Such customers acquire our mechanical LiDARs and M series products for autonomous navigation and collision avoidance purposes.

As of March 31, 2023, our products had been selected by nine of China's top ten automotive OEMs in terms of sales volume in 2022, according to CIC. The following is a select list of our customers as of December 31, 2022:

Automotive OEMs and Tier 1 Suppliers	Non-automotive Customers
Geely Auto	Alibaba
GAC Aion	Agilox
Great Wall Motor	Brain Corp
Xpeng	ControlWorks
Lotus	Neolix
Lucid	Xingshen Technology
Leapmotor	
NEWRIZON	
Suzhou Zhito	
DFCV	

Revenue generated from our largest customers for the years ended December 31, 2020, 2021 and 2022 accounted for 17.3%, 11.8% and 10.2%, respectively, of our total revenue during those periods. Revenue generated from our five largest customers for the years ended December 31, 2020, 2021 and 2022 accounted for 29.1%, 33.3%, and 33.2%, respectively, of our total revenue during those periods.

The following tables set forth details about our five largest customers during the Track Record Period:

Year ended December 31, 2020

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer A	LiDAR products for ADAS, robotics and others & solutions	A provider of ICT infrastructure and intelligent terminals	2019	29,489	17.3%
Customer B	LiDAR products for robotics and others & solutions	A developer of intelligent cleaning robots	2018	7,894	4.6%
Customer C	LiDAR products for robotics and others & solutions	A manufacturer of buses and public transit vehicles	2018	4,708	2.8%
Customer D	LiDAR products for robotics and others	A company specializing in AI-powered autonomous driving technology	2018	3,820	2.2%
Customer E	LiDAR products for robotics and others & solutions	A provider of automotive electronic systems	2018	3,796	2.2%
Total				**49,707**	**29.1%**

Year ended December 31, 2021

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer A	LiDAR products for ADAS, robotics and others & solutions	A provider of ICT infrastructure and intelligent terminals	2019	38,974	11.8%
Customer F	LiDAR products for ADAS, robotics and others & services	A new energy vehicle manufacturer	2020	27,820	8.4%
Customer G	LiDAR products for robotics and others	An autonomous driving technology company	2020	18,885	5.7%
Customer H	LiDAR products for robotics and others	An autonomous driving technology company	2020	12,578	3.8%
Customer D	LiDAR products for robotics and others	A company specializing in **[REDACTED]** autonomous driving technology	2018	12,034	3.6%
Total				**110,291**	**33.3%**

Year ended December 31, 2022

Customer	Products and Services Sold	Customer Background	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue
				RMB'000	
Customer F	LiDAR products for ADAS, robotics and others	A new energy vehicle manufacturer	2020	53,961	10.2%
Customer A	LiDAR products for ADAS, robotics and others & solutions	A provider of ICT infrastructure and intelligent terminals	2019	41,707	7.9%
Customer I	LiDAR products for ADAS, robotics and others	A manufacturer of intelligent electric vehicles	2019	35,516	6.7%
Customer J	LiDAR products for ADAS, robotics and others & solutions	An automotive company	2018	27,224	5.1%
Customer K	LiDAR products for ADAS, robotics and others & solutions	A company specializing in intelligent electric mobility and energy services	2019	17,325	3.3%
Total				**175,733**	**33.2%**

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

The salient terms of our standard sales agreements for our LiDAR products and solutions during the Track Record Period are set out below:

- ***Product specifications***. Our customers typically set forth specific product specification requirements for products ordered, such as product name, model, configuration and features.

- ***Term***. The agreement typically has an indefinite term.

- ***Payment and credit term***. Our customers are typically required to settle payment within 90 days after receipt of products.

- ***Product return or rejection***. Customer have the right to return or reject our products in limited circumstances, including portion of the shipment that exceeds the scope of the specific purchase order, if product packaging is damaged, if product quality issues are discovered during the process of production, delivery, inspection, or aftersales, or if the agreement is terminated for any reason before all orders have been delivered.

- ***Warranty***. We typically provide one to five years warranties for our products. During the warranty period, for any product quality issue on either our software or hardware, we will make repair or replacement free of charge under certain conditions, except for product damage caused by the customer's own improper operation.

- ***Logistics.*** For hardware, we are generally responsible for delivering the products to locations designated by the customers in accordance with the delivery schedule specified in the agreement. For orders involving software, we shall provide the software to customers within a specified time after delivery of the hardware.

- ***Transfer of risks***. The risks transfer to customers after they confirm the receipt of our products.

- ***Acceptance***. If customers determine that the hardware received or software installed do not meet their requirements, they must notify us in writing within a specified time; otherwise, the products are considered to be accepted.

- ***Confidentiality***. All confidential information provided by either party shall not be disclosed to any third party without prior written consent.

SUPPLIERS

During the Track Record Period, we engaged suppliers and contract manufacturers to procure a wide range of goods and services including raw materials and components for our LiDAR production, research and development, testing and manufacturing services of our products and solutions and other facilitating goods and services.

Our Major Suppliers

Our major suppliers are suppliers of raw materials, hardware components and contract manufacturers. Purchases from our largest supplier for the years ended December 31, 2020, 2021 and 2022 accounted for 5.9%, 4.2%, and 7.8%, respectively, of our total purchases during those periods. Purchases from our five largest suppliers for the years ended December 31, 2020, 2021 and 2022 accounted for 22.2%, 17.2%, and 26.0%, respectively, of our total purchases during those periods.

The following tables set forth details of our top five suppliers during the Track Record Period:

Year ended December 31, 2020

Supplier	Products and Services Purchased	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase
				RMB'000	
Supplier A	LiDAR components	A provider of semiconductor, electronic components and related solutions	2018	7,979	5.9%
Supplier B	LiDAR components	A provider of electronics, circuits and related components	2018	6,907	5.1%
Supplier C	LiDAR components	A supplier of electronic components and computing solutions	2020	5,180	3.8%
Supplier D	LiDAR components	A provider of robotics products, components and accessories	2019	5,144	3.8%
Supplier E	Contract manufacturing services	A company specializing in SMT and PCBA production and processing and other electronics	2019	4,876	3.6%
Total				**30,086**	**22.2%**

Year ended December 31, 2021

Supplier	Products and Services Purchased	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase
				RMB'000	
Supplier F	Contract manufacturing services	An electronic manufacturing services provider	2021	16,721	4.2%
Supplier C	LiDAR components	A supplier of electronic components and computing solutions	2020	13,912	3.5%
Supplier G	Contract manufacturing services	A provider of R&D services in nanotechnology and related technologies	2018	12,883	3.3%
Supplier B	LiDAR components	A provider of electronics, circuits and related components	2018	12,730	3.2%
Supplier H	LiDAR components	A provider of automation equipment, molds, and related consumables	2020	11,812	3.0%
Total				**68,058**	**17.2%**

Year ended December 31, 2022

Supplier	Products and Services Purchased	Supplier Background	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase
				RMB'000	
Supplier I	Contract manufacturing services	A company that specializes in imaging technology products, including customized lens modules	2022	77,461	7.8%
Supplier F	Contract manufacturing services	An electronic manufacturing services provider	2021	65,807	6.6%
Supplier J	LiDAR components	A company primarily engaged in the production of electronic components and equipment	2018	48,670	4.9%
Supplier C	LiDAR components	A supplier of electronic components and computing solutions	2020	34,815	3.5%
Supplier K	LiDAR components	A supplier of consumer electronic components, devices, and adhesives	2021	32,145	3.2%
Total				**258,898**	**26.0%**

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

We typically engage reputable suppliers to ensure the quality of our products. The factors that may affect our selection mainly include technological expertise, product quality, qualifications and credentials, reputation and price. We usually select suppliers who have demonstrated a track record of stable supply and profitability. We generally require that suppliers who manufacture automotive-grade materials shall have obtained IATF16949 certification, and other suppliers shall have at least obtained ISO9001 certification.

In addition to vetting new suppliers, we also conduct monthly and yearly evaluations of existing suppliers and require suppliers to promptly address any issues discovered during such evaluations. We provide guidance to suppliers when necessary and may terminate suppliers who continuously fail to meet our standards.

We believe that our operation is not dependent on any particular supplier or contract manufacturer. During the Track Record Period, we maintained multiple suppliers to avoid over-reliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

Raw Materials and Components

The main raw materials used in the production of our LiDAR products include optics, fasteners, electronics and packaging materials, and the key components used in the production of our LiDAR products include chips, lasers and receivers. During the Track Record Period, we purchased substantially all of our raw materials from suppliers located within China.

During the Track Record Period, prices of our raw materials experienced fluctuations. From late 2021 to the second half of 2022, a surge in demand for electronics containing semiconductor chips and stockpiling of chips by certain companies have created disruptions in the supply chain, resulting in a global chip shortage impacting our industry. In order to ensure our production would not be disrupted due to such shortage, we procured and maintained an escalated level of semiconductor chips inventory at higher prices, and have been working closely with our suppliers and customers to minimize the potential impacts of any supply shortages. For example, we have built cooperative relationships with chip suppliers, such as Texas Instruments (TI). See "Risk Factors — Risks Related to Our Business and Industry — We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs and delay deliveries of our products to customers." Except otherwise disclosed, during the Track Record Period and as of the Latest Practicable Date, we did not encounter any material disruption to our business as a result of shortage or delay in the supply of raw materials and key components.

We typically enter into framework supply agreements with suppliers, the salient terms of which are set out below:

- ***Product specifications***. We specify the product name, manufacturer or brand, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers.

- ***Payment and delivery.*** We are responsible for timely payment to suppliers, who are responsible for delivery of products to our designated location specified in each purchase order.

- ***Quality control.*** We inspect the products upon receipt to determine any deviations from our requirements with respect to quality and quantity and notify suppliers in writing of any such deviations. Suppliers have five days to respond. We have the right to reject and return any products that do not meet our requirements, at the expense of suppliers, or to request free product replacement or maintenance.

- ***Transfer of risk.*** The risk transfers to us after we complete inspection and confirm receipt of the products.

- ***Quality Guarantee.*** If the supplier is a manufacturer, it guarantees that the products manufactured are independently developed or produced, with sufficient control and quality assurance; if the supplier is an agent, it guarantees that the products supplied will be manufactured by the brand manufacturer specified by us. Suppliers are responsible for any quality issue identified on the sites of our customers caused by them.

- ***Subcontracting.*** Subcontracting is not allowed without our consent.

- ***Audit.*** We are provided with reasonable access to suppliers' premises to inspect the site, facilities, project materials and any of our properties involved in the production, as well as audit their relevant business records.

- ***Confidentiality***. All confidential information provided by either party shall be used solely for the purposes of cooperation pursuant to the agreements and shall not be disclosed to any third party without prior written consent.

- ***Product recalls and return***. We have the right to return or replace products for a variety of reasons, including non-conformity with product specifications or quantity with order placed.

- ***Termination***. The agreements will be terminated by mutual agreement, or by other means as set forth in the agreements.

Contract Manufacturers

We seek to establish strategic collaborations with key material and component manufacturers directly. In April 2022, we entered into manufacturing service agreements with Luxvision (立景) for the production of our LiDAR components and Luxsense (立騰) for the production of our LiDAR products and modules. The salient terms of such agreements are set forth below:

- ***Principal rights and obligations of parties involved***. We provide a rolling five month forecast to Luxvision/Luxsense for preparation of production schedule. We specify the product name, manufacturer or brand, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to Luxvision/Luxsense from time to time, who are obliged to produce products that meet our requirements.

- ***Pricing***. Prices are specified in the purchase order or otherwise agreed. If manufacturing costs increases beyond a tolerable range for either party, prices may be adjusted after notification and agreement of both parties. Luxvision/Luxsense promise to offer us the most competitive prices in the market and must notify us when they lower their market prices and adjust their prices to us accordingly.

- ***Payment and delivery***. We are responsible for timely payment to Luxvision/Luxsense, who is responsible for delivery of products to our designated location specified in each purchase order.

- ***Quality control***. We have five days upon receipt of products to inspect the products and confirm if any deviation from our specifications, quantity or other manufacturing requirements. Luxvision/Luxsense have five days to respond. We have the right to reject and return any products that do not meet our requirements, at the expense of Luxvision/ Luxsense, or to request free product replacement or maintenance.

- ***Transfer of risk***. The risk transfers to us after we complete inspection and confirm receipt of the products.

- ***Quality Guarantee***. Luxvision/Luxsense is responsible for the quality of the products they provide as well as the products provided by their suppliers. Luxvision/Luxsense is liable for any quality issues considered by both parties to be the responsibility of Luxvision/ Luxsense.

- ***Subcontracting***. Subcontracting is not allowed without our consent.

- ***Audit***. With suppliers' permission, we have right to access Luxvision/Luxsense 's premises at appropriate times to inspect the site, facilities, project materials and any of our property involved in the production, as well as audit their relevant business records.

- ***Confidentiality***. All confidential information provided by either party shall be used solely for the purposes of cooperation pursuant to the agreements and shall not be disclosed to any third party without the prior written consent.

- ***Product recalls and return***. We have the right to return or replace products for a variety of reasons, including non-conformity of product specifications or quantity with order placed.

- ***Duration and Termination***. The agreements have an indefinite duration and will be terminated by mutual agreement, or by other means as set forth in the agreements.

During the Track Record Period, we also engaged Jabil, a world-renowned manufacturing service provider, for the production of our LiDAR products. The salient terms of the manufacturing service agreements with Jabil are set forth as below:

- ***Principal rights and obligations of parties involved***. We provide a rolling 12 month forecast to Jabil for preparation of production schedule. We specify the technical specifications for manufacturing and other detailed items in each purchase order we send to Jabil from time to time. Jabil have three business days to notify us of its acceptance or rejection after its receipt of each proposed purchase order.

- ***Payment and delivery***. We are responsible for timely payment to Jabil, who are responsible for delivery of products to our designated location through carrier or forwarder approved by us.

- ***Quality control***. We conduct product evaluation to determine if products conform to our specifications and requirements and have ten business days upon receipt of products to give Jabil written notice for any product rejection. Jabil have ten business days to respond. If Jabil does not dispute the basis for rejection, Jabil shall follow its standard product return process.

- ***Transfer of risk***. The risk transfers to us after products are tendered to the barrier or forwarders approved by us.

- ***Warranty***. Jabil warrants to us that it will produce the products in line with relevant workmanship standards and that all products will adhere to our specifications in all material respects at the time of manufacturing. Such warranty shall remain in effect for 18 months from delivery and Jabil will repair or replace any defective product in breach of such warranty.

- ***Confidentiality***. To protect the confidential information of the other party and to prevent use of such information other than for the purposes of this agreement, each party should exercise the same degree of care that it does to secure its own confidential information.

- ***Duration and Termination***. The agreement has an indefinite duration and either party generally has the right to terminate the contract with the other party if the other party breaches the manufacturing service agreement and fails to rectify such breach within a reasonable period of time.

MANUFACTURING

We have internally developed manufacturing and testing processes necessary to produce our products on a commercial scale. We build and design the most critical components of our products in-house rather than relying only on third-party vendors. Our manufacturing processes and know-how set high barriers of entry, and these are key differentiators for us. We adopt a highly modular and scalable manufacturing model to accommodate the fast-growing demand for our LiDAR products. We currently produce our products in two self-operated factories, Honghualing factory and Shiyan factory, and may engage Luxsense (立騰), our joint venture, to manufacture our LiDAR products in the future. During the Track Record Period, we also engaged Jabil to manufacture our LiDAR products. As we continue to scale up our manufacturing capacity, we may enter into additional strategic collaboration agreements.

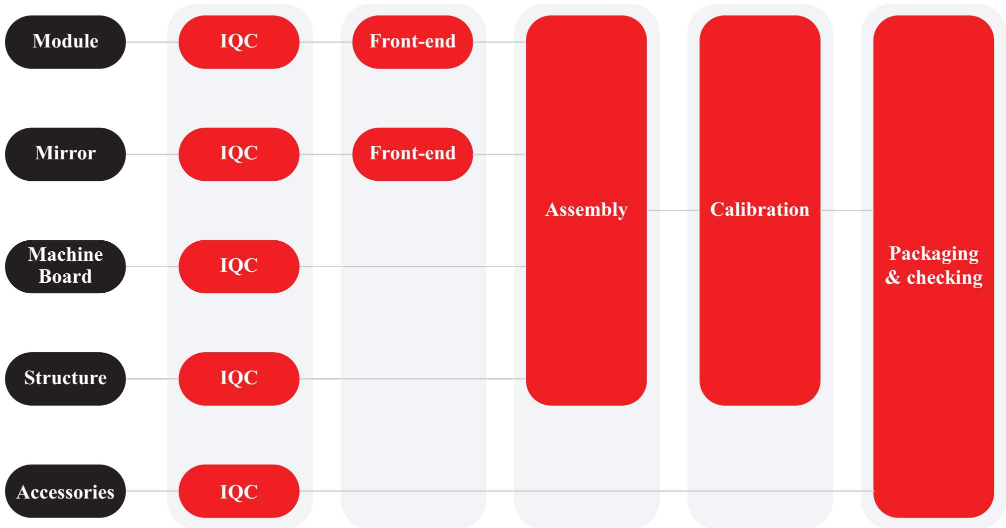
Our Shiyan factory located in Shenzhen mainly produces mechanical LiDAR; our Honghualing factory located in Shenzhen mainly produces solid-state LiDAR. These two operated manufacturing sites occupy approximately 20,000 square meters of space. Our modular manufacturing model allows us to produce various LiDAR products at a single facility with fast and efficient changeover. Our Shiyan factory has a monthly designed production capacity of approximately 2,500 units, with a utilization rate of approximately 67.2% in March 2023. Our Honghualing factory has a monthly designed production capacity of approximately 46,800 units, with a utilization rate of approximately 13.2% in March 2023. We are still in the ramp up period of our production and expect to increase our utilization rate in the future for potential incoming orders. Our jointly-operated factory located in Dongguan currently manufactures modules and LiDAR prototypes, and is expected to manufacture

LiDAR products in large scale in the future. It occupies approximately 27,000 square meters of space. We have multiple departments responsible for the whole manufacturing processes, pertaining to supply, engineering, production, quality assurance and general management. As of December 31, 2022, we had 578 supply and manufacturing employees.

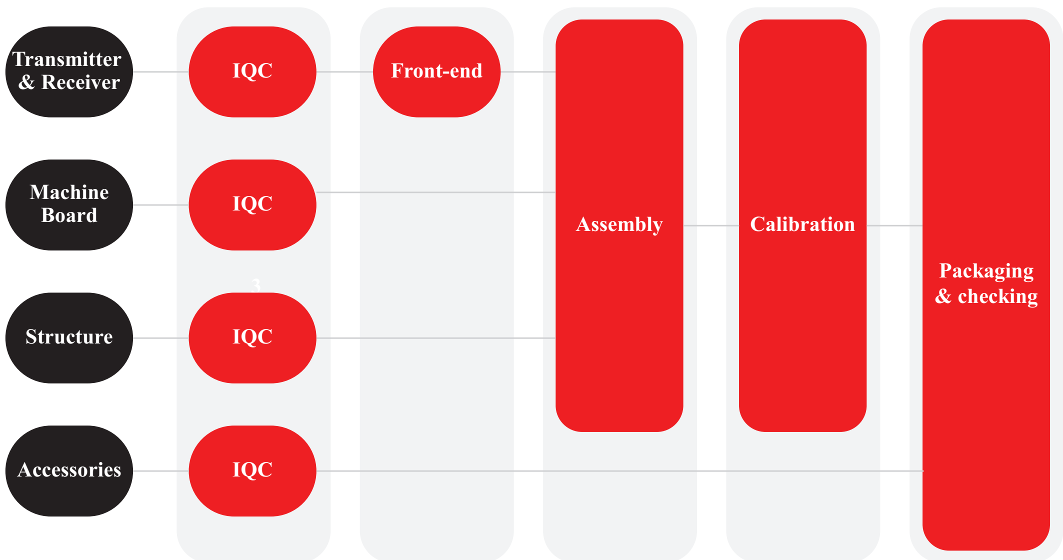
As we highly value the quality of our products, the safety of our employees and environment protection in the course of manufacturing process, we have obtained a series of certifications, including ISO9001 for quality control, ISO45001 for occupational health and safety management and ISO14001 for environmental management.

Our Production Process

The following chart illustrates our production process for our M series LiDAR products:



The following chart illustrates our production process for our other LiDAR products:



The major steps of the production process applicable to our LiDAR products are outlined below:

- ***Incoming quality control.*** Conducting quality control and inspection of raw materials and components upon receipt.

- ***Front-end testing.*** Conducting testing of components to ensure functionality.

- ***Assembly.*** Putting together necessary components to form the core body of our LiDAR products.

- ***Calibration.*** Adjusting and fine-tuning the products to ensure accurate and consistent measurements and test products under different environmental conditions to ensure performance.

- ***Packaging & checking.*** Conducting final checks and package the finished product.

We own all the production lines, machinery and equipment at our factories. We are constantly upgrading our machinery and equipment to improve our operational efficiency. Depreciation is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives or, in case of leasehold improvements, the shorter lease term. See Note 2.7 to the Accountant's Report in Appendix I to this document. We perform routine and preventative maintenance on our manufacturing machinery and equipment to ensure that they function properly at all times and comply with the relevant laws and regulations.

An example of our production line is illustrated below:

Quality Control

We have comprehensive policies and detailed procedures in place to ensure the quality of the components and raw materials we purchase from suppliers, such as screening prior to engaging new suppliers and conducting regular evaluations of their performance and the quality of the goods supplied by them. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including, but not limited to, their reputations, credentials, experience, service or product availability, price and delivery time.

We require all of our suppliers to comply with our internal supply management policies. We communicate with suppliers regarding quality standards, and thoroughly inspect products received to ensure that they meet all the technical requirements set forth in our product designs. We may conduct regular or ad hoc on-site inspections of suppliers, and require suppliers to timely remedy quality issues upon notice. Upon receiving materials and products from suppliers, we retain the right to reject or return based on our inspection and examination results, and suppliers are generally liable to us and our customers for any product quality issues of our products caused by them.

We usually provide one to five year warranties for our products sold to customers and products delivered to customers are considered to be accepted unless the customer notifies us otherwise in writing within five days of receipt. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns, product recalls, product liability claims, warranty expenses or customer complaints that adversely affected our business.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We engage qualified third-party logistics service providers for the delivery of all finished goods from our manufacturing facilities to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow and we evaluate the third-party logistics service providers monthly on their compliance and performance to ensure smooth delivery of products to customers. To the best of our knowledge, all of these logistics service providers are Independent Third Parties.

Inventory Management

Our inventories mainly include (i) raw materials and work-in-progress, (ii) finished goods and (iii) fulfillment cost. We have numerous policies in place to ensure effective inventory management, such as adopting the first in, first out method, maintaining a safety stock to compensate for any unexpected increase in demand or delay in supply, and tracking and monitoring the flow of goods and inventory levels through our ERP (Enterprise Resource Planning) and WMS (Warehouse Management System) systems. Additionally, we retest products to ensure that they are still suitable for their intended use after reaching their designated storage period.

COMPETITION

We offer a broad range of LiDAR products and solutions for ADAS applications and robotics and other non-automotive industries. The market in which we operate is highly competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and services and constant emergence of new industry standards and practices.

There are numerous companies developing LiDAR technologies for autonomous driving, including those offering similar LiDAR products and solutions as us. Despite the competition, we believe our comprehensive LiDAR solution portfolio and chip capabilities stand out among our competitors. Our software development further differentiates our product offerings from mere LiDAR sensors. Beyond the automotive industry, the adjacent markets such as robotics, are also competitive. We face competition from a range of companies seeking to have their mechanical LiDAR incorporated into non-automotive applications. While there will always be companies that are developing LiDAR products and solutions that are similar to ours, we believe our well-established market-leading position, proven products, industry-leading technologies, robust patent portfolio and deep-rooted customer relationships provide us with a compelling advantage over other LiDAR technology companies.

EMPLOYEES

As of December 31, 2022, we had a total of 1,311 employees and almost all of our employees were based in mainland China. The following table sets forth the number of our full-time employees by function as of December 31, 2022:

Employee Function	Number of employees	% of Total
Research and development	482	36.8
Supply and manufacturing	578	44.0
Sales and marketing	123	9.4
General and administrative	128	9.8
Total	1,311	**100.0**

We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. In addition to salaries and benefits, we generally provide performance-based bonuses for our full-time employees and commission for our sales and marketing staff. We have established a comprehensive system for employee training and development, including general trainings covering corporate culture, employee rights and responsibilities, workplace safety, data security, and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continued efforts to provide an engaging working environment to our employees.

We enter into standard labor contracts with our full-time employees with confidentiality, intellectual property, and non-compete provisions, with the exception that we do not enter into non-compete provision with our manufacturing employees. As set out in these agreements, employees are required to maintain confidentiality of our trade secrets, proprietary information and other confidential data during and after their employment. All intellectual property created by the employee in the course of their employment, including patents, trademarks, copyrights, and trade secrets, belongs to us. The employment contracts also include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during their employment and for a period not more than two years after termination of their employment.

We believe we maintain a good working relationship with our employees and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Under the applicable regulations in China, we are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. During the Track Record Period, we were not in strict compliance with the contribution requirements in relation to our employees because we did not make social insurance contributions in full amount and engaged third-party agencies to pay social insurance premium and housing provident funds for certain of our employees. Our PRC Legal Advisor has advised us that, under PRC laws and regulations, we might be subject to late fees and fines for not being in strict compliance with such contribution requirements. If any competent government authority is of the view that the social insurance payments we made for our employees do not satisfy the requirements under relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, accruing from when the social insurance contribution was due. If we fail to pay the unpaid amount or the late fee, we may be subject to a fine ranging between one to three times of the total unpaid amount of the social insurance contribution. Accordingly, the maximum penalties that might have been imposed on the Group in that regard would be three times of the total unpaid amount of social insurance contributions as of the end of the Track Record Period. Our PRC Legal Advisor has also advised us that, in the event that we fail to pay the housing provident fund in full amount, the housing provident fund administrative center will order us to pay the amount within a prescribed time limit. If we fail to do so upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for compulsory enforcement. As of the Latest Practicable Date, we had not received any notification from the relevant PRC regulatory authorities requiring us to pay shortfalls or late payments with respect to the social insurance and/or housing funds, nor had we been subject to any related administrative penalties. Given that we have obtained a letter of confirmation from, and relevant confirmation during our interview with the relevant competent authorities, our PRC Legal Advisor are of the view, with respect to the certain PRC subsidiaries with certain number of employees, that the risk of the competent authorities requiring us to pay shortfalls with respect to the social insurance and housing funds and/or take the initiative to impose penalties on us is relatively remote.

INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We also maintain an additional health insurance plan for our employees, as well as the mandatory automobile insurances and commercial automobile insurances for our test fleets. We are in the process of purchasing product liability insurance. We currently do not maintain property insurance policies covering equipment and facilities. See "— Legal Proceedings and Compliance — Compliance" and "Risk Factors — Risks Related to Our Business and Industry — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources." As is typical in China, we do not maintain business interruption insurance or key-man insurance. Although we consider our insurance coverage to be in line with that of other companies in the same industry of similar size in China, we are actively seeking to expand our insurance coverage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Through our robust internal environmental and occupational health and work safety governance and management processes and the optimization of equipment, facilities, and production processes, we aim to provide a healthy and safe working environment for all personnel involved in our production and management processes, while minimizing energy consumption and waste emissions to promote a green and low-carbon development philosophy.

We have established a Work Safety Committee, chaired by our CEO and composed of department heads as members, responsible for making decisions on major environmental, occupational health and safety issues and guiding the development of our ESG-related initiatives. We have also set up an HSE (Health, Safety and Environment) department headed by the general manager of our production and operations department to coordinate our environmental, occupational health and work safety matters related to our product development and manufacturing processes.

The Work Safety Committee performs the following duties:

- disseminating and implementing national, provincial, and city HSE policies, laws, regulations, and standards, establishing and supervising the implementation of our all-staff work safety responsibilities;
- guiding our company in establishing and improving work safety rules and regulations and operation procedures for various positions, building HSE processes, emergency management processes, and contingency plans;
- holding quarterly HSE special meetings to review and evaluate the achievement of HSE objectives, discuss major HSE issues, and adopt solutions;
- building a standardized management system for work safety, such as risk prevention mechanisms including risk classification and hazard investigation and control, as well as inspecting and ensuring the effective operation of various risk prevention and control measures;
- reviewing and examining our annual HSE plan, including training plan and safety investment plan, and supervising the orderly implementation of each plan;
- promoting and applying advanced HSE management concepts, technologies, and methods within our company, and actively promoting the implementation of HSE management practices;

- organizing and implementing investigations and handling of all HSE incidents;
- ensuring that HSE protective mechanisms are designed, constructed, and put into production and use simultaneously with new projects and constructions; and
- regularly organizing and implementing comprehensive HSE inspections and hazard investigation and control, supervising the implementation of such measures in all departments.

In order to comprehensively manage environmental, occupational health, and safety risks in our production and operation processes, we have established a comprehensive risk management system based on ISO 14001 and ISO 45001. This system includes over 20 risk control requirements and processes, such as the "HSE Responsibility Management Measures," "Equipment and Facility Safety Management Measures," "HSE Training and Education Management Measures," "Occupational Health Management Regulations," "Fire Safety Management Regulations," and "Environmental Protection Management Regulations" and have obtained relevant certifications for such management systems. Every year, our HSE department identifies, analyzes and evaluates environmental, occupational health, and safety risks related to our production and operation process and assesses the suitability and effectiveness of potential risk control measures. In order to fully implement the all-staff production safety responsibility, we have arranged for employees to sign the "RoboSense HSE Responsibility Handbook," to align company-wide ESG and work safety goals.

Health and Work Safety

We are committed to providing a safe and healthy working environment for all of our employees. By fully automating our chip packaging and product assembly production processes, we are actively promoting the inherent safety of our manufacturing processes, reducing or eliminating the potential for personnel exposure to hazardous or harmful environments during production. Through smart manufacturing, we are replacing human labor with machines to eliminate health and safety risks associated with the product manufacturing process.

We have developed the "Restricted Substances Management Policies" to ensure compliance with RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations and to strictly control the use of hazardous and harmful substances during product development and manufacturing. By intervening in the product development and manufacturing process preemptively, we can identify and control any potential risks to employee health. We also monitor the health of our employees involved in the product development and manufacturing process through the following measures:

- Engaging third-party professional testing organizations to conduct regular inspections of our product development and manufacturing sites every year;
- Implementing safety measures, such as ventilation hoods, for positions or processes that may involve hazardous or harmful substances; and
- Employees involved in positions or processes that may involve hazardous or harmful substances would undergo annual health check-ups conducted by professional medical institutions.

We also endeavor to educate our employees on ESG and work safety related issues. The HSE sub-department of our production and operation department collaborated with our human resources department to establish a specialized training program offered through our online learning platform designed to enhance the awareness and skills of all employees regarding environmental protection, occupational health and work safety. As of the Latest Practicable Date, our operations had not experienced any material accidents, nor are we aware of any claims for material personal or property damage relating to health and occupational safety.

Environmental Protection

We are proactively implementing management strategies that are tailored to our circumstances to achieve environmental protection during our production processes. In line with national policies on carbon peak and carbon neutrality, we are taking stringent measures to promote the use of eco-friendly raw materials in our operations and reduce or eliminate potential environmental, climate, and social impacts throughout our product research and development processes.

For example, we are actively promoting energy conservation and consumption reduction throughout our production process by prioritizing the use of energy-saving products with lower energy consumption. Meanwhile, we are also committed to reducing waste in our manufacturing processes by:

- optimizing auxiliary material packaging specifications;
- increasing the reuse rate of materials to reduce the amount of discarded lint-free cloth; and
- introducing advanced manufacturing processes to achieve zero wastewater discharge and standard exhaust gas emissions.

To advance our environmental protection and energy conservation initiatives, we plan to implement measures such as shutting down computers after work, turning off unattended screens, utilizing natural daylight instead of artificial lighting, and controlling air conditioning temperatures in the summer to reduce energy consumption and eliminate unnecessary electricity usage throughout our production processes. We will also adopt office management strategies such as reducing paper and printing materials consumption and energy usage by prioritizing electronic communications, black and white printing instead of color, and double-sided printing instead of single-sided.

In the future, we aim to establish closer relationships with our suppliers and partners to convey our requirements for environmental protection, occupational health and safety, and ensure their consistent compliance with our standards.

BUSINESS SUSTAINABILITY

We have experienced strong revenue growth during the Track Record Period. Our revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021, and further by 60.2% to RMB530.3 million in 2022. In 2022, we provided our LiDAR products, solutions and services to 953 customers in China and overseas, including the United States and Europe. As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, and our products had been selected by nine of China's top ten automotive OEMs in terms of sales volume in 2022, according to CIC. In 2022, we shipped approximately 15,400 units of our R Platform LiDAR products and approximately 36,600 units of our M1 LiDAR products. Benefiting from the solid foundation we have built and the momentum we have seized, we believe that we are able to maintain sustainability and growth of our business.

Our gross profit margin was 44.1% and 42.4% in 2020 and 2021, respectively. Subsequently, we recorded a gross loss margin of 7.4% in 2022. We had a net loss of RMB220.6 million, RMB1,654.5 million and RMB2,086.1 million in 2020, 2021 and 2022, respectively. Eliminating impact of items including (i) share-based compensation, (ii) fair value changes in financial instruments issued to investors and (iii) listing expenses, we generated an adjusted net loss of RMB59.9 million, RMB107.6 million and RMB562.8 million in 2020, 2021 and 2022, respectively. Adjusted net loss is a non-IFRS measure. See "Financial Information — Non-IFRS Measure."

Our net losses were primarily due to the significant amounts of cost of sales, general and administrative expenses and R&D expenses incurred during the Track Record Period. Our cost of sales increased throughout the Track Record Period, which was mainly attributable to the increase in sales volume of our products and solutions. In particular, the procurement costs of raw materials and consumables increased from RMB136.6 million in 2021 to RMB336.8 million in 2022, which was mainly attributable to (i) the increase in sales of products and (ii) the supply crunch of semiconductor chips from late 2021 to the second half of 2022 due to a global supply shortage. In order to ensure our production would not be disrupted due to such shortage, we procured and maintained an escalated level of semiconductor chips inventory at higher prices. We also had other higher cost of sales items including inventory provision and cost, associated with scaling up our production capacity. See "Financial Information — Description of Key Components of Our Results of Operations — Cost of Sales." In addition, the absolute dollar amounts of general and administrative expenses, R&D expenses and sales and marketing expenses increased throughout the Track Record Period as our business grew rapidly. We have started to implement prudent measures to manage our costs and operating expenses.

We have a healthy cash balance to support our business operations and future expansion. During the Track Record Period, we had funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-**[REDACTED]** Investments. See "History, Reorganization and Corporate Structure — Pre-**[REDACTED]** Investments." We had cash and cash equivalents of RMB52.7 million, RMB627.5 million and RMB2,071.4 million as of December 31, 2020, 2021 and 2022, respectively. As of April 30, 2023, our total cash balance was RMB2,180.0 million, including RMB2,094.7 million in cash and cash equivalents and RMB85.3 million in time deposit. Our total cash balance is sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, after taking into account the financial resources available to us.

We recorded gross losses, net losses and net operating cash outflow during the Track Record Period, and we currently expect such positions may continue until we achieve a greater scale. In the future, we aim to maintain sustainability and achieve profitability through: (i) enriching and expanding our products and solutions; (ii) expanding customer base; and (iii) enhancing our operational efficiency and economies of scale.

PROPERTIES

As of the Latest Practicable Date, we maintained a number of leased properties in China. Our corporate headquarters is located in Shenzhen, where we lease approximately 30,000 square meters of space primarily for corporate administration, research and development and manufacturing, including our Honghualing factory. In addition, we leased approximately 7,000 square meters for our Shiyan factory in Shenzhen. We also maintain additional offices in Shanghai, Suzhou and Hong Kong. As of the Latest Practicable Date, we leased a property of approximately 500 square meters in Stuttgart, Germany, primarily for sales and marketing and administration.

We intend to add new manufacturing facilities and expand our existing facilities as we scale up our business operation. We believe that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate our foreseeable future expansion.

We have not obtained construction permits, completed as-built acceptance filings or environmental protection filings or acceptance inspection for several of our buildings under construction and may not be able to do so or follow the procedural requirements in a timely manner or at all. For the permits or approvals we obtained or procedures we completed based on our understanding that are or may be subject to higher standard requirements from relevant governmental authorities, we shall meet such requirements before such construction projects are put into service. We have conducted several inquiries and interviews with the competent governmental authorities which confirmed that practically we are not required to obtain such approvals or permits or fulfill such procedures, or that the failure to do so will not result in penalties against us. Based on such interviews, our PRC Legal Advisor is of the view that relevant governmental authorities will not impose administrative penalty on us due to the failure to obtain construction permits or completing as-built acceptance filings or environmental protection filings.

The ownership certificates or other similar proof of two of our leased properties have not been provided to us by the relevant lessors. Such leased properties are used as dormitory and office. 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. As a result, we may face challenges from the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and to relocate our offices. We may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. Additionally, we have not registered 13 of our lease agreements with the relevant governmental authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant governmental authority executed leases. As advised by our PRC Legal Advisors, failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from

RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe.

As of December 31, 2022, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits required for our business operations in the PRC, and such business licenses had remained in full effect. Our PRC Legal Advisor has advised us that there is no material legal impediment to renewing business licenses for our PRC subsidiaries.

Automotive-grade Certifications

In order to mass-produce automotive-grade LiDAR, LiDAR suppliers must follow strict automotive standards and requirements. Specifically, a LiDAR production line's compliance with the automotive standard IATF 16949 is a precondition to supplying LiDAR products to automotive customers. Developed by the International Automotive Task Force, the IATF 16949 certification is the most pervasively used global quality management standard for the automotive industry. We obtained IATF 16949 certificate in December 2019.

We also fully implement ISO 26262 functional safety standards, the AEC (Automotive Electronics Council) Q100 standards, the ISO 16750 test requirement and other automotive-grade reliability specifications.

The automotive industry requires extremely high product consistency and emphasizes various product reliability benchmarks. The compliance of our M1's production line with automotive-grade certification is a testament to our product design, research and development and production processes. It laid our foundation as the first LiDAR company in the world to achieve mass production for automotive-grade solid-state LiDAR.

DATA SECURITY AND PRIVACY

In recent years, data privacy and cybersecurity have become key governance priorities for global companies. Especially given as PRC legislature and government authorities frequently roll out new data security and privacy laws and regulations, we may be under heightened administrative scrutiny for our collection, use, storage, disclosure and transfer of a variety of types of data. See "Risk Factors — Risks Related to Our Business and Industry — We face regulation and potential liability related to privacy, data protection, information security and cybersecurity which may require significant resources and may adversely affect our business, operations and financial performance."

Our data consists mainly of desensitized point clouds from a licensed vendor for research use, personal data of email and newsletter subscribers and customer contacts. To comply with relevant laws and regulations and safeguard against any incidents that result in data breaches and system shutdowns, we are committed to protecting data and information security in our day-to-day operations. We have in place extensive policies, processes, network architecture and software to protect data and information. For example, we have adopted a detailed privacy policy describing in the plain language how privacy is protected and our practices in data collection, use, disclosure and transmission. In particular, our policy requires, among other things, (i) we obtain customers' acknowledgment and express consent for the subscription of our relevant services; (ii) we conduct regular training for our employees to keep strict confidentiality and not to share any personal information with unauthorized personnel; (iii) we use third-party cloud storage services for constant data backup and quick recovery after security incidents; (iv) we use the SSL protocol to guarantee the integrity, confidentiality and availability of the data transmission process; and (v) we use multiple layers of network segregation and hierarchical levels of firewall technology to protect against attacks or unauthorized access to our networks, servers and databases.

As of the Latest Practicable Date, we had not been subject to administrative investigation, inquiry, penalty, litigations or any legal proceedings for any incompliance related to data privacy and cybersecurity during our operations. We believe we have maintained compliance with the current effective and binding PRC laws and regulations in all material aspects.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

On August 13, 2019, Velodyne Lidar, Inc. (NYSE: VLDR) ("Velodyne"), filed a patent infringement complaint against us in the United States. In July 2020, we filed a patent infringement complaint against Beijing Velodyne Laser Technology Co., Ltd in China. On September 21, 2020, we entered into the litigation settlement and patent cross-license agreement with Velodyne to resolve all of the disputes between us and agreed on the terms of a patent cross-license and releases of liability, resulting in the dismissal of the aforementioned cases. On April 28, 2022, Bell Semiconductor, LLC ("Bell") filed an application with International Trade Commission for a patent infringement investigation, which named us as one of the respondents. Bell subsequently voluntarily withdrew the application on July 26, 2022. On October 13, 2022, Bell filed an application with the International Trade Commission for a patent infringement investigation against Marvell Semiconductor, Inc. ("Marvell"), where we were named as one of the respondents. Subsequently, Bell reached a settlement with Marvell and voluntarily withdrew the investigation against us after we clarified relevant facts. The legal proceeding ended on April 3, 2023.

From time to time, we may become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property infringement, violation of third-party licenses or other rights, breach of contracts and labor and employment claims. We are currently not a party to any actual or threatened actions, claims, suits or other legal proceedings, the outcome of which, if determined adversely to us, would individually or in aggregate have a material adverse effect on our business, financial condition, and results of operations. See "Risk Factors — Risks Related to Our Business and Industry — Third-party claims against us in relation to infringement of intellectual property rights, whether successful or not, could subject us to costly and time-consuming litigation or expensive licenses, and our business could be adversely affected" and "Risk Factors — Risks Related to Our Business and Industry — We may be subject to stricter laws and regulations, including labor laws and regulations, and to potential legal proceedings in the ordinary course of business, which may materially and adversely affect our business, results of operations and financial condition."

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any non-compliance incident which, individually or taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency.

We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk.

We take a comprehensive approach with regard to operational risk management, and implement a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our information technology, human resources, finance and operations departments are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our CEO to take appropriate measures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines.

Compliance risk management refers to the dynamic managing processes of our effective identification and management of compliance risks and proactively preventing the occurrence of risk events. We have established sound compliance risk management procedures to achieve effective identification and management of compliance risk and ensure that our operations are in compliance with applicable laws and regulations.

In accordance with such procedures, our legal department carefully reviews the contracts we enter into with customers and suppliers. Before entering into any contracts or business arrangements, our legal department reviews the contract terms and examines related documents, including all necessary due diligence materials and licenses and permits obtained by the other party to fulfill its obligations under the relevant contract.

In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations.

Information Security and Data Privacy Risk Management

See "— Data Security and Privacy."

Intellectual Property Risk Management

See "— Intellectual Property."

Investment Risk Management

We invest in or acquire businesses that are complementary to our business and aligned with our overall growth strategies, such as businesses that can expand our service offerings and strengthen our technological capabilities. In general, we intend to hold our investments for the long term in forms of preferred shares or ordinary shares with preference rights. In order to manage potential risks associated with investments, we generally obtain minority protection rights from our investment portfolio companies.

Our investment department has primarily been responsible for our investment project sourcing, screening, execution and post-investment monitoring. The investment department searches for investment projects based on our business strategy and conducts thorough due diligence with the finance and legal departments to assess the risks and potential of the investment projects.

Anti-corruption Risk Management

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Company's economic interests and (ii) the pursuit of improper interests of the Company. We have established our anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of the Company. We have maintained a whistleblower mechanism for employees to anonymously report any incidents of bribery and corruption. Our CEO's office is responsible for investigating reported incidents and taking appropriate measures to address them. We have zero-tolerance of corruption and do not accept employment or promotion of persons responsible for corruption incidents. We conduct routine internal trainings and require all suppliers to execute anti-corruption commitments before engagement.

Audit Committee Experience and Qualification and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See "Directors and Senior Management — Directors."

In addition to our internal control department, we have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

AWARDS AND RECOGNITIONS

We have built an outstanding business reputation in the industry. As of the Latest Practicable Date, we had received over one hundred awards globally. The following chart lists selected awards and recognitions we have received in China and overseas:

Award/Recognition	Award Year	Awarding Institution/Authority
Top 1 Chinese Automotive LiDAR Company in terms of Market Competitiveness in 2022 (大鯨榜 — 2022 中國車載激光雷達企業市場競爭力 TOP1)	2022	Huxiu (虎嗅智庫)
Silicon 100: Startups to Follow in 2022	2022	EE Times
Recognized as a Technologically Advanced "Little Giant" Enterprise	2021	The Ministry of Industry and Information Technology
The 2021 CLEPA Awards	2021	The European Association of Automotive Suppliers
The 2021 Automotive News PACE Award	2021	Automotive News and the Automotive Parts Manufacturers' Association
2020 Edison Award, in the transportation & Logistics category for the world's first and smallest automotive MEMS-ToF LiDAR "RS-LiDAR-M1"	2020	Edison Awards Committee / American Marketing Association
CES 2020 Innovation Awards	2019	CTA (Consumer Technology Association of the United States)
"Best Automotive Safety System" of AutoSens Awards	2019	Sense Media Events - AutoSens Conference
GOLD 2019 Stevie® Award in the "Transportation Category"	2019	Stevie Awards American Business Award
CES 2019 Innovation Awards	2018	CTA (Consumer Technology Association of the United States)

DIRECTORS

Upon Listing, our Board will consist of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Dr. Qiu Chunxin (邱純鑫)	39	Co-founder, chairman of the Board, executive Director and chief executive officer	August 28, 2014	June 23, 2021	Overseeing the overall strategy, business development and management of our Group and serving as chairman and/or member of the Board Committee	Brother of Mr. Qiu Chunchao
Mr. Liu Letian (劉樂天)	34	Co-founder, executive Director and chief technology officer	August 28, 2014	December 31, 2021	Formulating product research and development plan and overseeing the technology advancement of our Group	None
Mr. Qiu Chunchao (邱純潮)	33	Executive Director and executive president	August 28, 2014	December 31, 2021	Overseeing the execution of the overall strategy, business development and management of our Group	Brother of Dr. Qiu Chunxin
Non-executive Director						
Dr. Zhu Xiaorui (朱曉蕊)	45	Co-founder, non-executive Director and scientific advisor	August 28, 2014	December 31, 2021	Supervising and providing advice to our Group's scientific development and serving as members of the Board Committees	None
Independent non-executive Directors						
Mr. Feng Jianfeng (馮劍峰)	48	Independent non-executive Director	Listing Date	Listing Date	Supervising and providing independent judgment to the Board and serving as chairman and/or members of the Board Committees	None
Dr. Lu Cewu (盧策吾)	40	Independent non-executive Director	Listing Date	Listing Date	Supervising and providing independent judgment to the Board and serving as members of the Board Committees	None
Mr. Ng Yuk Keung (吳育強)	58	Independent non-executive Director	Listing Date	Listing Date	Supervising and providing independent judgment to the Board and serving as chairman and/or members of the Board Committees	None

Executive Directors

Dr. Qiu Chunxin (邱純鑫), aged 39, is our co-founder, chairman of the Board, executive Director and chief executive officer. He was appointed as a Director on June 23, 2021 and was re-designated as an executive Director on June 28, 2023. He is primarily responsible for overseeing the overall strategy, business development and management of our Group and serving as chairman and/or member of the Board Committee.

Dr. Qiu has approximately nine years of experience in the LiDAR solutions market. He has been holding directorship in several subsidiaries of our Group, including Shenzhen Suteng since August 2014, Optixpan Semiconductors since October 2016, Suzhou Xijing MEMS since November 2017, RoboSense Inc. since December 2017, Hong Kong Suteng since February 2018, Shanghai Lubo since December 2018, RoboSense BVI since June 2021, and RoboSense HK since July 2021.

Dr. Qiu obtained a bachelor's degree in engineering majoring in automation from Yanshan University (燕山大學) in China in July 2007 and a master's degree and a doctorate degree in control science and engineering from Harbin Institute of Technology (哈爾濱工業大學) in China in January 2010 and July 2014, respectively.

Dr. Qiu was recognized by Human Resource Bureau Nanshan District (深圳市南山區人力資源局) as "High-level Talent" in Nanshan District of Shenzhen (深圳市南山區"領航人才") in August 2017, by Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) as High-level Professional in Shenzhen (深圳市高層次專業人才) in November 2017, by MIT Technology Review (a media company founded at the Massachusetts Institute of Technology) as Innovators Under 35 in 2017, and by Hemi Ventures (an institution investing in early stage startups in autonomous vehicles, artificial intelligence applications, robotics, biotech, and other emerging technology sectors) as Top 50 Individuals in Automotive Industry in China (中國出行50人) in 2018. He was also recognized by Sensors Expo & Conference, one of the world's largest gatherings of engineers and scientists involved in the development and deployment of sensor systems, as "Best of Sensors Awards 2019 – Rising Star of the Year". He was also granted with 2019 China Automotive Electronics Science and Technology Award – Innovative Individual Award (2019年度中國汽車電子科學技術獎創新人物獎). He received Outstanding Contribution to Automotive Tech Award from TU-Automotive in 2020, and the second prize in Guangdong Provincial Technology Invention Award (廣東省技術發明獎) in March 2022.

Mr. Liu Letian (劉樂天), aged 34, is our co-founder, executive Director and chief technology officer. He was appointed as a Director on December 31, 2021 and was re-designated as an executive Director on June 28, 2023. He is primarily responsible for formulating product research and development plan and overseeing the technology advancement of our Group.

Mr. Liu has approximately nine years of experience in the LiDAR solutions market. He has been holding senior membership and directorship in several subsidiaries of our Group, including chief technology officer in Shenzhen Suteng since August 2014 and executive director in Tianjin Lubo since November 2022.

Mr. Liu obtained a bachelor's degree in automation in July 2010, and a master's degree in control science and engineering in January 2013, each from Harbin Institute of Technology (哈爾濱工業大學) in China.

Mr. Liu won a silver medal in the Creative Robot Competition, the First IEEE International Robot Competition in Robot, Vision and Signal Processing (RVSP), in November 2011, the second prize in Shenzhen Technology Invention Award (深圳市技術發明獎) in December 2020 and the second prize in Guangdong Provincial Technology Invention Award (廣東省技術發明獎) in March 2022. He was also recognized as "High-level Talent" in Nanshan District of Shenzhen (深圳市南山區 "領航人才") in 2021.

Mr. Qiu Chunchao (邱純潮), aged 33, is our executive Director and executive president. He was appointed as a Director on December 31, 2021 and re-designated as an executive Director on June 28, 2023. He is primarily responsible for overseeing the execution of the overall strategy, business development and management of our Group.

Mr. Qiu has over eight years of experience in the LiDAR solutions market. He has been holding senior management position and directorship in several subsidiaries of our Group, including the supervisor of Optixpan Semiconductors since October 2016, supervisor of Suzhou Xijing MEMS since November 2017, supervisor of Shanghai Lubo since December 2018, and director of Hong Kong Suteng since June 2021.

Mr. Qiu obtained a diploma (專科證書) in computer application technology from Guangdong Vocational College of Science and Technology (廣東科學技術職業學院) in China in June 2012, and a master's degree in business administration from The Chinese University of Hong Kong (香港中文大學) in Hong Kong in October 2022.

Mr. Qiu was recognized by Forbes in the 30 Under 30 Asia List 2018 and the 30 Under 30 China List 2018, and by Hurun Report (胡潤百富) in Hurun China Under 30s To Watch 2019 (2019 胡潤 Under 30s創業領袖). He was also honored by Human Resource Bureau Nanshan District (深圳市南山區人力資源局) as "High-level Talent" in Nanshan District of Shenzhen (深圳市南山區"領航人才") in January 2022.

Non-executive Director

Dr. Zhu Xiaorui (朱曉蕊), aged 45, is our co-founder, non-executive Director and scientific advisor. She was appointed as a Director on December 31, 2021 and was re-designated as a non-executive Director on June 28, 2023. She is primarily responsible for supervising and providing advice to our Group's scientific development and serving as members of the Board Committees.

Dr. Zhu has extensive experience in technology sector. Dr. Zhu has been and is currently serving as a director of Shenzhen Yingpeng Information Technology Co., Ltd. (深圳英鵬信息技術股份有限公司) since November 2017, a director and the chief scientist of Guangdong Avenue Zhichuang Technology Co., Ltd. (廣東省大道智創科技有限公司) since January 2018, an independent non-executive director of XGimi Technology Co Ltd (極米科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688696), since July 2019, and a director of Galaxy Artificial Intelligence and Robotics Research Institute Pte. Ltd. since June 2023. Previously, she was a director of Shenzhen Boyun Information Technology Development Co., Ltd. (深圳市博雲信息技術發展有限公司) from December 2015 to July 2017, and a supervisor of Shenzhen Yiqing Innovation Technology Co., Ltd. (深圳一清創新科技有限公司) from August 2018 to September 2022.

Dr. Zhu obtained a bachelor's degree in electric mechanical control and automation and a master's degree in electric and mechanical integration from Harbin Institute of Technology (哈爾濱工業大學) in China in July 1998 and July 2000, respectively, and a doctorate degree in mechanical engineering from The University of Utah in the United States in December 2006. She also holds the qualification certificate for independent directors issued by the Shanghai Stock Exchange in August 2019.

Dr. Zhu was awarded the second prize of National Technological Advancement Award (國家科學技術進步獎) in China in 2012. She served as a member of the Women in Engineering Group and Member Activities Board of IEEE Robotics and Automation Society for two consecutive terms from 2012 to 2013 and the chairman of the International Affairs Committee of the IEEE Robotics and Automation Society in 2014. She was an organizing committee member in the 2011 IEEE International Conference on Robotics and Automation ("**ICRA**"), the 2014 IEEE/RSJ International Conference on Intelligent Robots and Systems and the 2015 IEEE ICRA. She was recognized in the 2015 IEEE ICRA as one of the Notable Women in Robotics. She was the chairman of the organizing committee of Global Artificial Intelligence and Robotics ("**GAIR**") Summit (全球人工智能與機器人峰會) in 2016 and 2017 and the chairman of GAIR Silicon Valley Intelligent Driving Summit (GAIR矽谷智能駕駛峰會) in 2018. She was elected as the honorary president of Shenzhen Artificial Intelligence Industry Association in May 2020 and recognized by Forbes in the List of 50 Women in Technology in China in 2022.

Independent non-executive Directors

Mr. Feng Jianfeng (馮劍峰), aged 48, was appointed as an independent non-executive Director on June 28, 2023, with effect from the Listing Date. He is responsible for supervising and providing independent judgment to the Board and serving as chairman and/or members of the Board Committees.

Mr. Feng has been serving as a partner and the chief investment officer at AJ Asset Management Limited (安捷資產管理有限公司) since March 2023. Previously, he was a vice president in Burgundy Asset Management Ltd. from August 2005 to October 2009. He then served as the head of global emerging markets and a senior portfolio manager in Invesco from October 2009 to February 2023.

Mr. Feng obtained a bachelor's degree in finance from Xiamen University (廈門大學) in China in July 1997 and a master's degree in business administration from The University of Western Ontario in Canada in April 2005. He holds the Chartered Financial Analyst designation since 2006.

Dr. Lu Cewu (盧策吾), aged 40, was appointed as an independent non-executive Director on June 28, 2023, with effect from the Listing Date. He is responsible for supervising and providing independent judgment to the Board and serving as members of the Board Committees.

Dr. Lu has been a director of Shanghai Em-Data Technology Co., Ltd. (上海眼控科技股份有限公司) since December 2017 and a professor of Shanghai Jiaotong University (上海交通大學) in China since July 2021.

Dr. Lu obtained a bachelor's degree in communication engineering from Chongqing University of Posts and Telecommunications (重慶郵電大學) in China in July 2006, a master's degree in electromagnetic field and microwave technology from the Graduate University of Chinese Academy of Sciences (中國科學院研究生院) in China in July 2009, and a doctorate degree in computer science and engineering from The Chinese University of Hong Kong in Hong Kong in December 2013.

Mr. Ng Yuk Keung (吳育強), aged 58, was appointed as an independent non-executive Director on June 28, 2023, with effect from the Listing Date. He is responsible for supervising and providing independent judgment to the Board and serving as chairman and/or members of the Board Committees.

Mr. Ng has ample experience acting as an independent non-executive director of listed companies. He is currently and has been an independent non-executive director of two companies listed on the Stock Exchange, namely, Sany Heavy Equipment International Holdings Company Limited (stock code: 631) since November 2009 and E-Commodities Holdings Limited (stock code: 1733, formerly known as Winsway Enterprises Holdings Limited and Winsway Coking Coal Holdings Limited) since June 2010. Previously, he was an independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd. (stock code: 3833) from February 2007 to October 2011, and Zhongsheng Group Holdings Limited (stock code: 881) from October 2009 to September 2016, each of which is a company listed on the Stock Exchange. He was also an independent non-executive director of Beijing Capital Land Ltd. (previously listed on the Stock Exchange with the stock code of 2868, and is currently delisted) from December 2008 to April 2016.

Mr. Ng also has solid experience in accounting and financial management matters in listed companies. From November 2004 to August 2006, he worked in IRICO Group New Energy Company Limited (彩虹集團新能源股份有限公司) (formerly known as IRICO Group Electronics Company Limited (彩虹集團電子股份有限公司), a company listed on the Stock Exchange (stock code: 438)) where he served as the deputy chief financial officer, the joint company secretary and the qualified accountant. From September 2006 to March 2010, he was the chief financial officer, the company secretary and the qualified accountant of China Huiyuan Juice Group Limited (previously listed on the Stock Exchange with the stock code of 1886, and is currently delisted). From March 2010 to July 2012, he was the executive director, chief financial officer and the company secretary of China NT Pharma Group Company Limited, a company listed on the Stock Exchange (stock code: 1011). Mr. Ng worked in Kingsoft Corporation Limited, a company listed on the Stock Exchange (stock code: 3888) for ten years, where he served as the chief financial officer from July 2012 to July 2022 and an executive director from March 2013 to May 2022.

Mr. Ng obtained a bachelor's degree in social sciences in 1988 and a master's degree of science in global business management and e-commerce in 2022 from The University of Hong Kong. He is a fellow member of The Association of Chartered Certified Accountants, The Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Save as disclosed above in this section, each of our Directors has confirmed that (i) he/she did not hold any other directorship in any other listed companies during the three years immediately prior to the Latest Practicable Date; (ii) there is no other matter in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules; and (iii) there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

Each of our Directors has confirmed that, as of the Latest Practicable Date, he/she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors and senior management
Dr. Qiu Chunxin (邱純鑫)	39	Co-founder, chairman of the Board, executive Director and chief executive officer	August 28, 2014	June 23, 2021	Overseeing the overall strategy, business development and management of our Group	Brother of Mr. Qiu Chunchao
Mr. Liu Letian (劉樂天)	34	Co-founder, executive Director and chief technology officer	August 28, 2014	December 31, 2021	Formulating product research and development plan and overseeing the technology advancement of our Group	None
Mr. Qiu Chunchao (邱純潮)	33	Executive Director and executive president	August 28, 2014	December 31, 2021	Overseeing the execution of the overall strategy, business development and management of our Group	Brother of Dr. Qiu Chunxin
Mr. Lau Wing Kee (劉永基)	58	Chief financial officer	August 1, 2022	August 1, 2022	Overseeing the accounting, financial management and taxation affairs of our Group	None

Dr. Qiu Chunxin (邱純鑫), aged 39, is our co-founder, chairman of the Board, executive Director and chief executive officer. For details of his biography, see "Directors – Executive Directors" in this section.

Mr. Liu Letian (劉樂天), aged 34, is our co-founder, executive Director and chief technology officer. For details of his biography, see "Directors – Executive Directors" in this section.

Mr. Qiu Chunchao (邱純潮), aged 33, is our executive Director and executive president. For details of his biography, see "Directors – Executive Directors" in this section.

Mr. Lau Wing Kee (劉永基), aged 58, is our chief financial officer. He was appointed as the chief financial officer on August 1, 2022. He is primarily responsible for overseeing the accounting, financial management and taxation affairs of our Group.

Prior to joining our Group, Mr. Lau worked in PricewaterhouseCoopers from January 1994 to July 2000. He served as a financial director in Ogilvy & Mather Advertising Ltd. Beijing Branch from July 2000 to October 2004, as the chief financial officer and company secretary in Beijing Media Corporation Ltd., a company listed on the Stock Exchange (stock code: 1000) from November 2004 to February 2007, as the chief financial officer in Perfect World Co., Ltd., a company listed on the NASDAQ (with ticker symbol of PWRD prior to its de-listing in July 2015) from March 2007 to June 2018, as the chief financial officer in Square Panda Inc. from July 2018 to August 2019, as the chief financial officer in Tarena International Inc., a company listed on the NASDAQ (ticker symbol: TEDU) from March 2020 to July 2022. Mr. Lau is currently serving as an independent director of Genetron Holdings Limited, a company listed on the NASDAQ (ticker symbol: GTH).

Mr. Lau obtained a bachelor's degree in business administration (finance) from the Hong Kong Baptist University (香港浸會大學) in Hong Kong in November 1990, and an executive master of business administration from Cheung Kong Graduate School of Business (長江商學院) in China in September 2011. Mr. Lau is an associate of both of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants.

JOINT COMPANY SECRETARIES

Mr. Lau Wing Kee (劉永基), our chief financial officer, was appointed as a joint company secretary of our Company on June 28, 2023. For details of his biography, see "Senior Management" in this section.

Ms. Wong Wai Yee, Ella (黃慧兒), aged 47, was appointed as a joint company secretary of our Company on June 28, 2023. Ms. Wong is a director of corporate services of Tricor Services Limited.

Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Wong is currently acting as the company secretary or joint company secretary of multiple listed companies on the Stock Exchange.

Ms. Wong is a chartered secretary, a chartered governance professional and a fellow of both The Hong Kong Chartered Governance Institute ("**HKCGI**") and The Chartered Governance Institute in the United Kingdom. Ms. Wong is a holder of the Practitioner's Endorsement from HKCGI.

BOARD COMMITTEES

The Company has established three Board Committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, with effect from the Listing Date.

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**"). The Audit Committee consists of three members, namely Dr. Zhu Xiaorui, our non-executive Director, and Dr. Lu Cewu and Mr. Ng Yuk Keung, our independent non-executive Directors. Mr. Ng Yuk Keung has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee are to review the financial controls and the internal control and risk management systems of our Group, monitor the integrity of the Company's financial statements, review and monitor the external auditor's independence and objectivity and effectiveness of the audit process and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of our non-executive Director, Dr. Zhu Xiaorui and our independent non-executive Directors, namely Mr. Feng Jianfeng and Dr. Lu Cewu. Mr. Feng Jianfeng has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. The Nomination Committee consists of Dr. Qiu Chunxin, our chairman of the Board and executive Director, and our independent non-executive Directors, namely Mr. Feng Jianfeng and Mr. Ng Yuk Keung. Dr. Qiu Chunxin has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to review the Board structure, size and composition, make recommendations to our Board on the appointment and removal of Directors and review the Company's board diversity policy.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the corporate governance requirements under the CG Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules after Listing.

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the CG Code as set out in Appendix 14 to the Listing Rules after the Listing except for Code Provision C.2.1 of the CG Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman of the Board and the chief executive officer are currently performed by Dr. Qiu. In view of Dr. Qiu's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Dr. Qiu acting as both our chairman of the Board and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. Qiu continues to act as both our chairman of the Board and chief executive officer after Listing, and therefore currently do not propose to separate the functions of chairman of the Board and chief executive officer.

While this would constitute a deviation from Code Provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Dr. Qiu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at the Board and/or senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the objectives and approaches to achieve and maintain diversity of the Board. Our Group recognizes the benefits of having a diversified Board and considers increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, talents, skills, knowledge, cultural and education background, gender, age, ethnicity and length of service. Our board diversity policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from 33 years old to 58 years old, and that our Directors have a balanced mix of experiences from different industries and sectors. Upon Listing, the Board will have one female Director. We target to maintain at least one female representation in the Board. We also intend to promote gender diversity when recruiting staff at the middle to senior level in order to develop a pipeline of female senior management and potential successors to the Board. In addition, we will engage more resources in training female staff who have long and relevant experience in our business, with the aim of promoting them to the senior management or directorship of our Group. We are committed to adopting a consistent approach to promote diversity at all other levels of our Company from the Board downwards, in order to enhance the effectiveness of our corporate governance as a whole.

After Listing, the Nomination Committee will review our board diversity policy and its implementation from time to time and monitor its effectiveness, and such review result will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing our board diversity policy and the progress on achieving these objectives, on an annual basis.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Company offers the executive Directors and senior management, as its employees, with remuneration in the form of fees, wages, salaries, discretionary bonuses, pension contributions, housing funds, medical insurances, other social insurances, share-based compensation expenses and other employee benefits. Non-executive director and independent non-executive Directors will receive compensation according to their duties (including serving as members or chairmen of the Board Committees).

For the years ended December 31, 2020, 2021 and 2022, the aggregate remuneration before tax paid to our Directors was approximately RMB2.7 million, RMB3.6 million and RMB4.6 million, respectively. Under the arrangements currently in force, it is estimated that the aggregate amount of remuneration of our Directors (including of fees, wages, salaries, discretionary bonuses, pension contributions, housing funds, medical insurances, other social insurances) for the year ending December 31, 2023 will be approximately RMB5.2 million.

The five individuals whose emoluments were the highest in the Group include nil, nil, and one Director for the years ended December 31, 2020, 2021 and 2022, respectively. For the years ended December 31, 2020, 2021 and 2022, the aggregate amount of remuneration in the form of wages, salaries, discretionary bonuses, pension contributions, housing funds, medical insurances, other social insurances, share-based compensation expenses and other employee benefits paid to the five individuals whose emoluments were the highest in the Group were RMB7.7 million, RMB37.8 million and RMB24.2 million, respectively. Further details on the remuneration of the five individuals whose emoluments were the highest in the Group during the Track Record Period are set out in the Accountant's Report in Appendix I to this document.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five individuals whose emoluments were the highest in the Group as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five individuals whose emoluments were the highest in the Group for the loss of office as director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived any emoluments. Save as disclosed above, during the Track Record Period, there were no other payments paid or payable to our Directors or five individuals whose emoluments were the highest in the Group by the Company or any of its subsidiaries.

For the details of the service contracts and appointment letters that we have entered into with our Directors, see the section headed "Statutory and General Information – C. Further Information about our Directors and substantial Shareholders – 2. Particulars of Directors' service contracts and appointment letters" in Appendix IV to this document. For further details of share incentive grants to our Directors and officers, see the section headed "Statutory and General Information – D. Share Incentive Schemes" in Appendix IV to this document.

SHARE INCENTIVE SCHEMES

For further details of our Share Incentive Schemes, see the section headed "Statutory and General Information – D. Share Incentive Schemes" in Appendix IV to this document.

COMPLIANCE ADVISOR

We have appointed Maxa Capital Limited as our Compliance Advisor upon Listing in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise us, among others, in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

- where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and

- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of our authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the **[REDACTED]**.

As of the Latest Practicable Date, our authorized share capital was US$50,000 divided into (i) 206,290,659 Ordinary Shares, (ii) 15,995,501 Series Angel Preferred Shares, (iii) 19,971,731 Series Seed Preferred Shares, (iv) 15,521,371 Series A Preferred Shares, (v) 10,511,598 Series A+ Preferred Shares, (vi) 31,859,744 Series B Preferred Shares, (vii) 52,222,266 Series C Preferred Shares, (viii) 10,054,493 Series D Preferred Shares, (ix) 6,102,180 Series D-1 Preferred Shares, (x) 17,496,456 Series D-2 Preferred Shares, (xi) 27,000,000 Series E Preferred Shares, (xii) 53,894,003 Series F Preferred Shares, (xiii) 11,374,415 Series G-1 Preferred Shares, and (xiv) 21,705,583 Series G-2 Preferred Shares, each with par value of US$0.0001 each.

As of the Latest Practicable Date, we had the following Shares issued and outstanding: (i) 132,592,582 Ordinary Shares, (ii) 15,995,501 Series Angel Preferred Shares, (iii) 19,971,731 Series Seed Preferred Shares, (iv) 15,521,371 Series A Preferred Shares, (v) 10,511,598 Series A+ Preferred Shares, (vi) 31,859,744 Series B Preferred Shares, (vii) 52,222,266 Series C Preferred Shares, (viii) 10,054,493 Series D Preferred Shares, (ix) 6,102,180 Series D-1 Preferred Shares, (x) 17,496,456 Series D-2 Preferred Shares, (xi) 27,000,000 Series E Preferred Shares, (xii) 53,894,003 Series F Preferred Shares, (xiii) 11,374,415 Series G-1 Preferred Shares, and (xiv) 21,705,583 Series G-2 Preferred Shares. All of our Shares issued and outstanding prior to the completion of the **[REDACTED]** will be fully paid, and all of our Shares to be issued in the **[REDACTED]** will be issued as fully paid.

Each of the Series Angel Preferred Shares, Series Seed Preferred Shares, Series A Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series D-1 Preferred Shares, Series D-2 Preferred Shares, Series E Preferred Shares, Series F Preferred Shares, Series G-1 Preferred Shares, and Series G-2 Preferred Shares will be converted into Ordinary Shares on a one-to-one basis by way of re-designation immediately prior to the completion of the **[REDACTED]**.

Assuming the **[REDACTED]** is not exercised, the issued share capital of our Company immediately following the completion of the **[REDACTED]** will be as follows:

	Number of Shares	Approximate aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	
Shares in issue immediately before the **[REDACTED]**	[426,301,923]	[42,630.1923]	**[REDACTED]**
Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**	**100.00%**

Assuming the **[REDACTED]** is exercised in full, the share capital of our Company immediately following the completion of the **[REDACTED]** will be as follows:

	Number of Shares	Approximate aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	
Shares in issue immediately before the **[REDACTED]** . . .	[426,301,923]	[42,630.1923]	**[REDACTED]**
Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**	**100.00%**

ASSUMPTIONS

The above tables assume that the **[REDACTED]** becomes unconditional and Shares are issued pursuant to the **[REDACTED]**, and that the Preferred Shares are converted into Ordinary Shares on a one-to-one basis immediately before the completion of the **[REDACTED]**. The above tables take no account of any Shares which may be allotted and repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

RANKINGS

The **[REDACTED]** will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a **[REDACTED]** which falls after the date of this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, our Company may from time to time by Shareholders' ordinary resolution (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, subject to the provisions of the Cayman Companies Act and the Memorandum and Articles of Association, our Company may by special resolution of our Shareholders reduce our share capital or capital redemption reserve fund. For details, see "Summary of the Constitution of the Company and Cayman Companies Law — 2 Articles of Association — 2.4 Alteration of capital" in Appendix III to this document.

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to any classes of the Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued Shares of that class or with the sanction of a special resolution passed by a majority of not less than three-fourths of the votes cast at a separate general meeting of the holders of the Shares of that class. For details, see "Summary of the Constitution of the Company and Cayman Companies Law — 2 Articles of Association — 2.3 Variation of rights of existing shares or classes of shares" in Appendix III to this document.

Further, our Company will also hold general meetings from time to time as may be required under the Memorandum and Articles of Association, a summary of which is set out in the section headed "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III to this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares with an aggregate nominal value of not more than the sum of:

- 20% of the aggregate nominal value of our Share capital in issue immediately following the completion of the **[REDACTED]**; and
- the aggregate nominal value of our Share capital repurchased by us (if any) under the general mandate to repurchase Shares referred to below in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which the next annual general meeting of our Company is required under any applicable laws of the Cayman Islands or the Memorandum and Articles of Association to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under the section headed "Statutory and General Information — A. Further information about our Group — 4. Resolutions of the Shareholders of our Company dated [●], 2023" in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which our Shares may be listed with a total nominal value of not more than 10% of the aggregate nominal value of our Share capital in issue immediately following the completion of the **[REDACTED]** (excluding any Shares which may be issued pursuant to the exercise of the **[REDACTED]** and Shares to be issued pursuant to the Post-**[REDACTED]** Share Incentive Scheme).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out under the section headed "Statutory and General Information — A. Further information about our Group — 4. Resolutions of the Shareholders of our Company dated [●], 2023" in Appendix IV to this document.

The general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws of the Cayman Islands or the Memorandum and Articles of Association to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See the section headed "Statutory and General Information — A. Further information about our Group — 5. Repurchase of our own securities" in Appendix IV to this document for further details.

SHARE INCENTIVE SCHEMES

Our Company has adopted Share Incentive Schemes. For further details, please see the section headed "Statutory and General Information — D. Share Incentive Schemes" in Appendix IV to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the following persons are expected to have an interest in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held as at the date of this document[1]		Shares held immediately following the completion of the [REDACTED][2]	
Name of Shareholder	**Nature of interest**	**Number**	**Percentage**	**Number**	**Percentage**
Dr. Qiu					
BlackPearl[3]	Beneficial owner	49,367,683	11.58%	49,367,683	**[REDACTED]**
BlackPearl Investment Limited[3]	Interest in controlled corporation	49,367,683	11.58%	49,367,683	**[REDACTED]**
Sunton Global[3]	Beneficiary of a trust	49,367,683	11.58%	49,367,683	**[REDACTED]**
Dr. Qiu[3][7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	22.77%	97,082,430	**[REDACTED]**
Dr. Zhu					
Emerald Forest[4]	Beneficial owner	29,604,176	6.94%	29,604,176	**[REDACTED]**
Emerald Forest Investment Limited[4]	Interest in controlled corporation	29,604,176	6.94%	29,604,176	**[REDACTED]**
Emerald Forest Holding[4]	Beneficiary of a trust	29,604,176	6.94%	29,604,176	**[REDACTED]**
Dr. Zhu[4][7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	22.77%	97,082,430	**[REDACTED]**
Mr. Liu					
Sixsense[5]	Beneficial owner	18,110,571	4.25%	18,110,571	**[REDACTED]**
CyberStone Holdings Limited[5]	Interest in controlled corporation	18,110,571	4.25%	18,110,571	**[REDACTED]**
Realsense[5]	Beneficiary of a trust	18,110,571	4.25%	18,110,571	**[REDACTED]**
Mr. Liu[5][7]	Beneficiary of a trust; interest held jointly with another person	97,082,430	22.77%	97,082,430	**[REDACTED]**

		Shares held as at the date of this document[1]		Shares held immediately following the completion of the [REDACTED] [2]	
Name of Shareholder	Nature of interest	Number	Percentage	Number	Percentage
Trustees					
TMF (Cayman) Ltd.[3][4][5][6]	Trustee	101,931,831	23.91%	101,931,831	**[REDACTED]**
Futu Trustee Limited[8]	Trustee	30,660,751	7.19%	30,660,751	**[REDACTED]**
Cainiao					
Cainiao[9]	Beneficial owner	47,005,063	11.03%	47,005,063	**[REDACTED]**
Cainiao Smart Logistics Network Limited[9]	Interest in controlled corporation	47,005,063	11.03%	47,005,063	**[REDACTED]**
Alibaba Group Holding Limited[9]	Interest in controlled corporation	47,005,063	11.03%	47,005,063	**[REDACTED]**

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** assuming (i) the **[REDACTED]** is not exercised and (ii) all Preferred Shares are reclassified as Ordinary Shares on a one-to-one basis immediately before the completion of the **[REDACTED]**.

(3) As of the Latest Practicable Date, BlackPearl is owned as to 99.9% by BlackPearl Investment Limited and 0.1% by Sunton Global. Sunton Global is wholly owned by Dr. Qiu. BlackPearl Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Sunton Global and Dr. Qiu as beneficiaries. As such, each of Dr. Qiu, BlackPearl Investment Limited, Sunton Global and TMF (Cayman) Ltd. is deemed to be interested in the Shares held by BlackPearl for the purpose of Part XV of the SFO.

(4) As of the Latest Practicable Date, Emerald Forest is owned as to 99.9% by Emerald Forest Investment Limited and 0.1% by Emerald Forest Holding. Emerald Forest Holding is wholly owned by Dr. Zhu. Emerald Forest Investment Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Emerald Forest Holding and Dr. Zhu as beneficiaries. As such, each of Dr. Zhu, Emerald Forest Investment Limited, Emerald Forest Holding and TMF (Cayman) Ltd. is deemed to be interested in the Shares held by Emerald Forest for the purpose of Part XV of the SFO.

(5) As of the Latest Practicable Date, Sixsense is owned as to 99.9% by CyberStone Holdings Limited and 0.1% by Realsense. Realsense is wholly owned by Mr. Liu. CyberStone Holdings Limited is held by TMF (Cayman) Ltd. acting as trustee of a trust, with Realsense and Mr. Liu as beneficiaries. As such, each of Mr. Liu, CyberStone Holdings Limited, Realsense and TMF (Cayman) Ltd. is deemed to be interested in the Shares held by Sixsense for the purpose of Part XV of the SFO.

(6) As of the Latest Practicable Date, one of the ESOP Holding Entities, Ruby, holding 4,849,401 Shares underlying the awards in the form of Restricted Shares granted to Mr. Qiu pursuant to Pre-**[REDACTED]** Share Incentive Scheme A, is owned as to 99.9% by Ruby Group Holdings Limited and 0.1% by Sunton Limited, which is in turn wholly owned by Mr. Qiu. Ruby Group Holdings Limited is held by TMF (Cayman) Ltd. as the trustee of a trust, with Sunton Limited and Mr. Qiu as the beneficiaries. As such, TMF (Cayman) Ltd. is deemed to be interested in the Shares held by Ruby for the purpose of Part XV of the SFO.

(7) Each of Dr. Qiu, Dr. Zhu and Mr. Liu entered into the Concert Party Confirmation to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier). See "History, Reorganization and Corporate Structure – Parties Acting in Concert" for details of the Concert Party Confirmation. As such, each of Dr. Qiu, Dr. Zhu and Mr. Liu is deemed to be interested in the Shares held by other members of the Founders for the purpose of Part XV of the SFO.

(8) Robust and Hoping Dream are two of the ESOP Holding Entities, holding 13,450,225 Shares (being part of the Shares underlying the Pre-**[REDACTED]** Share Incentive Scheme A) and 17,216,526 Shares (being the Shares underlying the Pre-**[REDACTED]** Share Incentive Scheme B), respectively. Each of Robust and Hoping Dream is indirectly controlled by Futu Trustee Limited acting as the trustee of a trust to hold the Shares on trust for the participants of the Pre-**[REDACTED]** Share Incentive Scheme A and the Pre-**[REDACTED]** Share Incentive Scheme B, respectively. As such, Futu Trustee Limited is deemed to be interested in the Shares held by Robust and Hoping Dream for the purpose of Part XV of the SFO.

(9) Cainiao is wholly owned by Cainiao Smart Logistics Network Limited, which is a subsidiary of Alibaba Group Holding Limited. As such, each of Cainiao Smart Logistics Network Limited and Alibaba Group Holding Limited is deemed to be interested in the Shares held by Cainiao for the purpose of Part XV of the SFO.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountant's Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document.

OVERVIEW

We are a global leader in the LiDAR and perception solutions market. By integrating hardware and software, we have differentiated ourselves from most LiDAR companies in the market who only focus on hardware. Combined with visual or other sensors, LiDAR forms perception solutions that endow automobiles and robots with perception capabilities superior to human eyes. We develop our solutions based on chip-driven LiDAR hardware and AI perception software, expanding application scenarios and realizing large-scale commercialization in the industry.

We have experienced strong revenue growth in recent years. Our revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021, and further by 60.2% to RMB530.3 million in 2022. Our gross profit was RMB75.4 million and RMB140.3 million in 2020 and 2021, respectively. Subsequently, we recorded a gross loss of RMB39.3 million in 2022. We had a net loss of RMB220.6 million, RMB1,654.5 million and RMB2,086.1 million in 2020, 2021 and 2022, respectively. Our adjusted net loss (non-IFRS measure), which was adjusted by adding back (i) share-based compensation, (ii) fair value changes in financial instruments issued to investors and (iii) listing expenses, amounted to RMB59.9 million, RMB107.6 million and RMB562.8 million in 2020, 2021 and 2022, respectively.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountant's Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations.

Factors Affecting the LiDAR Industry

Our results of operations and financial condition are affected by general factors affecting the LiDAR industry, including the development of end markets, economic conditions in China and global markets that affect the business activities in general.

We anticipate strong demand for our LiDAR products and solutions across a broad range of industries, such as autonomous vehicles and robotics. According to CIC, the size of the global LiDAR solutions market as measured by gross sales amount is projected to grow at a CAGR of 78.8% from RMB12.0 billion in 2022 to RMB1,253.7 billion in 2030. The automotive industry is expected to be the most active and prominent market, which is expected to grow at a CAGR of 103.2% from RMB3.4 billion in 2022 to RMB1,000.3 billion in 2030, and accounting for 79.8% of the global LiDAR solutions market by 2030, according to CIC. This is driven by the accelerating application of autonomous driving technology and government support. China's National Development and Reform Commission has set a goal to achieve mass production of vehicles featuring L3 self-driving capabilities by 2025. In addition, according to CIC, the LiDAR solutions market in robotics in terms of gross sales amount is expected to grow at a CAGR of 50.6% from RMB8.2 billion in 2022 to RMB216.2 billion by 2030.

Market acceptance of LiDAR products and solutions depends upon many other factors, including product performance, reliability and affordability, driver preference and perception of autonomous driving technologies, and research and development progress in artificial intelligence, chip computing power and sensors.

Our Ability to Enhance Technology and Develop Products and Solutions

The growth of our revenue depends on our ability to make technological advancements and develop products and solutions that meet the evolving needs of our customers. According to CIC, we are the world's first LiDAR company to achieve mass production of automotive-grade solid-state LiDAR. According to CIC, as of March 31, 2023, we are also the only LiDAR company that has achieved (i) mass production of LiDAR hardware, (ii) commercialization of proprietary chip-driven scanning, transmission, receiving and processing systems and (iii) commercialization of perception software. We believe that our all-rounded hardware and software capabilities have given us the flexibility to choose the right technology roadmap and deliver products and solutions that are satisfactory to our customers, and that our chip-driven LiDAR solutions with highly synergistic integration of hardware and software will continue to differentiate us from other competitors. As of the Latest Practicable Date, we had accumulated 365 patents and 797 patent applications. See "Business — Intellectual Property."

Empowered by our chip-driven LiDAR platforms, we offer a comprehensive suite of LiDAR products and solutions. We have also extended the application of our LiDAR products and solutions in non-automotive industries, contributing to the wide deployment of multi-channel mechanical LiDAR in various application scenarios. Despite the success of our existing products and solutions, we are fully aware that our customers' demands are constantly evolving. We will diversify our products and solutions to capture our customers' broad range of application scenarios. We believe our comprehensive portfolio of products and solutions, catering to customers' needs, will position us at the forefront of LiDAR technology and drive our revenue growth in the future.

Our Ability to Successfully Commercialize Our Products and Solutions

We achieved the success of the world's first mass-produced solid-state LiDAR M1 in 2021. As of March 31, 2023, we had earned design wins for mass production of LiDAR products for 52 vehicle models with 21 automotive OEMs and Tier 1 suppliers, ranking No. 1 globally, according to CIC. As of March 31, 2023, our LiDAR products had been selected by nine of China's top ten largest automotive OEMs in terms of sales volume in 2022, according to CIC. We obtained almost half of the total design-win vehicle models in the automotive LiDAR solutions market as of March 31, 2023, according to CIC. As a global leader in the LiDAR and perception solutions market, we have highly adaptable offerings, which comprise (i) hardware products with high extensibility and (ii) software with super-perception capabilities. Our full-stack solutions that integrate such hardware and software components allow us to quickly cater to the needs of our customers, and position us as a one-stop solution provider to our customers. We will build on such success and pursue commercialization of our new products and solutions. As of March 31, 2023, we established cooperation with more than 200 automotive OEMs and Tier 1 suppliers globally. In addition, we served approximately 2,000 customers in robotics and non-automotive industries as of March 31, 2023.

We began mass production of solid-state LiDAR products in 2021. The mass-produced LiDAR products are typically priced at a lower unit price than their respective prototypes, which is in line with market practice according to CIC. Whilst such pricing may have impacted our overall margins, we believe the decrease in average unit price for mass-produced products would stabilize over time. In addition, the variety of the LiDAR products and solutions we offer and their respective revenue contributions will also have an impact on our financial performance. For instance, LiDAR products for ADAS applications are generally priced lower and have lower gross margins, as compared to those for applications in robotics and others. In addition, we enjoy higher gross margins in relation to the sales of LiDAR perception solutions. Therefore, the varied revenue contributions by different revenue segments will affect our margins.

We intend to further refine our products and solutions based on our chip-driven LiDAR platforms. We will continue to upgrade our existing products, including refining product design and simplifying product architecture with the use of our in-house designed SoCs. This will further enhance the competitiveness of our products in terms of performance, cost effectiveness and reliability. Because of our consistent product design, our customers are able to seamlessly upgrade to the next-generation LiDAR products on the same platform with minimal additional development cost, thereby enhancing customer loyalty. According to CIC, we ranked No. 1 globally in terms of cumulative sales volume for customers in robotics and other non-automotive industries as of December 31, 2022.

In addition, successful commercialization of our products and solutions depends on the end-market demand for our customers' products, which in turn depends on multiple factors, including the size of our customers' end markets, end-market penetration of our customers' products that incorporate our LiDAR products and solutions, our end customers' financial stability, reputation, and ability to sell their products. To contend with end-market uncertainty, we will continue enriching the range of our products and solutions for a variety of applications. We anticipate a sustainable revenue growth as we continue to expand our product and solution offerings.

Our Ability to Effectively Control Product Costs and Manage Supply Chain

Our future profitability depends significantly on our ability to control product costs, which are affected by a number of factors, such as costs of components, raw materials and other supplies, as well as our manufacturing efficiency. Engineering and manufacturing capabilities are crucial to the success of large-scale mass production and delivery. We currently produce our products in two self-operated factories, Honghualing factory and Shiyan factory, and may engage Luxsense, our joint venture, to manufacture our LiDAR products in the future. We plan to continuously invest in our manufacturing facilities, including refining our production processes and enhancing the level of automation of our smart manufacturing production lines, in order to ramp up our production capacity while lowering unit cost. We believe that as we ramp up the production volume of our LiDAR products, we will achieve economies of scale such that our manufacturing costs and operating expenses as a percentage of our total revenue will decrease. Additionally, we will also explore different ways to enhance our manufacturing capabilities by partnering with contract manufacturers in order to meet mass production needs while controlling capital expenditure.

A surge in demand for electronics containing semiconductor chips and stockpiling of chips by certain companies created disruptions in the supply chain from late 2021 to the second half of 2022, resulting in a global chip shortage impacting our industry. We worked closely with our suppliers and customers to minimize the potential impacts of any supply shortages including by securing additional inventory. For example, we have built strong cooperative relationships with chip suppliers. Whilst such shortage had some impact on our costs of sales during these periods, we did not experience any chip shortage and do not expect the shortage to have a material near-term impact on our ability to meet existing demand for our current products. See "— Description of Key Components of our Results of Operations — Cost of Sales." If our mitigating efforts are not successful in managing our supply chain or if the global chip shortage reoccurs or worsens in ways we did not anticipate, our ability to deliver our products and solutions to our customers in a timely manner could be adversely affected. See "Risk Factors — Risks Related to Our Business and Industry — We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs and delay deliveries of our products to customers."

Our Ability to Effectively Invest in Technology and Talent

Our financial performance is dependent on our ability to maintain our leadership position in the LiDAR market. This further depends on the investments we make in research and development, especially in our LiDAR hardware, in-house designed chips and intelligent perception technology. It is essential that we continually identify and respond to rapidly evolving customer requirements, develop and introduce innovative products, enhance existing products and features, and generate active market demand for our LiDAR products and solutions. In particular, we are committed to investing in our technologies, diversifying our product portfolio by pioneering different LiDAR technologies, and commercializing new products based on market trends.

In order to maintain our leadership position in technological innovation, we have established a highly experienced talent pool with strong expertise and capabilities in relevant fields, such as optics, electronics, chips, signal processing software, among others. Highly skilled and talented research and development personnel enable us to remain at the forefront of the LiDAR industry, and are therefore critical to our success. As of December 31, 2022, our R&D team consisted of 482 employees, accounting for 36.8% of our total employees. As there is a limited supply of research and development personnel with necessary experience and expertise, and such talent is highly sought after by LiDAR companies and other high-tech companies, we will continue to provide competitive compensation and benefits packages to attract talents. We also cultivate our in-house talents by providing them appealing professional development opportunities. As of the Latest Practicable Date, we had established three share incentive schemes, so as to retain talent and promote our business development in the long run. See "Statutory and General Information — D. Share Incentive Schemes" in Appendix IV to this document. The foregoing endeavors may result in the increase of our R&D expenses.

Seasonality

Our results of operations are affected by seasonal fluctuations in demand for our products for ADAS applications, as impacted by market trends of the automotive industry. Given our customers in the automotive industry usually experience a decline in their own sales volumes during and following the Chinese New Year holidays, it can have an impact on the sales of our LiDAR products in the first quarter. Sales of LiDAR products for ADAS applications tend to increase in the second half of the year, which is generally in line with the overall automotive industry in China. Such fluctuations are seasonal in nature and are not indicative of our results of operations for the full year.

IMPACT OF THE COVID-19 PANDEMIC ON OUR OPERATIONS AND FINANCIAL PERFORMANCE

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the "COVID-19") outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022, including where we have business operations and where our customers, suppliers and business partners are located. To contain the virus spread within our office premises and manufacturing facilities and protect the well-being of our employees, we adopted various mitigation measures, such as remote working, social distancing and mask wearing, and other site-specific precautionary measures.

Although our offices and manufacturing facilities were able to stay open throughout the pandemic, we experienced certain disruptions and inconvenience in our operations as a result of employee health and safety concerns, travel restrictions, and other actions and restrictions mandated by governmental authorities. On the supply end, our suppliers experienced disruptions and temporary shutdowns, and for a period of time could not meet their contractual obligations toward us. We were able to mitigate such impact as we had previously purchased and stored certain raw materials and key components in preparation for the anticipated disruptions and were able to find substitute suppliers. As such, our production and delivery were not disrupted during the Track Record Period. However, our efforts to mitigate the impacts from the COVID-19 pandemic resulted in heightened costs in procuring certain raw materials and components used in our production. In addition, as the pandemic impacted the performance of the end-markets of our customers, our production volume did not scale up as anticipated.

As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact by the pandemic on our business and financial performance.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances.

Revenue Recognition

Our Group generates revenue primarily from the sales of products, solutions, as well as the provision of services and others. Our Group enters into contracts that may involve multiple performance obligations among which our Group allocates the transaction price on the basis of the standalone selling prices of each performance obligation. Standalone selling prices are generally determined based on the prices charged to customers. If it is not directly observable, the standalone selling price is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information, the data utilized, and considering our Group's pricing policies and practices in making pricing decisions.

Revenue is recognized when or as the control of the goods or services is transferred to customers. 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 Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as our Group performs; or
- does not create an asset with an alternative use to our Group and our 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.

When either party to a contract has performed, our 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 our Group's right to consideration in exchange for goods and services that our Group has transferred to a customer. An accounts receivable is recorded when our 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 our Group has a right to an amount of consideration that is unconditional, before our Group transfers a good or service to the customer, our Group presents the contract liability when the payment is made or a receivable is recorded, whichever is earlier. A contract liability is our Group's obligation to transfer goods or services to a customer for which our Group has received consideration, or an amount of consideration is due, from the customer.

Our Group may provide rebates, discounts and incentives, which is accounted for either as variable consideration or material right, depending on the specific terms and conditions of the arrangement.

In general, our Group does not offer rights of return for its goods and services. If, however, in a contract with certain customers, the contract term specifically grants the customers a right to return the purchased product for a refund, our Group accounts for revenue at the transaction price, less the expected level of returns calculated using the guidance on variable consideration. Allowances for sales returns, which reduce revenue, are estimated using the expected value method and were immaterial as of December 31, 2020, 2021 and 2022.

Our Group offers a trade-in right to certain customers. The customer is not entitled to significant economic benefit from exercising the put option. As such, the arrangement is accounted for as a right of return under IFRS 15.

Product Revenue

Product revenue is derived from sales of various types of hardware.

Sales of hardware are essentially sales of LiDAR sensor systems incorporating hardware together with in-house developed software applications that are licensed on a perpetual or term basis. The embedded software applications are not considered to be dominant and distinct performance obligations as the license forms part of the hardware and is integral of the functionality of the hardware so that the customers can obtain economic benefit from the LiDAR sensor systems as a whole. Thus, the sales of LiDAR sensor system are identified as one performance obligation.

Revenue from sales of hardware is recognized at a point in time when control of the goods is transferred to the customers, generally upon delivery or upon acceptance by the customers depending on the terms of the underlying contract.

Solutions Revenue

Our Group also generates revenue from sales of solutions, which usually include multiple elements of hardware, software and associated services.

Certain solutions provide the customer with a combination of hardware, software, deployment and professional services as our Group provides significant integration services to integrate the hardware and the software to meet customers' unique specifications and are accounted for as one performance obligation.

While for other solutions, the service of a relatively straightforward or routine nature, such as technical support and / or training services, are separated from the sales of hardware and software and accounted for as separate performance obligations as these services do not require specialized knowledge and do not provide any significant integration, modification, or customization services. Solutions revenue derived from hardware and software is recognized at a point in time upon delivery or upon acceptance from the customer depending on the underlying contract terms. Solutions revenue derived from technical support and training services is recognized over the service period as the customer simultaneously receives and consumes the benefits provided by our Group.

Services and Others Revenue

Services and others revenue mainly consist of revenue of technology development services. The revenue generated from the technology development services is recognized at a point in time upon acceptance of such services by the customer given that the customers usually cannot obtain benefit when our Group is performing the services. The cost of fulfilling the technology development services is recognized as an asset when the costs are expected to be recovered and amortized into cost of sales at a point in time when the corresponding revenue is recognized if they meet the capitalization criteria as described under IFRS 15. The fulfillment costs of the technology development services that are not recoverable are recognized as cost of sales.

Share-based Compensation

Our Group operates certain equity-settled share-based compensation plans (Note 27), under which our Group receives service from our eligible employees as consideration for the equity instruments of our Group. The fair value of the employee services in exchange for the grant of equity instruments is recognized as an expense over the vesting period with a corresponding increase in equity. The fair value of the equity instruments granted is determined:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The fair value of the employee services received is measured by reference to the fair value of the shares at grant date. The total expense is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied, using graded vesting method. At the end of each period, the entity revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. For awards with performance conditions, share-based compensation expenses are recognized if and when we conclude that it is probable that the performance condition will be achieved. The estimates shall be reassessed and revised in subsequent periods, if necessary.

Our Group may modify the terms and conditions on which share-based compensation plans were granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting period.

If our Group modifies the vesting conditions in a manner that is beneficial to the employee, for example, by reducing the vesting period or by modifying or eliminating a performance condition (other than a market condition), the modification is accounted for retrospectively, to reflect the best estimate available (as of that date) of awards that are expected to vest.

A grant of share-based compensation plans, that is canceled or settled during the vesting period, is treated as an acceleration of vesting. Our Group immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses (if any). Historical cost includes expenditure that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

See Note 2.7 to the Accountant's Report in Appendix I to this document.

Fair Value Estimation

Our Group analyzes our financial instruments' fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See Note 3.3 to the Accountant's Report in Appendix I to this document.

Inventory Provision

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.15 to the Accountant's Report in Appendix I to this document. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though our management has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situations.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the periods presented:

	For the Year Ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Revenue	170,931	331,063	530,322
Cost of sales	(95,561)	(190,795)	(569,617)
Gross profit/(loss)	**75,370**	**140,268**	**(39,295)**
Research and development expenses	(81,534)	(133,037)	(305,941)
Sales and marketing expenses	(23,613)	(46,891)	(67,381)
General and administrative expenses	(37,603)	(142,374)	(188,352)
Net impairment losses on financial assets	(1,732)	(2,884)	(2,502)
Other income	8,143	18,761	31,483
Other gains/(losses) — net	358	584	(44,118)
Operating loss	**(60,611)**	**(165,573)**	**(616,106)**
Finance income/(costs) — net	677	(928)	15,445
Fair value changes in financial instruments issued to investors	(160,667)	(1,487,788)	(1,484,649)
Loss before income tax	**(220,601)**	**(1,654,289)**	**(2,085,310)**
Income tax expenses	—	(237)	(803)
Loss for the year	**(220,601)**	**(1,654,526)**	**(2,086,113)**

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of items.

We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss as net loss for the period adjusted by adding back share-based compensation, fair value changes in financial instruments issued to investors and listing expenses. The adjustments have been consistently made during the Track Record Period, and such adjustments comply with Guidance Letter HKEX-GL103-19.

The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the period:

	For the Year Ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Reconciliation of net loss to adjusted net loss:			
Loss for the year	(220,601)	(1,654,526)	(2,086,113)
Add:			
— Share-based compensation[1]	—	59,113	35,086
— Fair value changes in financial instruments issued to investors[2]	160,667	1,487,788	1,484,649
— Listing expenses[3]	—	—	3,558
Adjusted net loss (non-IFRS measure)	**(59,934)**	**(107,625)**	**(562,820)**

Notes:

(1) Share-based compensation mainly represent the arrangement that we receive services from employees as consideration for our equity instruments. Share-based compensation are not expected to result in future cash payments.

(2) Fair value changes in financial instruments issued to investors represents the fair value changes of the preferred shares, forwards and convertible notes issued by us, which are non-cash in nature and not directly related to our ability to generate revenue from our daily operations.

(3) Listing expenses are non-recurring items in nature and not directly related to our operating activities.

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we primarily derived revenue from sales of products to customers in different industries, such as automotive, robotics and others. We also generated revenue from the sales of solutions, as well as the provision of services and others.

Revenue by Nature

The following table sets forth our revenue breakdown by nature, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Products						
— For ADAS	6,175	3.6	40,089	12.1	160,355	30.2
— For robotics and others	124,036	72.6	189,014	57.1	239,053	45.1
Subtotal	**130,211**	**76.2**	**229,103**	**69.2**	**399,408**	**75.3**
Solutions	**37,918**	**22.2**	**84,730**	**25.6**	**122,260**	**23.1**
Services and others	**2,802**	**1.6**	**17,230**	**5.2**	**8,654**	**1.6**
Total	**170,931**	**100.0**	**331,063**	**100.0**	**530,322**	**100.0**

Sales of Products

During the Track Record Period, we derived a substantial portion of our revenue from sales of various types of LiDAR hardware to customers in the automotive, robotics and other industries. In terms of the ADAS applications, we generate revenue from sales of products to automotive OEMs and Tier 1 suppliers of passenger vehicles and commercial vehicles. Revenue from the applications in robotics and others is primarily generated from sales of products that are used for robotics, such as agricultural robots and inspection robots, as well as L4+ experimental vehicles.

For the years ended December 31, 2020, 2021 and 2022, revenue from sales of products amounted to RMB130.2 million, RMB229.1 million and RMB399.4 million, accounting for 76.2%, 69.2% and 75.3% of our total revenue, respectively. The overall increase was mainly attributable to the increase in the sales volume of products driven by the increasing demand for LiDAR products for ADAS and robotics amid the rapid expansion of the LiDAR solutions market in the automotive and robotics industries. In 2020, we sold approximately 7,200 units of our LiDAR products, which increased to approximately 16,300 units in 2021 and further increased to approximately 57,000 units in 2022.

Sales of Solutions

We also provide LiDAR perception solutions to our customers, which are a combination of products and services, including our LiDAR hardware, software and associated services. Such solutions are applied to ADAS applications, as well as robotics and others. For the years ended December 31, 2020, 2021 and 2022, revenue from sales of solutions amounted to RMB37.9 million, RMB84.7 million and RMB122.3 million, accounting for 22.2%, 25.6% and 23.1% of our total revenue, respectively.

Services and Others

In addition, we provide technology development services to our customers with customization requirements to produce product prototypes. The revenue generated from such technology development services is recognized at a point in time upon acceptance of such services by the customer. Once such customized prototypes are confirmed, we would mass produce and sell those customized products to such customers and record such revenue under sales of products. For the years ended December 31, 2020, 2021 and 2022, revenue from services and others amounted to RMB2.8 million, RMB17.2 million and RMB8.7 million, accounting for 1.6%, 5.2% and 1.6% of our total revenue, respectively.

Revenue by Geographical Location

The following table sets forth our revenue breakdown by geographical location, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Revenue from:						
PRC	148,188	86.7	282,793	85.4	419,124	79.0
US	3,711	2.2	31,023	9.4	75,660	14.3
Others(1)	19,032	11.1	17,247	5.2	35,538	6.7
Total	**170,931**	**100.0**	**331,063**	**100.0**	**530,322**	**100.0**

Note:

(1) Others mainly include South Korea, Japan and Germany.

The PRC market has been a focus in our business development since inception. Sales from the PRC market increased from RMB148.2 million in 2020 to RMB282.8 million in 2021 and further to RMB419.1 million in 2022, accounting for 86.7%, 85.4% and 79.0% of our total revenue for the same year, respectively. Such revenue growth reflected the success of our sales and marketing strategies during the Track Record Period.

In addition, since 2018, we established our business presence in the United States and other overseas markets. In particular, sales from the US market increased from RMB3.7 million in 2020 to RMB31.0 million in 2021 and further to RMB75.7 million in 2022, accounting for 2.2%, 9.4% and 14.3% of our total revenue for the same year, respectively. We began delivery of our mass-produced products to a North American automotive OEM in 2021 and thus recorded a significant increase in revenue contribution by the US market throughout the Track Record Period. Sales from other overseas markets decreased from RMB19.0 million in 2020 to RMB17.2 million in 2021 and subsequently increased to RMB35.5 million in 2022, accounting for 11.1%, 5.2% and 6.7% of our total revenue for the same year, respectively.

Cost of Sales

Our cost of sales relates to (i) the production of LiDAR products and solutions, and (ii) provision of services and others. It mainly comprises (i) procurement costs of raw materials and consumables used in our production process (including changes in inventories of finished goods and work-in-progress), (ii) inventory provision, (iii) depreciation and amortization expenses, and (iv) employee benefit expenses. Our cost of sales increased throughout the Track Record Period, which was mainly attributable to the increase in sales volume of our products and solutions.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Raw materials and consumables used	75,629	79.1	136,625	71.6	336,811	59.1
Inventory provision	9,331	9.8	7,608	4.0	80,575	14.1
Depreciation and amortization	4,413	4.6	8,863	4.6	27,681	4.9
Employee benefit expenses	2,683	2.8	21,250	11.1	101,311	17.8
Travel, office and freight expenses	1,336	1.4	2,622	1.4	9,173	1.6
Variable license fees	—	—	4,426	2.3	6,255	1.1
Other expenses	2,169	2.3	9,401	5.0	7,811	1.4
Total	**95,561**	**100.0**	**190,795**	**100.0**	**569,617**	**100.0**

The procurement costs of raw materials and consumables used in the production of our LiDAR products and solutions increased throughout the Track Record Period, which was mainly attributable to the increase in sales volume of our products and solutions. In particular, there was a supply crunch of semiconductor chips from late 2021 to the second half of 2022. In order to ensure our production would not be disrupted due to such shortage, we procured and maintained an escalated level of semiconductor chips inventory at higher prices.

We conduct inventory provision assessment quarterly. We had a significant inventory provision in 2022 primarily due to: (i) higher inventory costs as a result of the accumulation of semiconductor chips procured at high prices; (ii) higher costs of product completion attributable to the expansion of the production capacity of our LiDAR products for ADAS whilst we are still in the ramp-up period of our production; and (iii) our strategic decision to not increase the selling price, so as to maintain price competitiveness.

In addition, as we ramped up our production capacity, we expanded our manufacturing team and production facilities, and purchased equipment. As a result, the employee benefit expenses increased from RMB2.7 million in 2020 to RMB21.3 million in 2021 and further to RM101.3 million in 2022. Further, as such equipment is depreciated over their expected useful lives, we recorded an increase in depreciation and amortization expenses throughout the Track Record Period from RMB4.4 million in 2020 to RMB8.9 million in 2021, and further to RMB27.7 million in 2022.

As the unit costs of raw materials, especially semiconductor chips, decrease and we continue to expand our mass production and achieve economies of scale, we anticipate the cost of sales as a percentage of our total revenue to decrease generally going forward.

Gross Profit/(Loss) and Gross Margin

Our gross profit/(loss) represents our revenue less our cost of sales, and our gross margin represents gross profit/(loss) divided by our revenue, expressed as a percentage.

The following table sets forth our gross profit/(loss) in absolute amounts and as a percentage of our revenue for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Gross profit/(loss)	**75,370**	**44.1**	**140,268**	**42.4**	**(39,295)**	**(7.4)**

Our gross margin remained relatively stable at 44.1% and 42.4% in 2020 and 2021, respectively. We recorded a gross loss of RMB39.3 million with the gross loss margin of 7.4% in 2022, primarily due to the aforementioned discussion in relation to cost of sales. In addition, our gross margin was impacted by a change in product mix as the revenue contribution of mass-produced LiDAR products for ADAS applications in 2022 increased, as compared to that in 2021. Our LiDAR products for ADAS applications are generally priced lower and have lower gross margin, as compared to those for robotics and others. Furthermore, we began mass production of our LiDAR products in 2021, and the mass-produced products are typically priced at a lower unit price than their respective prototypes. We expect our gross margin to improve as we utilize the inventory of semiconductor chips that were procured at higher prices and continue to scale up and achieve economies of scale. As the revenue contributions by various segments continue to evolve, our gross margins may be affected accordingly.

R&D Expenses

Our R&D expenses primarily comprise (i) employee benefit expenses, (ii) procurement costs of raw materials and consumables used in our R&D activities, and (iii) depreciation and amortization.

The following table sets forth a breakdown of our R&D expenses by nature for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Employee benefit expenses	56,811	69.7	92,334	69.4	182,397	59.6
Raw materials and consumables used	6,518	8.0	19,821	14.9	47,430	15.5
Depreciation and amortization	6,030	7.4	6,757	5.1	14,417	4.7
Professional service fees	5,084	6.2	2,528	1.9	7,267	2.4
Design and development expenses	3,883	4.8	2,553	1.9	40,441	13.2
Travel, office and freight expenses	2,304	2.8	4,492	3.4	5,438	1.8
Other expenses	904	1.1	4,552	3.4	8,551	2.8
Total	**81,534**	**100.0**	**133,037**	**100.0**	**305,941**	**100.0**

During the Track Record Period, our R&D expenses amounted to RMB81.5 million, RMB133.0 million and RMB305.9 million, accounting for 47.7%, 40.2% and 57.7% of our total revenue in 2020, 2021 and 2022, respectively. Our R&D team expanded throughout the Track Record Period, resulting in the increase in employee benefit expenses. In addition, the procurement costs of raw materials and consumables used and the expenses on design and development in our R&D activities increased throughout the Track Record Period, as we enhanced our R&D efforts in developing new technologies and products. See "Business — Research and Development." We expect the R&D expenses to increase in absolute amount alongside our technological development and expansion of our product and solution offerings in the future.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise (i) employee benefit expenses and (ii) travel, office and freight expenses.

The following table sets forth a breakdown of our sales and marketing expenses by nature for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Employee benefit expenses	16,202	68.6	32,080	68.4	48,347	71.8
Travel, office and freight expenses	3,325	14.1	9,334	19.9	8,759	13.0
Advertising and promotion costs	1,551	6.6	2,134	4.6	3,928	5.8
Depreciation and amortization	986	4.2	1,270	2.7	1,107	1.6
Professional service fees	337	1.4	612	1.3	1,042	1.5
Other expenses	1,212	5.1	1,461	3.1	4,198	6.3
Total	**23,613**	**100.0**	**46,891**	**100.0**	**67,381**	**100.0**

Our sales and marketing expenses amounted to RMB23.6 million, RMB46.9 million and RMB67.4 million, accounting for 13.8%, 14.2% and 12.7% of our total revenue in 2020, 2021, 2022. In particular, our employee benefit expenses in relation to our sales and marketing activities increased from RMB16.2 million in 2020 to RMB32.1 million in 2021, and further to RMB48.3 million in 2022, which was primarily due to the changes in personnel composition of the sales and marketing team. See "— Year-to-Year Comparison of Results of Operations." We expect our sales and marketing expenses in absolute amount to increase alongside our business expansion. In particular, we intend to increase our investments in relation to business development in domestic PRC market and overseas markets.

General and Administrative Expenses

Our general and administrative expenses primarily comprise (i) employee benefit expenses and (ii) professional service fees.

The following table sets forth a breakdown of our general and administrative expenses by nature for the periods indicated:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Employee benefit expenses	21,300	56.6	110,790	77.8	128,512	68.2
Professional service fees[(1)]	11,719	31.2	21,728	15.3	27,977	14.9
Depreciation and amortization	2,391	6.4	4,284	3.0	10,320	5.5
Travel, office and freight expenses	1,460	3.9	4,085	2.9	5,277	2.8
Listing expenses	—	—	—	—	3,558	1.9
Other expenses	733	1.9	1,487	1.0	12,708	6.7
Total	**37,603**	**100.0**	**142,374**	**100.0**	**188,352**	**100.0**

Note:

(1) Professional service fees include audit remuneration.

Our general and administrative expenses amounted to RMB37.6 million, RMB142.4 million and RMB188.4 million, accounting for 22.0%, 43.0% and 35.5% of our total revenue in 2020, 2021 and 2022, respectively. In particular, our employee benefit expenses in relation to our administrative personnel increased during the Track Record Period, primarily due to the expansion of our general and administrative team and the grant of share incentives. Professional service fees we incurred during the Track Record Period mainly relate to our financing activities. Whilst we expect our general and administrative expenses to increase in absolute amount alongside our business expansion, we plan to make continuous efforts to improve our administrative efficiency.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets primarily represent provision of impairment of trade and notes receivables. We recorded net impairment losses on financial assets of RMB1.7 million, RMB2.9 million and RMB2.5 million in 2020, 2021 and 2022, respectively.

Other Income

Our other income primarily consists of government grants and amounted to RMB8.1 million, RMB18.8 million and RMB31.5 million in 2020, 2021 and 2022, respectively. Such government grants consist of specific subsidies and other subsidies. Such specific subsidies are provided by the government for specific purposes, such as completion of R&D projects. As the scale of our R&D efforts expanded throughout the Track Record Period, the government grants we received increased correspondingly.

Other Gains/(Losses) – Net

Our other net gains/(losses) primarily comprise (i) net fair value gains on financial assets at fair value through profit or loss ("**FVPL**"), and (ii) net foreign exchange losses.

The following table sets forth a breakdown of our other net gains/(losses) for the periods indicated:

	For the Year Ended December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Net fair value gains on financial assets at FVPL	898	1,155	1,120
Net foreign exchange losses	(271)	(678)	(45,132)
Others	(269)	107	(106)
Total	**358**	**584**	**(44,118)**

See "— Year-to-year Comparison of Results of Operations" for details in relation to the net foreign exchange losses.

Finance Income/(Costs) — Net

Finance income comprises (i) interest income from cash and cash equivalents and (ii) net foreign exchange gains. Finance costs primarily comprise (i) net foreign exchange losses and (ii) interest expenses on lease liabilities and license fees payable.

The following table sets forth a breakdown of our finance income and finance costs for the periods indicated:

	For the Year Ended December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Finance income:			
Interest income from cash and cash equivalents	1,501	1,286	20,491
Net foreign exchange gains	—	345	—
Subtotal	**1,501**	**1,631**	**20,491**
Finance costs:			
Net foreign exchange losses	—	—	(2,006)
Interest expenses on bank borrowings	(253)	(112)	—
Interest expenses on lease liabilities	(571)	(843)	(1,648)
Interest expenses on license fees payable	—	(1,604)	(1,392)
Subtotal	**(824)**	**(2,559)**	**(5,046)**
Finance income/(costs) — net	**677**	**(928)**	**15,445**

Our finance income remained relatively stable at RMB1.5 million and RMB1.6 million in 2020 and 2021, respectively. Our finance income significantly increased from RMB1.6 million in 2021 to RMB20.5 million in 2022, primarily driven by the increase in the balance of our cash and cash equivalents mainly from the proceeds of our financing activities.

Our finance costs increased from RMB0.8 million in 2020 to RMB2.6 million in 2021, primarily due to the increase in the interest expense on license fees payable. Our finance costs further increased from RMB2.6 million in 2021 to RMB5.0 million in 2022, primarily due to the increase in foreign exchange losses.

Income Tax Expenses

Enterprise income tax ("EIT") was made on the estimated assessable profits of entities within our Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC EIT rate is 25% during the Track Record Period.

Shenzhen Suteng and Suzhou Xijing MEMS have been approved as High and New Technology Enterprises ("HNTE") under relevant tax rules and regulations, and accordingly, are subjected to a preferential EIT rate of 15% during the Track Record Period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in R&D activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year ("Super Deduction"). From October 1, 2022 to December 31, 2022, an extra 100% of the actual amount of R&D expenses can be deducted before tax.

Shanghai Lubo was granted the qualification as "Small and Medium-sized Sci-tech Enterprise", could claim additional 75% deduction of their research and development expenses before tax during the year ended December 31, 2021 and a super deduction ratio of 100% during the year ended December 31, 2022.

Shanghai Lubo and Suzhou Xijing MEMS were qualified as "Small Low-Profit Enterprise" and taxed at the reduced tax rate of 20% from January 1, 2008. Starting from January 1, 2019 to December 31, 2021, "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first RMB1.0 million of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1.0 million and less than RMB3.0 million are taxed at 10%.

As of December 31, 2020, 2021 and 2022, our Group had unused tax losses of approximately RMB323.7 million, RMB471.4 million and RMB1,115.4 million that can be carried forward against future taxable income, respectively. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income.

Our Group principally conducted our business in Mainland China, where the accumulated tax losses will normally expire within five years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of Shenzhen Suteng, which is qualified as HNTE, from 2019 had been extended from five years to ten years. Shenzhen Suteng re-applied for its HNTE status in 2022 and the approval was obtained in December 2022.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our total revenue increased by 60.2% from RMB331.1 million in 2021 to RMB530.3 million in 2022. The increase was primarily due to the increased sales of products in 2022.

- Revenue from the sales of products increased by 74.3% from RMB229.1 million in 2021 to RMB399.4 million in 2022, primarily due to the increased sales of products for ADAS applications to customers, such as our automotive-grade solid-state LiDAR. The total number of our LiDAR products sold increased from approximately 16,300 units in 2021 to approximately 57,000 units in 2022, of which the number of LiDAR products sold for ADAS applications increased from approximately 4,000 units in 2021 to approximately 36,900 units in 2022. The revenue growth as driven by the increase in sales volume was partially offset by the decrease in the average unit price of products for ADAS applications in 2022, as we generally offered mass-produced products at a lower unit price than their respective prototypes since June 2021. On the other hand, the average unit prices across majority of our LiDAR products for robotics and others remained relatively stable in 2021 and 2022, while maintaining price competitiveness.

- Revenue from the sales of solutions increased by 44.3% from RMB84.7 million in 2021 to RMB122.3 million in 2022, primarily due to the growing customer base in this segment. The number of customers who purchased our LiDAR perception solutions increased from approximately 160 in 2021 to approximately 200 in 2022.

- Revenue from the provision of services and others decreased by 49.8% from RMB17.2 million in 2021 to RMB8.7 million in 2022, primarily due to certain customization projects that remained ongoing as of December 31, 2022, which we will recognize such revenue upon acceptance of such services by the customers.

Cost of Sales

Our cost of sales increased by 198.5% from RMB190.8 million in 2021 to RMB569.6 million in 2022, which was mainly driven by the increase in sales of products in 2022. In particular, the procurement costs of raw materials and consumables used in our production process increased from RMB136.6 million in 2021 to RMB336.8 million in 2022, which was mainly attributable to (i) the increase in sales of products, and (ii) the supply crunch of semiconductor chips from late 2021 to the second half of 2022. We had a significant inventory provision in 2022 primarily due to: (i) higher inventory costs as a result of the accumulation of semiconductor chips procured at high prices; (ii) higher costs of product completion attributable to the expansion of the production capacity of our LiDAR products for ADAS whilst we are still in the ramp-up period of our production; and (iii) our strategic decision to not increase the selling price, so as to maintain price competitiveness.

In addition, we recorded an increase in depreciation and amortization expenses from RMB8.9 million in 2021 to RMB27.7 million in 2022, due to the expansion of facilities and purchased equipment as we depreciate the cost of such equipment over their expected useful lives. As we implemented mass production of automotive-grade solid-state LiDAR, there was an increase in the number of employees involved in the production, resulting in an increase in employee benefit expenses for manufacturing related personnel from RMB21.3 million in 2021 to RMB101.3 million in 2022.

Gross Profit/(Loss) and Gross Margin

We recorded a gross loss of RMB39.3 million in 2022, compared to a gross profit of RMB140.3 million in 2021. Accordingly, we had gross profit margin of 42.4% and gross loss margin of 7.4% in 2021 and 2022, respectively. See "— Description of Key Components of Our Results of Operations — Gross Profit/(Loss) and Gross Margin."

R&D Expenses

Our R&D expenses increased by 130.0% from RMB133.0 million in 2021 to RMB305.9 million in 2022. The increase in R&D expenses was primarily due to (i) the increase in the number of R&D personnel, resulting in higher employee benefit expenses, (ii) the increase in the design and development expenses, and (iii) the increase in the procurement costs of raw materials and consumables. We conducted various R&D projects in 2022 in relation to the development of (i) the M and E series products, (ii) proprietary chips and (iii) multi-sensor fusion technology. The increase in the procurement costs of raw materials and consumables was also attributable to the increase in the prices at which we procured semiconductor chips since late 2021.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 43.7% from RMB46.9 million in 2021 to RMB67.4 million in 2022, primarily because we adjusted our sales and marketing team by hiring more experienced personnel to support our business expansion in the domestic and overseas automotive LiDAR solutions markets. However, the overall number of our sales personnel remained relatively stable in 2021 and 2022.

General and Administrative Expenses

Our general and administrative expenses increased by 32.3% from RMB142.4 million in 2021 to RMB188.4 million in 2022, mainly attributable to (i) certain expenses incurred due to the Reorganization in preparation of the Listing, and (ii) the increase in the number of administrative personnel, resulting in higher employee benefit expenses.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets decreased from RMB2.9 million in 2021 to RMB2.5 million in 2022. The decrease was primarily due to the decrease in our provision of impairment of trade and notes receivables driven by our improved management of such receivables.

Other Income

Our other income increased by 67.6% from RMB18.8 million in 2021 to RMB31.5 million in 2022, mainly attributable to the increase in government grants which were related to the increase in our R&D efforts.

Other Gains/(losses) — Net

We incurred net other losses of RMB44.1 million in 2022, as compared to net other gains of RMB0.6 million in 2021, which was mainly attributable to the foreign exchange losses we incurred in 2022 in relation to a RMB-denominated intragroup borrowing by RoboSense HK to Shenzhen Suteng. The functional currency of RoboSense HK was U.S. dollars.

Finance Income/(Costs) — Net

Our net finance costs turned around from RMB0.9 million in 2021 to net finance income of RMB15.4 million in 2022, which was mainly attributable to the increase in interest income from cash and cash equivalents.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 26.1% from RMB1,654.5 million in 2021 to RMB2,086.1 million in 2022.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our total revenue increased by 93.7% from RMB170.9 million in 2020 to RMB331.1 million in 2021. The increase was primarily due to the increase in sales of products and solutions in 2021.

- Revenue from the sales of products increased by 75.9% from RMB130.2 million in 2020 to RMB229.1 million in 2021, primarily due to the increased sales of products for ADAS applications to customers, such as our automotive-grade solid-state LiDAR. The number of LiDAR products sold increased from approximately 7,200 units in 2020 to approximately 16,300 units in 2021, of which the number of LiDAR products sold for ADAS applications increased from approximately 300 units in 2020 to approximately 4,000 units in 2021. The revenue growth as driven by the increase in sales volume was partially offset by the decrease in the average unit price of products for ADAS applications, as we generally offered such products at lower prices when we began mass production. On the other hand, we maintained competitive pricing across our LiDAR products for robotics and others in 2020 and 2021 in order to capture market opportunities.

- Revenue from the sales of solutions increased by 123.5% from RMB37.9 million in 2020 RMB84.7 million in 2021, primarily due to the increase in the overall pricing of the LiDAR perception solutions in 2021, which was attributable to the greater complexity in the customization requirements.

- Revenue from the provision of services and others increased by 514.9% from RMB2.8 million in 2020 to RMB17.2 million in 2021, primarily because we completed a major customization project for a North American automotive OEM in 2021.

Cost of Sales

Our cost of sales increased by 99.6% from RMB95.6 million in 2020 to RMB190.8 million in 2021, which was mainly driven by the overall increase in sales of products, solutions, as well as provision of services and others in 2021. Particularly, the procurement costs of raw materials and consumables increased from RMB75.6 million in 2020 to RMB136.6 million in 2021, which was mainly attributable to the increase in production volume in 2021 and, to a lesser extent, the increase in procurement prices for semiconductor chips. In addition, the employee benefit expenses increased from RMB2.7 million in 2020 to RMB21.3 million in 2021, primarily due to the new personnel recruited for the extended provision of services to our customers in 2021.

Gross Profit and Gross Margin

We recorded an increase in gross profit from RMB75.4 million in 2020 to RMB140.3 million in 2021. Our gross margin remained relatively stable at 44.1% and 42.4% in 2020 and 2021, respectively. See "— Description of Key Components of Our Results of Operations — Gross Profit/(Loss) and Gross Margin."

R&D Expenses

Our R&D expenses increased by 63.2% from RMB81.5 million in 2020 to RMB133.0 million in 2021. The increase in R&D expenses in 2021 was primarily due to the increase in the number of R&D personnel, resulting in higher employee benefit expenses. We conducted various R&D projects in 2021 in relation to the development of (i) the M series products and (ii) proprietary chips.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 98.7% from RMB23.6 million in 2020 to RMB46.9 million in 2021, which was primarily due to the increase in the number of sales personnel, resulting in higher employee benefit expenses. We increased sales and marketing efforts to promote business relations with leading automotive OEMs and Tier 1 suppliers, so as to capture the market demand in the automotive LiDAR solutions market.

General and Administrative Expenses

Our general and administrative expenses increased by 278.7% from RMB37.6 million in 2020 to RMB142.4 million in 2021, which was primarily due to (i) the increase in the number of administrative personnel and the grant of share incentives to our employees, resulting in higher employee benefit expenses, and (ii) the increased professional service fees incurred in relation to our financing activities in 2021.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets increased from RMB1.7 million in 2020 to RMB2.9 million in 2021. The increase was primarily due to the increase in our impairment loss on trade and notes receivables, which was driven by the increased sales volume.

Other Income

Our other income increased by 132.1% from RMB8.1 million in 2020 to RMB18.8 million in 2021, which was mainly attributable to the increase in government grants as we completed several R&D projects in 2021.

Other Gains — Net

Our net other gains increased by 50.0% from RMB0.4 million in 2020 to RMB0.6 million in 2021, which was mainly attributable to the increase in net fair value gains on financial assets at FVPL in 2021.

Finance Income/(Costs) — Net

Our net finance income decreased by 228.6% from RMB0.7 million in 2020 to net finance costs of RMB0.9 million in 2021, which was mainly attributable to the interest expenses on license fees payable incurred in relation to a license agreement we entered into in 2021.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 650.0% from RMB220.6 million in 2020 to RMB1,654.5 million in 2021.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Total current assets	330,117	1,569,239	3,029,363
Total non-current assets	28,158	172,960	398,071
Total assets	**358,275**	**1,742,199**	**3,427,434**
Total current liabilities	122,853	1,280,887	7,594,095
Total non-current liabilities	1,187,292	3,097,231	870,597
Total liabilities	**1,310,145**	**4,378,118**	**8,464,692**
Total deficits	**(951,870)**	**(2,635,919)**	**(5,037,258)**
Total deficits and liabilities	**358,275**	**1,742,199**	**3,427,434**

We recorded total deficits of RMB951.9 million, RMB2,635.9 million and RMB5,037.3 million as of December 31, 2020, 2021 and 2022, respectively. The increase was mainly attributable to the issuance of financial instruments with preferred rights to investors.

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2020	2021	2022	2023
		(RMB in thousands)		*(unaudited)*
Current assets:				
Inventories	53,602	138,583	289,088	279,008
Trade and notes receivables	70,604	120,264	206,983	238,592
Prepayments, other receivables and other current assets	11,638	679,714	66,480	79,227
Financial assets at fair value through other comprehensive income	1,347	3,139	2,469	1,822
Financial assets at fair value through profit or loss	80,137	—	307,859	—
Time deposits	60,066	—	84,573	85,288
Restricted cash	—	—	530	—
Cash and cash equivalents	52,723	627,539	2,071,381	2,094,748
Total current assets	**330,117**	**1,569,239**	**3,029,363**	**2,778,685**
Current liabilities:				
Trade payables	44,469	70,927	223,849	158,238
Contract liabilities	11,197	11,608	19,651	21,678
Bank borrowings	4,700	—	—	—
Lease liabilities	6,008	11,831	17,356	17,146
Government grants	1,086	533	—	6,300
Financial instruments issued to investors	—	974,046	6,212,044	7,195,051
Other payables and accruals	55,393	211,942	1,121,195	292,480
Total current liabilities	**122,853**	**1,280,887**	**7,594,095**	**7,690,893**
Net current assets/(liabilities)	**207,264**	**288,352**	**(4,564,732)**	**(4,912,208)**

Our net current liabilities increased from RMB4,564.7 million as of December 31, 2022 to RMB4,912.2 million as of April 30, 2023. This was primarily due to (i) a decrease of RMB307.9 million in financial assets at fair value through profit or loss, and (ii) an increase of RMB983.0 million in financial instruments issued to investors, partially offset by (i) a decrease of RMB828.7 million in other payables and accruals and (ii) a decrease of RMB65.6 million in trade payables.

We recorded net current liabilities of RMB4,564.7 million as of December 31, 2022, compared to our net current assets of RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB5,238.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB909.3 million in other payables and accruals, and (iii) an increase of RMB152.9 million in trade payables, partially offset by (i) an increase of RMB1,443.8 million in cash and cash equivalents, (ii) an increase of RMB307.9 million in financial assets at fair value through profit or loss and (iii) an increase of RMB150.5 million in inventories.

Our net current assets increased from RMB207.3 million as of December 31, 2020 to RMB288.4 million as of December 31, 2021, primarily due to (i) an increase of RMB668.1 million in prepayments, other receivables and other current assets, (ii) an increase of RMB574.8 million in cash and cash equivalents, and (iii) an increase of RMB85.0 million in inventories, partially offset by (i) an increase of RMB974.0 million in the current portion of financial instruments issued to investors, (ii) an increase of RMB156.5 million in other payables and accruals, and (iii) a decrease of RMB80.1 million in financial assets at fair value through profit or loss.

Inventories

Our inventories primarily comprise (i) raw materials, (ii) work-in-progress, and (iii) finished goods. Raw materials and work-in-progress primarily include (i) materials for production, such as optics, fasteners, electronics and packaging materials, and (ii) those mainly for trial production or R&D activities, which are expensed as incurred. Finished goods primarily consist of our LiDAR products that are ready for transit at our manufacturing facilities or in transit to fulfill customer orders.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Raw materials	16,203	49,124	103,039
Work-in-progress	21,946	67,523	174,402
Finished goods	35,461	49,276	102,804
Fulfillment cost	1,834	1,187	11,766
Subtotal	**75,444**	**167,110**	**392,011**
Less: provision for inventories	(21,842)	(28,527)	(102,923)
Total	**53,602**	**138,583**	**289,088**

Our inventories increased from RMB53.6 million as of December 31, 2020 to RMB138.6 million as of December 31, 2021, and further increased to RMB289.1 million as of December 31, 2022. Such increase was driven by the increase in production and sales volume of our LiDAR products throughout the Track Record Period. There was a supply crunch of semiconductor chips from late 2021 to the second half of 2022. In order to ensure our production would not be disrupted due to such shortage, we procured and maintained an escalated level of semiconductor chips inventory at higher prices. This resulted in an increase in average manufacturing cost per unit for our LiDAR products in 2022.

We had provision for inventories of RMB21.8 million, RMB28.5 million and RMB102.9 million as of December 31, 2020, 2021 and 2022, respectively. The provision for inventories in 2020, 2021 and 2022 was mainly made to net realizable value of our inventories. See "— Critical Accounting Estimates and Judgments — Inventory Provision."

The following table sets forth our inventory turnover days for the periods indicated:

	For the Year Ended December 31,		
	2020	**2021**	**2022**
		(days)	
Inventory turnover days[(1)]	167	184	137

Note:

(1) Calculated using the average of opening balance and closing balance of the inventories for such periods divided by cost of sales for the relevant periods and multiplied by the number of days during such periods (i.e. 365 or 366 days for one fiscal year, as the case may be).

Our inventory turnover days increased from 167 days in 2020 to 184 days in 2021, primarily because we procured and maintained an escalated level of semiconductor chips inventory in late 2021 in light of the global chip shortage. See "— Key Factors Affecting Our Results of Operations — Our Ability to Effectively Control Product Costs and Manage Supply Chain" for details of our mitigating efforts in response to the global chip shortage. Subsequently, our inventory turnover days decreased from 184 days in 2021 to 137 days in 2022, primarily due to our enhanced inventory management protocol.

As of April 30, 2023, RMB198.5 million, or approximately 50.6% of our inventories as of December 31, 2022 had been sold or utilized.

Trade and Notes Receivables

Our trade and notes receivables mainly comprise trade receivable and notes receivable. The following table sets forth a breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Trade receivables	69,120	122,724	206,604
Notes receivables	3,347	2,287	7,533
Subtotal	**72,467**	**125,011**	**214,137**
Less: credit loss allowances	(1,863)	(4,747)	(7,154)
Total	**70,604**	**120,264**	**206,983**

Our trade and notes receivables increased from RMB70.6 million as of December 31, 2020 to RMB120.3 million as of December 31, 2021, and further to RMB207.0 million as of December 31, 2022, primarily due to our strong sales growth throughout the Track Record Period.

The following table sets forth the turnover days of our trade and notes receivables for the period indicated:

	For the Year Ended December 31,		
	2020	2021	2022
	(days)		
Trade and notes receivable turnover days[(1)]	101	105	113

Note:

(1) Calculated using the average of opening balance and closing balance of trade and notes receivables for such periods divided by total revenue for the relevant periods and multiplied by the number of days during such periods (i.e. 365 or 366 days for one fiscal year, as the case may be).

Our trade and notes receivable turnover days remained relatively stable at 101 days and 105 days in 2020 and 2021, respectively. Our trade and notes receivable turnover days subsequently increased from 105 days in 2021 to 113 days in 2022, primarily due to the increased number of customers in the automotive industry, who are typically given a longer credit period.

As of April 30, 2023, RMB119.6 million, or approximately 55.9% of our trade and notes receivables as of December 31, 2022 had been settled.

Prepayments, other receivables and other current assets

Our prepayments, other receivables and other current assets represent our rights to consideration for obligations of completed contracts which are conditional on certain requirements for the payment of government subsidies. The following table sets forth a breakdown of our prepayments, other receivables and other current assets as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Other receivables:			
— Withholding individual income tax	—	1,547	1,547
— Amounts due from related parties	5,408	213,990	1,990
— Deposits	513	1,396	1,400
— Receivables due from investors	—	440,200	—
— Others	937	1,099	2,111
Subtotal	**6,858**	**658,232**	**7,048**
Prepayments for:			
— Products and services procurement	887	2,594	5,358
— License fees	1,339	—	—
— Service from a related party	6	—	—
Subtotal	**2,232**	**2,594**	**5,358**
Value-added tax ("VAT") recoverable	45	18,169	50,940
Right to returned goods	2,503	719	3,134
Total	**11,638**	**679,714**	**66,480**

Our prepayments, other receivables and other current assets mainly consist of (i) amounts due from related parties, (ii) right to returned goods, (iii) receivables due from investors and (iv) VAT recoverable.

Our prepayments, other receivables and other current assets increased by 5,759.5% from RMB11.6 million as of December 31, 2020 to RMB679.7 million as of December 31, 2021, and subsequently decreased to RMB66.5 million as of December 31, 2022. We recorded receivables due from investors of RMB440.2 million and amounts due from related parties of RMB214.0 million in 2021, which arose upon the capital reduction of Shenzhen Suteng and the investment amounts by its shareholders became due. See "History, Reorganization and Corporate Structure — Reorganization and Series E Pre-**[REDACTED]** Investment — 2. Capital Reduction of Shenzhen Suteng and Series E Pre-**[REDACTED]** Investment." Such receivables had been settled in 2022.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss primarily include investments in current assets, which are our investments in wealth management products issued by major reputable commercial banks, namely China Construction Bank and Bank of Ningbo. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. We endeavor to increase the return of idle cash and bank balances by placing investments in wealth management products with high liquidity and low risk such that our risk exposure arising from such investments is controlled. Our investment policy in relation to the purchase of such financial assets is to monitor our level of idle cash and bank balances and, based on the working capital required at the relevant time, utilize such idle cash to increase the return. In order to monitor and control the investment risks associated with our portfolio of low risk wealth management products, we have adopted a comprehensive set of internal policies and guidelines to manage our investments.

In addition to investing in wealth management products, we invested in the 1.2% equity interests in Vertilite Co., Ltd ("Vertilite") with total consideration of RMB30.0 million in June 2022. As Vertilite is engaged in the development of its proprietary chips technologies, this investment is part of our efforts to explore potential strategic partnerships or alliance opportunities with potential key component suppliers. See Note 22 to the Accountant's Report in Appendix I to this document.

The following table sets forth our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Non-current assets			
Investment in puttable shares	—	—	30,000
Current assets			
Investment in wealth management products issued by banks	80,137	—	307,859
Total	**80,137**	**—**	**337,859**

Our financial assets at fair value through profit or loss decreased from RMB80.1 million as of December 31, 2020 to nil as of December 31, 2021, primarily due to the disposals of wealth management products in 2021. Our financial assets at fair value through profit or loss subsequently increased to RMB337.9 million as of December 31, 2022, primarily due to an increase in the investment of wealth management products in 2022 in light of the proceeds we received from the financing activities.

Trade Payables

Trade payables mainly consist of payables to our suppliers of hardware components and contract manufacturers. Trade payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Our trade payables are due to third parties and amounted to RMB44.5 million, RMB70.9 million and RMB223.8 million as of December 31, 2020, 2021 and 2022, respectively.

The increasing trend was primarily due to (i) the increase in the purchase of raw materials, driven by the increase in production and sales volume of our products and solutions alongside the expansion of our business scale, and (ii) the longer credit periods given by our suppliers.

The following table sets forth the turnover days of our trade payables for the periods indicated:

	For the Year Ended December 31,		
	2020	**2021**	**2022**
		(days)	
Trade payable turnover days[1]	108	110	94

Note:

(1) Calculated using the average of opening balance and closing balance of trade payables for such periods divided by cost of sales for the relevant periods and multiplied by the number of days during such periods (i.e. 365 or 366 days for one fiscal year, as the case may be).

Our trade payable turnover days remained relatively stable at 108 days and 110 days in 2020 and 2021, respectively. Our trade payable turnover days subsequently decreased from 110 days in 2021 to 94 days in 2022.

Our Directors confirmed that we had no material defaults in payment of trade payables during the Track Record Period. As of April 30, 2023, RMB201.7 million, or approximately 90.1% of our trade payables as of December 31, 2022 had been settled.

Contract Liabilities

Our contract liabilities represent advance payments made by customers while the underlying goods or services are yet to be provided. Our contract liabilities amounted to RMB11.2 million, RMB11.6 million and RMB19.7 million as of December 31, 2020, 2021 and 2022, respectively.

Other Payables and Accruals

Other payables and accruals primarily consist of deposits paid by investors, salaries and welfare payable, accrued expenses, payables for long-term assets and refundable government grants. Our other payables and accruals increased from RMB55.4 million as of December 31, 2020 to RMB211.9 million as of December 31, 2021, primarily due to an increase in the commitment on repurchase of ordinary shares and refundable government grants. Our other payables and accruals subsequently increased significantly from RMB211.9 million as of December 31, 2021 to RMB1,121.2 million as of December 31, 2022, primarily due to (i) receipt of financing deposit from investors of RMB850.3 million in relation to series G-2 of our Pre-**[REDACTED]** Investments, and (ii) an increase in payables for long-term assets to expand our manufacturing facilities.

Our Directors confirmed that we had no material default in payment of other payables and accruals during the Track Record Period.

Financial Instruments Issued to Investors

Financial instruments issued to investors consist of preferred shares issued to investors and convertible notes. The current portion of our financial instruments issued to investors as of December 31, 2022 amounted to RMB6,212.0 million. See Note 30 to the Accountant's Report in Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2022, we had RMB2,156.5 million in cash and cash equivalents, restricted cash and time deposits. Our cash and cash equivalents primarily consist of cash at banks under RMB and USD denominations.

Our net operating cash outflow for the year ended December 31, 2020, 2021 and 2022 was RMB75.2 million, RMB196.5 million and RMB419.7 million, respectively.

Consolidated Statements of Cash Flows

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

	For the Year Ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Operating loss before changes in working capital	(41,829)	(83,195)	(419,824)
Changes in working capital	(34,052)	(111,821)	(16,613)
Interest received	1,501	1,286	20,491
Interest paid	(824)	(2,559)	(3,040)
Income taxes paid	—	(183)	(725)
Net cash used in operating activities	(75,204)	(196,472)	(419,711)
Net cash (used in)/generated from investing activities	(103,746)	60,380	(569,952)
Net cash generated from financing activities	111,970	711,431	2,416,858
Net (decrease)/increase in cash and cash equivalents	(66,980)	575,339	1,427,195
Cash and cash equivalents at the beginning of the year	120,153	52,723	627,539
Effects of exchange rate changes on cash and cash equivalents	(450)	(523)	16,647
Cash and cash equivalents at the end of year	52,723	627,539	2,071,381

Net Cash Used in Operating Activities

Net cash used in operating activities primarily comprises our loss before income tax for the period adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital. We had negative cash flows from our operating activities during the Track Record Period.

In 2022, our net cash used in operating activities was RMB419.7 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB2,085.3 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB419.8 million. Our movements in working capital primarily reflect (i) an increase in inventories of RMB231.1 million, and (ii) an increase in trade and notes receivables of RMB90.7 million, partially offset by (i) an increase in trade payables of RMB152.9 million, and (ii) a decrease in prepayments, other receivables and other current assets of RMB65.3 million.

In 2021, our net cash used in operating activities was RMB196.5 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB1,654.3 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB83.2 million. Our movements in working capital primarily reflect (i) an increase in inventories of RMB92.6 million, (ii) an increase in trade and notes receivables of RMB52.5 million, and (iii) an increase in prepayments, other receivables and other current assets of RMB38.8 million, partially offset by (i) an increase in other payables and accruals of RMB45.7 million, and (ii) an increase in trade payables of RMB26.5 million.

In 2020, our net cash used in operating activities was RMB75.2 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB220.6 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB41.8 million. Our movements in working capital primarily reflect (i) an increase in trade and notes receivables of RMB48.8 million, and (ii) an increase in inventories of RMB29.1 million, partially offset by an increase in trade payables of RMB32.6 million.

Net Cash (Used in)/Generated from Investing Activities

In 2022, our net cash used in investing activities was RMB570.0 million. This was mainly attributable to (i) the purchase of financial assets at fair value through profit or loss of RMB444.0 million, (ii) the purchase of property, plant and equipment of RMB108.3 million, and (iii) the purchase of time deposits of RMB83.6 million, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB107.3 million.

In 2021, our net cash generated from investing activities was RMB60.4 million. This was mainly attributable to (i) the proceeds from disposal of financial assets at fair value through profit or loss of RMB246.3 million, and (ii) the proceeds from maturity of time deposits of RMB60.0 million, partially offset by (i) the purchase of financial assets at fair value through profit or loss of RMB165.0 million, and (ii) the purchase of property, plant and equipment of RMB92.1 million.

In 2020, our net cash used in investing activities was RMB103.7 million. This was mainly attributable to (i) the purchase of financial assets at fair value through profit or loss of RMB209.5 million, and (ii) the purchase of time deposits of RMB60.0 million, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB160.5 million.

Net Cash Generated from Financing Activities

In 2022, our net cash generated from financing activities was RMB2,416.9 million, which was mainly attributable to (i) the proceeds from issuance of financial instruments to investors of RMB960.7 million, (ii) the receipt of financing deposit in advance of RMB850.3 million, and (iii) the receipt from investors for offshore capital injection in our Company in relation to the Reorganization of RMB652.2 million, partially offset by the repurchase of restricted shares and restricted share units of RMB32.8 million.

In 2021, our net cash generated from financing activities was RMB711.4 million, which was mainly attributable to the proceeds from issuance of financial instruments to investors of RMB1,375.9 million, partially offset by the repayment to investors for offshore capital injection in our Company in relation to the Reorganization of RMB652.2 million.

In 2020, our net cash generated from financing activities was RMB112.0 million, which was mainly attributable to the proceeds from issuance of financial instruments to investors of RMB123.0 million, partially offset by (i) the repayment of bank borrowings of RMB9.3 million, and (ii) the principal element of lease payments of RMB6.7 million.

INDEBTEDNESS

Bank Borrowings

As of December 31, 2020, 2021 and 2022 and April 30, 2023, we had total bank borrowings of RMB4.7 million, nil, nil and nil, respectively. The borrowings bore an effective interest rate of 4.6% per annum, and were fully repaid in 2021.

Lease Liabilities

Leases are initially recognized as right-of-use assets and corresponding liability at the date when the leased asset is available for use by our Group. As of December 31, 2020, 2021 and 2022 and April 30, 2023, we recognized total lease liabilities, including current and non-current lease liabilities, of RMB9.6 million, RMB29.9 million, RMB30.5 million and RMB25.0 million, respectively. The total lease liabilities increased from RMB9.6 million as of December 31, 2020 to RMB29.9 million as of December 31, 2021, primarily due to new lease of offices and factories. The total lease liabilities remained relatively stable at RMB29.9 million, RMB30.5 million and RMB25.0 million as of December 31, 2021 and 2022 and April 30, 2023, respectively.

License Fees Payable

The license rights are recognized as intangible assets. The license fees payable is initially recorded at fair value on the date of the license agreement. As of December 31, 2020, 2021 and 2022 and April 30, 2023, we recognized total license fees payable, including current and non-current license fees payable, of nil, RMB27.7 million, RMB28.2 million and RMB28.6 million, respectively.

Financial Instruments Issued to Investors and Deposits Paid by Investors

We recognized financial instruments issued to investors of RMB1,144.3 million, RMB4,010.5 million, RMB6,996.0 million and RMB7,998.5 million as of December 31, 2020, 2021 and 2022 and April 30, 2023, respectively, primarily because we have completed several rounds of financing by issuing shares with certain preferred rights upon capital contribution. Accordingly, we recognized the financial instruments with preferred rights as financial liabilities considering that all triggering events for the key redemption rights that could be exercised by the investors, are out of our control and these financial instruments do not meet the definition of equity for our Company. The financial liabilities are initially measured at present value and subsequently measured at amortized cost. The present value is the amount expected to be paid to the investors upon redemption which is assumed at the dates of issuance of the financial instruments. See Note 30 to the Accountant's Report in Appendix I to this document.

The deposits paid by investors in relation to series G-2 of our Pre-**[REDACTED]** Investments amounted to RMB850.3 million and nil as of December 31, 2022 and April 30, 2023, respectively. See Note 33(a) to the Accountant's Report in Appendix I to this document.

Contingent Liabilities

As of December 31, 2020, 2021 and 2022 and April 30, 2023, we did not have any significant contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since April 30, 2023 and up to the Latest Practicable Date.

Indebtedness Statement

Except as disclosed above, as of April 30, 2023, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since April 30, 2023 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures were RMB3.7 million, RMB72.7 million and RMB160.4 million in 2020, 2021 and 2022, respectively. In these years, our capital expenditures were primarily used for the construction of our manufacturing facilities. We expect to incur additional capital expenditures in 2023 primarily for property, plant and equipment. See "Business — Our Strategies — Strengthening manufacturing and supply chain capabilities" for details of our expansion plans. We expect to finance such capital expenditures through existing cash on hand, bank loans and the net **[REDACTED]** from the **[REDACTED]**. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

Our capital commitments in 2020 and 2021 and 2022 were related to (i) property, plant and equipment and (ii) intangible assets. See Note 37 to the Accountant's Report in Appendix I to this document. The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Property, plant and equipment	—	6,154	8,085
Intangible assets	—	4,680	—
Total	**—**	**10,834**	**8,085**

FINANCIAL RISK DISCLOSURE

Our Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Our Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. Risk management is carried out by the senior management of our Group.

Our management regularly manages and monitors the financial risks of our Group to ensure appropriate measures are implemented in a timely and effective manner. During the Track Record Period, no hedging activity was undertaken by our Group.

Market Risk

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's entities. The functional currency of our Company and majority of its overseas subsidiaries is USD whereas the functional currency of the PRC subsidiaries is RMB. Our Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and USD.

Our Group currently does not hedge transactions undertaken in foreign currencies but manages its foreign exchange risk by performing regular reviews of our Group's net foreign exchange exposures.

See Note 3.1(a)(i) to the Accountant's Report in Appendix I to this document.

Interest Rate Risk

Our Group's interest rate risk primarily arises from time deposits and cash and cash equivalents. Those carried at floating rates expose our Group to cash flow interest rate risk whereas those carried at fixed rates expose our Group to fair value interest rate risk. Our Group has no significant interest-bearing liabilities during the Track Record Period, a reasonable change of interest rates will not result in significant impact on the financial performance of our Group.

Our Group has no significant interest-bearing assets except for time deposits and cash and cash equivalents. Our Directors do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of time deposits and cash and cash equivalents are not expected to change significantly.

Price Risk

Our Group is exposed to price risk in respect of financial assets at FVPL, which mainly include investments in wealth management products. Our Group is not exposed to commodity price risk. See Note 3.3 to the Accountant's Report in Appendix I to this document.

See Note 3.1(a) to the Accountant's Report in Appendix I to this document.

Credit Risk

Our Group is exposed to credit risk in relation to its cash and cash equivalents, time deposits, restricted cash, trade and notes receivables, other receivables and financial assets at FVOCI. The carrying amounts of above items represent our Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed on a group basis. Time deposits are mainly placed with reputable financial institutions in the PRC, which management considers being of high credit quality. For accounts receivables, our Group assesses the credit quality of the receivables by taking account of various factors, including past operational and financial performance and other factors.

Impairment of Financial Assets

Our Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade and notes receivables;
- Financial assets at FVOCI;
- Other receivables;
- Time deposits;
- Cash and cash equivalents
- Restricted cash

Trade and Notes Receivables

Our Group applies the simplified approach prescribed by IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. Trade and notes receivables are grouped based on shared credit risk characteristics and aging period for the measuring of expected credit losses.

Our Group divided trade and notes receivables into two categories to measure the expected credit loss rates. Category 1 is for customers who have a relatively low credit risk and no default history. Also, these customers are financially capable of settling the outstanding amount. Category 2 is for customers who have a relatively higher credit risk. With different types of customers, our Group calculated the expected credit loss rates respectively. The expected loss rates are determined based on the credit rating of counter parties, and adjusted to reflect the current conditions and the forward-looking information on the macroeconomic environment that may affect the ability of counterparties to settle the receivables. Our Group has identified the Gross Domestic Product and Consumer Price Index to be the most relevant factors.

Financial Asset at FVOCI

Our Group applies the simplified approach to measure expected credit loss of financial asset at FVOCI under IFRS 9. As of December 31, 2020, 2021 and 2022, our management considers that the expected credit loss is immaterial.

Other Financial Assets at Amortized Cost

Credit risk also arises from restricted cash, time deposits, cash and cash equivalents and other receivables. The carrying amount of each class of these financial assets represents our Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage risk arising from cash and cash equivalents and time deposits, our Group mainly transacts with state-owned or reputable financial institutions in the PRC and reputable international banks outside of the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

For impairment on other receivables, it is measured as either 12-months expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Our management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

The expected credit loss on other financial assets at amortized cost is insignificant to our Group.

See Note 3.1(b) to the Accountant's Report in Appendix I to this document.

Liquidity Risk

Liquidity risk is the risk that our Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, our management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash available.

See Note 3.1(c) to the Accountant's Report in Appendix I to this document.

SUBSEQUENT EVENT

In December 2022, Shenzhen Suteng entered into a capital increase agreement with Dongguan Cowell Optic Electronics Co., Ltd., pursuant to which Shenzhen Suteng subscribed for 49.0% of the equity interest of Luxsense at a cash consideration of RMB49.0 million. The transaction was completed in February 2023. Upon completion, Shenzhen Suteng was entitled to certain shareholder's rights and had its representation in the board of directors of Luxsense. Accordingly, our Group accounts for this investment as an investment in an associate using the equity method. See Note 39 to the Accountant's Report in Appendix I to this document.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, substantially all of our balances with related parties were trade in nature. Related party transactions are set out in Note 35 to Accountant's Report in Appendix I to this document. Our Directors believe that these transactions were conducted in the ordinary and usual course of business, and did not distort our results of operations or make our historical results unreflective of our future performance.

DIVIDEND POLICY

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of December 31, 2022, we did not have any distributable reserves.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view, and the Joint Sponsors concur, that taking into account our available resources including cash and cash equivalents on hand and the net estimated **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Unaudited *Pro Forma* Financial Information in Appendix II to this document for details.

LISTING EXPENSES

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

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2022, being the end date of the periods reported on in the Accountant's Report in Appendix I to this document, and there is no event since December 31, 2022 that would materially affect the information as set out in the Accountant's Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]**), after deducting the **[REDACTED]** commissions and other estimated **[REDACTED]** expenses payable by us in connection with the **[REDACTED]**, and assuming that the **[REDACTED]** is not exercised, we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]**. We intend to use the **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- approximately [45]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used on research and development to continue building and enhancing our product pipeline as well as team expansion for supporting our research and development initiatives, including:
  - approximately [15]% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for upgrading and iterating existing LiDAR products in our solid-state LiDAR platforms, to further enhance the perception capabilities and cost-effectiveness of our products. Specifically, we plan to further refine product design and simplify product architecture with the use of our in-house designed SoCs;
  - approximately [15]% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for developing and commercializing new products according to market trends such as LiDARs with a wide range of detection distances, to address the demands of a broader range of customers. In addition, we plan to use part of the **[REDACTED]** on collaboration with our customers, including leading automotive OEMs and Tier 1 suppliers and robotics industry customers, to develop customized products and solutions that meet their unique needs;
  - approximately [15]% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for further advancing our AI perception software to improve the perception capabilities and computing power efficiency of our LiDAR solutions. This includes continuously optimizing our software through abundant high-quality training data and developing our multi-sensor fusion technology, in order to provide customers with highly synergistic LiDAR hardware and AI perception software and offer a full spectrum of perception solutions to our customers;
- approximately [20]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used for enhancing our manufacturing, testing and verification capabilities. We plan to upgrade and invest in existing manufacturing facilities to support our increasing sales orders. This includes enhancing the automation level of our production lines to improve operational and cost efficiency, as well as devising stringent quality control measures at various stages of our manufacturing process to ensure that our products are delivered with high quality;

- approximately [20]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used for enhancing our sales and marketing efforts, which includes hiring experienced sales and marketing staff domestically and in overseas countries such as the United States and Germany, to facilitate our business collaborations with domestic and global automotive OEMs and Tier 1 suppliers;

- approximately [5]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used for exploring potential strategic partnerships or alliance opportunities. For example, we plan to seek strategic partnerships with industry leaders, especially our key component suppliers, to ensure stable supply and more favorable prices.

- approximately [10]% of the net **[REDACTED]**, or HK$**[REDACTED]**, is expected to be used for working capital and for general corporate purposes to support our business operation and growth.

In the event that the **[REDACTED]** is set at the **[REDACTED]** or the minimum **[REDACTED]** of the indicative **[REDACTED]**, the net **[REDACTED]** of the **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]**, respectively.

The additional net **[REDACTED]** that we would receive if the **[REDACTED]** were exercised in full would be (i) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the **[REDACTED]** of the indicative **[REDACTED]**), (ii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]**) and (iii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the minimum **[REDACTED]** of the indicative **[REDACTED]**).

To the extent that the net **[REDACTED]** from the **[REDACTED]** are either more or less than expected, we will adjust our allocation of the net **[REDACTED]** for the above purposes on a pro rata basis.

To the extent that the net **[REDACTED]** of the **[REDACTED]** are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks or authorized financial institutions in Hong Kong or the PRC for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

THE STRUCTURE OF THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[DRAFT]

[Letterhead of PricewaterhouseCoopers]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ROBOSENSE TECHNOLOGY CO., LTD AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND CHINA RENAISSANCE SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of RoboSense Technology Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-97, which comprises the consolidated balance sheets as of December 31, 2020, 2021 and 2022, the balance sheets of the Company as of December 31, 2021 and 2022, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2020, 2021 and 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-97 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as of December 31, 2021 and 2022, the consolidated financial position of the Group as of December 31, 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 26 to the Historical Financial Information which states that no dividends have been paid by RoboSense Technology Co., Ltd in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong, [Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by [PricewaterhouseCoopers] in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Notes	Year ended December 31, 2020	2021	2022
		RMB'000	*RMB'000*	*RMB'000*
Revenue	5	170,931	331,063	530,322
Cost of sales	8	(95,561)	(190,795)	(569,617)
Gross profit/(loss)		75,370	140,268	(39,295)
Research and development expenses	8	(81,534)	(133,037)	(305,941)
Sales and marketing expenses	8	(23,613)	(46,891)	(67,381)
General and administrative expenses	8	(37,603)	(142,374)	(188,352)
Net impairment losses on financial assets		(1,732)	(2,884)	(2,502)
Other income	6	8,143	18,761	31,483
Other gains/(losses) – net	7	358	584	(44,118)
Operating loss		(60,611)	(165,573)	(616,106)
Finance income	10	1,501	1,631	20,491
Finance costs	10	(824)	(2,559)	(5,046)
Finance income/(costs) – net		677	(928)	15,445
Fair value changes in financial instruments issued to investors	30	(160,667)	(1,487,788)	(1,484,649)
Loss before income tax		(220,601)	(1,654,289)	(2,085,310)
Income tax expenses	11	–	(237)	(803)
Loss for the year		(220,601)	(1,654,526)	(2,086,113)
(Loss)/profit for the year attributable to:				
Owners of the Company		(220,794)	(1,658,730)	(2,088,652)
Non-controlling interests		193	4,204	2,539
		(220,601)	(1,654,526)	(2,086,113)
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations		13	19	(1,910)
Items that will not be reclassified to profit or loss				
Exchange differences on translation from functional currency to presentation currency		(25)	288	(296,737)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk		5,375	(8,864)	(5,968)
Other comprehensive income/(loss) for the year, net of tax		5,363	(8,557)	(304,615)
Total comprehensive loss for the year		(215,238)	(1,663,083)	(2,390,728)
Total comprehensive (loss)/income attributable to:				
Owners of the Company		(215,431)	(1,667,287)	(2,393,267)
Non-controlling interests		193	4,204	2,539
		(215,238)	(1,663,083)	(2,390,728)
Loss per share for loss attributable to the ordinary equity holders of the Company:				
Basic and diluted (expressed in RMB per share)	12	(2.18)	(16.47)	(21.47)

CONSOLIDATED BALANCE SHEETS

	Notes	As of December 31,		
		2020	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	13	13,671	79,029	208,066
Right-of-use assets	14	8,750	26,823	27,536
Intangible assets	15	3,886	37,224	52,243
Financial assets at fair value through profit or loss	22	–	–	30,000
Other non-current assets	16	1,851	29,884	80,226
		28,158	172,960	398,071
Current assets				
Inventories	17	53,602	138,583	289,088
Trade and notes receivables	19	70,604	120,264	206,983
Prepayments, other receivables and other current assets	20	11,638	679,714	66,480
Financial assets at fair value through other comprehensive income	21	1,347	3,139	2,469
Financial assets at fair value through profit or loss	22	80,137	–	307,859
Time deposits	23	60,066	–	84,573
Restricted cash		–	–	530
Cash and cash equivalents	24	52,723	627,539	2,071,381
		330,117	1,569,239	3,029,363
Total assets		358,275	1,742,199	3,427,434
EQUITY				
Share capital	25(a)	–	88	81
Other reserves	25(b)	(11,700)	(41,384)	(355,509)
Accumulated losses	25(b)	(944,241)	(2,602,898)	(4,692,005)
Capital and reserves attributable to owners of the Company		(955,941)	(2,644,194)	(5,047,433)
Non-controlling interests		4,071	8,275	10,175
Total deficits		(951,870)	(2,635,919)	(5,037,258)
LIABILITIES				
Non-current liabilities				
Lease liabilities	14	3,621	18,045	13,151
Government grants	28	12,752	9,468	45,270
Financial instruments issued to investors	30	1,144,280	3,036,426	783,999
Other non-current liabilities	29	26,639	33,292	28,177
		1,187,292	3,097,231	870,597
Current liabilities				
Trade payables	31	44,469	70,927	223,849
Contract liabilities	5	11,197	11,608	19,651
Bank borrowings	32	4,700	–	–
Lease liabilities	14	6,008	11,831	17,356
Government grants	28	1,086	533	–
Financial instruments issued to investors	30	–	974,046	6,212,044
Other payables and accruals	33,35	55,393	211,942	1,121,195
		122,853	1,280,887	7,594,095
Total liabilities		1,310,145	4,378,118	8,464,692
Total deficits and liabilities		358,275	1,742,199	3,427,434

BALANCE SHEETS OF THE COMPANY

	Notes	As of December 31, 2021	As of December 31, 2022
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Investments in subsidiaries	1.2(c)	–	3,769,471
Prepayment for investments in subsidiaries	16	2,087,765	–
		2,087,765	3,769,471
Current assets			
Cash and cash equivalents	24	277,540	707,002
Prepayments, other receivables and other current assets	20	1,562,916	2,262,905
		1,840,456	2,969,907
Total assets		3,928,221	6,739,378
EQUITY			
Share capital	25(a)	88	81
Other reserves	25(c)	(16,532)	1,386,814
Accumulated losses	25(c)	(146,397)	(1,666,581)
Total deficits		(162,841)	(279,686)
LIABILITIES			
Non-current liabilities			
Financial instruments issued to investors	30	3,036,426	783,999
Current liabilities			
Financial instruments issued to investors	30	974,046	6,212,044
Other payables and accruals	33,35	80,590	23,021
		1,054,636	6,235,065
Total liabilities		4,091,062	7,019,064
Total deficits and liabilities		3,928,221	6,739,378

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company					
	Notes	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 25(a))	(Note 25(b))	(Note 25(b))			
As of January 1, 2020		–	(17,063)	(723,447)	(740,510)	3,878	(736,632)
Loss for the year		–	–	(220,794)	(220,794)	193	(220,601)
Other comprehensive income, net of tax:							
Fair value changes on convertible redeemable preferred shares due to own credit risk	30(a)	–	5,375	–	5,375	–	5,375
Currency translation differences		–	(12)	–	(12)	–	(12)
Total comprehensive income		–	5,363	(220,794)	(215,431)	193	(215,238)
As of December 31, 2020		–	(11,700)	(944,241)	(955,941)	4,071	(951,870)
As of January 1, 2021		–	(11,700)	(944,241)	(955,941)	4,071	(951,870)
Loss for the year		–	–	(1,658,730)	(1,658,730)	4,204	(1,654,526)
Other comprehensive income, net of tax:							
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	30(a),(c)	–	(8,864)	–	(8,864)	–	(8,864)
Currency translation differences		–	307	–	307	–	307
Total comprehensive income		–	(8,557)	(1,658,730)	(1,667,287)	4,204	(1,663,083)
Transactions with owners in their capacity as owners:							
Issuance of ordinary shares to ordinary shareholders	25	65	–	–	65	–	65
Issuance of treasure shares to Employee Stock Ownership Plans ("ESOP")	25	23	(23)	–	–	–	–
Repurchase of ordinary shares and treasury shares	30(a)(iii)	–	(4,337)	–	(4,337)	–	(4,337)
Modification of convertible redeemable preferred shares		–	(116)	116	–	–	–
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes		–	43	(43)	–	–	–
Commitment to repurchase ordinary shares	30(a)(iv)	–	(45,435)	–	(45,435)	–	(45,435)
Employee share scheme – value of employee services	27	–	28,741	–	28,741	–	28,741
Total transactions with owners in their capacity as owners		88	(21,127)	73	(20,966)	–	(20,966)
As of December 31, 2021		88	(41,384)	(2,602,898)	(2,644,194)	8,275	(2,635,919)

		Attributable to owners of the Company					
	Notes	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
		RMB'000 (Note 25(a))	*RMB'000* (Note 25(b))	*RMB'000* (Note 25(b))	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2022		88	(41,384)	(2,602,898)	(2,644,194)	8,275	(2,635,919)
Loss for the year		–	–	(2,088,652)	(2,088,652)	2,539	(2,086,113)
Other comprehensive income, net of tax:							
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	30(a),(c)	–	(5,968)	–	(5,968)	–	(5,968)
Currency translation differences		–	(298,647)	–	(298,647)	–	(298,647)
Total comprehensive income		–	(304,615)	(2,088,652)	(2,393,267)	2,539	(2,390,728)
Transactions with owners in their capacity as owners:							
Repurchase of ordinary shares	30(a)(iv)	(2)	2	–	–	–	–
Modification of convertible redeemable preferred shares	30(a)(vi)	–	27,236	40	27,276	–	27,276
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes		–	495	(495)	–	–	–
Deregistration of a subsidiary		–	–	–	–	(639)	(639)
Repurchase of restricted shares and restricted share units	27	(5)	(36,803)	–	(36,808)	–	(36,808)
Employee share scheme - value of employee services	27	–	(440)	–	(440)	–	(440)
Total transactions with owners in their capacity as owners		(7)	(9,510)	(455)	(9,972)	(639)	(10,611)
As of December 31, 2022		81	(355,509)	(4,692,005)	(5,047,433)	10,175	(5,037,258)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,		
		2020	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash used in operations	34(a)	(75,881)	(195,016)	(436,437)
Interest received		1,501	1,286	20,491
Interest paid		(824)	(2,559)	(3,040)
Income taxes paid		–	(183)	(725)
Net cash used in operating activities		(75,204)	(196,472)	(419,711)
Cash flows from investing activities				
Purchase of property, plant and equipment		(2,989)	(92,134)	(108,253)
Proceeds from disposal of property, plant and equipment		3	336	–
Receipt of government grants related to assets		10,481	11,833	19,722
Purchase of intangible assets		(2,258)	(2,366)	(12,107)
Purchase of financial assets at fair value through profit or loss	3.3(a)	(209,500)	(165,000)	(444,000)
Proceeds from disposal of financial assets at fair value through profit or loss	3.3(a)	160,465	246,292	107,261
Purchase of time deposits		(60,000)	–	(83,575)
Proceeds from maturity of time deposits		–	60,000	–
Prepayment for investment in an associate	16(a)	–	–	(49,000)
Interest received from time deposits		52	1,419	–
Net cash (used in)/generated from investing activities		(103,746)	60,380	(569,952)
Cash flows from financing activities				
Proceeds from issuance of financial instruments to investors		123,000	1,375,917	960,706
Receipt of share capital from ordinary shareholders		–	5,408	–
Proceeds from an employee for granting restricted share units	27(a)(ii)	–	–	3,750
Repayment to investors for offshore capital injection in the Company in relation to the Reorganization		–	(652,200)	–
Receipt from investors for offshore capital injection in the Company in relation to the Reorganization		–	–	652,200
Receipt of financing deposits in advance	33(a)	–	–	850,250
Proceeds from bank borrowings		5,000	–	–
Repayment of bank borrowings		(9,300)	(4,700)	–
Repurchase of restricted shares		–	–	(32,766)
Principal elements of lease payments	14	(6,730)	(7,099)	(15,495)
Principal elements of license fees payable	29(a)	–	(5,895)	(1,787)
Net cash generated from financing activities		111,970	711,431	2,416,858
Net (decrease)/increase in cash and cash equivalents		(66,980)	575,339	1,427,195
Cash and cash equivalents at the beginning of the year		120,153	52,723	627,539
Effects of exchange rate changes on cash and cash equivalents		(450)	(523)	16,647
Cash and cash equivalents at the end of year	24	52,723	627,539	2,071,381

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information, Reorganization and basis of presentation

1.1 General information

RoboSense Technology Co., Ltd ("RoboSense" or the "Company") was incorporated in the Cayman Islands on June 23, 2021 as an exempted company with limited liability. The address of the Company's registered office is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Shenzhen Suteng Innovation Technology Co., Ltd. ("Shenzhen Suteng") was incorporated in the People's Republic of China (the "PRC") in August 2014. Upon the completion of the reorganization (the "Reorganization") in January 2022 as described in Note 1.2(a), Shenzhen Suteng became an indirect wholly owned subsidiary of the Company. The Company and its subsidiaries are collectively referred to as the "Group".

The Company is an investment holding company. The Company and its subsidiaries are engaged in (i) developing and producing LiDAR products for applications in advanced driver assistance systems ("ADAS"), as well as robotics and others, (ii) LiDAR perception solutions, combing LiDAR hardware and AI perception software, (iii) services, collectedly referred to as the "Listing Business" in the PRC. On April 21, 2023, Dr. Qiu Chunxin, Dr. Zhu Xiaorui, and Mr. Liu Letian (collectively the "Founders") entered into the Concert Party Confirmation, to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of the Group and aligning their votes in the board and shareholders' meetings of the Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier).

1.2 Reorganization

(a) Reorganization of the Group

Prior to the incorporation of the Company and the completion of the Reorganizations described below, the Listing Business was mainly carried out by Shenzhen Suteng and its subsidiaries (collectively, the "Operating Companies"). The Group commenced its operation through Shenzhen Suteng in the PRC since 2014. Shenzhen Suteng was established by the Founders, and subsequently issued a series of convertible redeemable preferred shares ("Preferred Shares"), warrants and convertible notes to various third-party investors (collectively the "Third Party Investors") from 2015 through 2022, further details of which were set out in Note 30(a).

In preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**[REDACTED]**"), the Group underwent the Reorganization, pursuant to which the Listing Business was transferred to the Company:

(i) In June 2021, the Company was established under the laws of the Cayman Islands as an exempted company with limited liability with authorized share capital of 500,000,000 shares of par value of United States Dollars ("USD") 0.0001 each, of which 100,682,430 ordinary shares by the Company were issued to the Founders.

(ii) In June 2021, RoboSense Limited was incorporated in British Virgin Islands as a direct wholly owned subsidiary of the Company.

(iii) In July 2021, RoboSense HongKong Limited ("RoboSense HK") was incorporated in Hong Kong as a direct wholly owned subsidiary of RoboSense Limited.

(iv) In December 2021, Shenzhen Suteng completed capital reduction ("Capital Reduction") to shareholders except for Founders and one shareholder.

(v) After Capital Reduction, in December 2021, 18,299,626 ordinary shares, 7,949,650 Series Angel Preferred Shares, 2,269,732 Series Seed Preferred Shares, 6,495,271 Series A Preferred Shares, 3,031,525 Series B Preferred Shares, 1,634,886 Series D Preferred Shares, 858,306 Series D-1 Preferred Shares, 11,444,146 Series D-2 Preferred Shares and warrants to purchase an aggregate of 147,334,428 Preferred Shares, respectively, were issued to the existing shareholders of Shenzhen Suteng or their affiliates ("Existing Shareholders"), in proportion to their respective equity interests holding in Shenzhen Suteng.

(vi) In January 2022, RoboSense HK purchased 100% equity interests in Shenzhen Suteng, from Founders and one shareholder as mentioned in note (iv). Consequently, Shenzhen Suteng became an indirect wholly owned subsidiary of the Company.

(vii) In January 2022, the Company issued 8,045,851 Series Angel Preferred Shares, 17,701,999 Series Seed Preferred Shares, 9,026,100 Series A Preferred Shares, 10,511,598 Series A+ Preferred Shares, 28,828,219 Series B Preferred Shares, 57,104,870 Series C Preferred Shares, 8,419,607 Series D Preferred Shares, 5,243,874 Series D-1 Preferred Shares, and 2,452,310 Series D-2 Preferred Shares to respective Existing Shareholders of Shenzhen Suteng, including the offshore investor, upon the exercise of the warrants issued in December 2021 in proportion to their respective equity interests holding in Shenzhen Suteng.

Upon the completion of the Reorganization in January 2022, the Company became the holding company of the companies now comprising the Group. The shareholdings in the Company and Shenzhen Suteng were substantially the same immediately before and after the Reorganization. All shareholders of Shenzhen Suteng immediately before the Reorganization as a group, who remain as shareholders after the Reorganization, did not lose control of the Company after the Reorganization.

As part of the Reorganization, the Company assumed the obligation of Shenzhen Suteng and issued financial instruments to Third Party Investors in proportion to the equity interest they held in Shenzhen Suteng.

In January 2022, the Company conducted a share split of all its ordinary shares and Preferred Shares. The number of the issued shares and nominal amount per share presented in the consolidated financial statements have been retrospectively adjusted to reflect the share split.

(b) Subsidiaries of the Company

Upon completion of the Reorganization, the Company has direct or indirect interests in the following subsidiaries during the Track Record Period:

Name	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered/ issued capital	Equity interest held (%) As of December 31, 2020	2021	2022	As of the date of this report	Principal activities	Statutory auditors As of December 31, 2020	2021	2022
Direct Interests											
RoboSense Limited	British Virgin Islands ("BVI")	June 25, 2021	USD50,000	N/A	100%	100%	100%	Investment holding	N/A	N/A	N/A
Indirect Interests											
RoboSense HongKong Limited	Hong Kong	July 16, 2021	Hong Kong Dollars ("HKD") 10,000	N/A	100%	100%	100%	Investment holding	N/A	Richful CPA Limited	N/A
Hong Kong Suteng Innovation Technology Co., Ltd.	Hong Kong	February 7, 2018	HKD100,000	100%	100%	100%	100%	Investment holding	N/A	Richful CPA Limited	N/A
RoboSense Inc.	United States ("US")	December 21, 2017	USD100,000	100%	100%	100%	100%	Technology development and marketing services	N/A	N/A	N/A
RoboSense EMEA GmbH	Germany	November 26, 2020	Euro ("EUR")25,000	100%	100%	100%	100%	Technology development	N/A	N/A	N/A
Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司)*	PRC	August 28, 2014	RMB540,344,000	100%	100%	100%	100%	Manufacturing and sales of LiDAR products	Shenzhen Zhixin Certified Public Accountants	Shenzhen Huatu Certificated Public Accountants	Shenzhen Huatu Certificated Public Accountants
Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司)*	PRC	December 4, 2018	RMB1,000,000	100%	100%	100%	100%	Sales of LiDAR Products	Shanghai Liyong Certified Public Accountants	Shanghai Liyong Certified Public Accountants	Shanghai Liyong Certified Public Accountants
Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司)*	PRC	October 19, 2016	RMB5,800,000	100%	100%	100%	100%	Technology development	N/A	N/A	N/A

Name	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered/ issued capital	Equity interest held (%)				Principal activities	Statutory auditors		
				As of December 31,			As of the date of this report		As of December 31,		
				2020	2021	2022			2020	2021	2022
Indirect Interests											
Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司)*	PRC	July 19, 2019	RMB1,000,000	100%	100%	100%	100%	Manufacturing LiDAR products	N/A	N/A	N/A
RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司)*	PRC	September 2, 2021	USD100,000	N/A	100%	100%	100%	Investment holding	N/A	N/A	N/A
RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司)*	PRC	September 6, 2021	USD50,000,000	N/A	100%	100%	100%	Investment holding	N/A	Shenzhen Huatu Certificated Public Accountants	N/A
Tianjin Lubo Shengshi Technology Co., Ltd. (天津路泊盛世科技有限公司)*	PRC	November 9, 2022	RMB1,000,000	N/A	N/A	100%	100%	Sales of LiDAR products	N/A	N/A	N/A
Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司)*(i)	PRC	November 29, 2017	RMB1,088,889	55%	55%	55%	55%	Manufacturing and sales of LiDAR related materials	Suzhou Zhonghe Certified Public Accountants	Suzhou Wanlong Yongding Certificated Public Accountants	Suzhou Wanlong Yongding Certificated Public Accountants
Shenzhen Paineng 720 Technology Co., Ltd. (深圳市拍能七二零科技有限公司)*(ii)	PRC	September 19, 2016	RMB1,428,571	70%	70%	N/A	N/A	Development and sales of panoramic cameras	N/A	N/A	N/A

* The English name of certain subsidiaries represented the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

(i) In accordance with the Article of Association of Suzhou Xijing MEMS Technology Co., Ltd. ("Suzhou Xijing MEMS"), the Company has the power to control the board of directors of Suzhou Xijing MEMS to unilaterally govern the operating, financing and investing policies of Suzhou Xijing MEMS. Therefore, the Group consolidates this entity.

(ii) In October 2022, Shenzhen Paineng 720 Technology Co., Ltd., a subsidiary of the Group, was deregistered.

(c) Investments in subsidiaries – the Company

	As of December 31, 2022
	RMB'000
Investment in subsidiaries – Capital contribution to Shenzhen Suteng for assuming the obligation to investors	2,280,604
Investment in subsidiaries – Capital contribution from shareholder for obtaining 100% equity interest of Shenzhen Suteng	1,488,867
	3,769,471

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business is held by the Shenzhen Suteng. The Listing Business is conducted by Shenzhen Suteng and its subsidiaries. Pursuant to the Reorganization, Shenzhen Suteng and the Listing Business are transferred to and held by the Company. The Company and the newly incorporated intermediaries holding companies have not been involved in any other business prior to the Reorganization and do not meet the definition of a business. The Reorganization is merely a recapitalization of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain substantially the same.

Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business under Shenzhen Suteng and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the Shenzhen Suteng, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Listing Business under the consolidated financial statements of Shenzhen Suteng for all periods presented.

2. Summary of significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of the Historical Financial Information are set out as below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB") applicable to companies reporting under IFRSs.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets and liabilities, including derivative instruments, that are measure at fair value.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

(a) Going Concern

The Group incurred net losses of RMB2,086,113,000 and net cash used in operating activities of approximately RMB419,711,000 for the year ended December 31, 2022. In addition, as of December 31, 2022, the Group had net deficits of RMB5,037,258,000 and the Group's current liabilities exceeded its current assets by RMB4,564,732,000, which is primarily due to the current portion of Preferred Shares of RMB6,212,044,000 which will become redeemable on December 31, 2023. Details of the convertible redeemable preferred shares are set out in Note 30.

In view of such circumstance, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position:

(i) On June 29, 2023, the Company successfully entered into the modification agreements with relevant investors of the convertible redeemable preferred shares to extend the earliest redemption date of the convertible redeemable preferred shares from December 31, 2023 to December 31, 2024.

(ii) The Group is contemplating the **[REDACTED]** to raise additional funding. The redemption rights of the Preferred Shares will be lapsed and the Preferred Shares will be automatically converted to ordinary shares of the Company upon the successful listing of the shares of the Company.

(iii) The Group will continue to implement its business plan to improve its operating performance and cash flows. The Group will also monitor its cash position from time to time and may adjust its uncommitted expenditure where necessary.

The directors of the Company have reviewed the Group's cash flow projection prepared by management, which cover a period of not less than twelve months from December 31, 2022. In the opinion of the directors of the Company, taking into account the anticipated cash flows to be generated from the Group's operations as well as reasonable possible changes of its operation, the Group's financial resources on hand and the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from December 31, 2022. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

(b) New Standards, amendments to standards and interpretations

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

2.2 New and amended standards, improvements, interpretations and accounting guideline which are not yet effective and have not been early adopted by the Group

New standards and interpretations not yet adopted, new and amended standards, amendments and interpretations have been issued but are not effective for the Track Record Period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective.

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated balance sheets, respectively.

2.3.2 Equity method of accounting

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivables from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

2.4 Separate financial statements

The Company initially measures its investment in subsidiaries at cost.

Investments in subsidiaries are subsequently accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivables.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is USD. The Company's primary subsidiaries are incorporated in the PRC and these subsidiaries consider RMB as their functional currency. The Group determined to present its Historical Financial Information in RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings or financing activities are presented in the statements of profit or loss, within "finance costs/income". Foreign exchange gains and losses that relate to financial instruments issued to investors are presented in the statements of profit or loss within "fair value changes in financial instruments issued to investors". All other foreign exchange gains and losses impacting profit or loss are presented in the statements of profit or loss within "other gains/(losses) – net".

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income or loss.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income or loss. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses (if any). Historical cost includes expenditure that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives or, in case of leasehold improvements, the shorter lease term, as follows:

Machinery and equipment	5-10 years
Mold and tooling	3 years
Computer, electronic equipment and others	3-5 years
Vehicles	4 years
Leasehold improvements	Lesser of the term of the lease or the estimated useful lives of the assets

The assets' residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses)–net" in the consolidated statements of comprehensive loss.

Construction in progress represents unfinished construction and equipment under construction or pending for installation, and is stated at cost less accumulated impairment losses, if any. Cost includes construction costs, installation costs and other costs necessary to bring the construction in progress ready for their intended use. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the construction activities necessary to prepare the assets for their intended use are completed, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.8 Intangible assets

(a) Software

Acquired software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. The Group's software is amortized on a straight-line basis over their estimated useful lives of 3-5 years.

(b) Patent

Patents are shown at cost when acquired. Patents have a finite useful life and are carried at cost less accumulated amortization and impairment, if any. Amortization is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives.

(c) License rights

License rights are stated at historical cost less accumulated amortization. They are initially measured at the present value of the consideration given to acquire the license at the time of the acquisition, which represents historical cost comprising the capitalized present values of the fixed minimum periodic payments to be made on date of acquisition and in the subsequent years in respect of the acquisition of the license rights. License rights are amortized as a fixed overhead expenditure using the straight-line method to allocate the cost of the licenses over the period of the respective contractual rights of 9 years.

(d) Research and development ("R&D")

Research expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for the Group;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

Directly attributable costs which are eligible to be capitalized as part of the research and development project may include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

During the Track Record Period, there were no internally generated development costs meeting these criteria and capitalized as intangible assets.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and

- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The Group's financial assets comprise trade and notes receivables, time deposits, other receivables, financial assets measured at fair value through profit or loss ("FVPL"), financial assets measured at fair value through other comprehensive income ("FVOCI"), cash and cash equivalents and restricted cash.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group held debt instruments classified as financial assets at amortized costs, FVPL and FVOCI.

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains/(losses) – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) – net" and impairment expenses are presented as separate line item in the consolidated statements of comprehensive loss.

- FVPL: Assets that do not meet the criteria for amortized cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other gains/(losses) – net" in the period in which it arises.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Impairment on other financial assets measure at amortized cost is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.12 Trade and notes receivables

Trade and notes receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade and notes receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and notes receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and notes receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

See Note 3.1(b)(i) for a description of the Group's impairment policies.

2.13 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

2.14 Time deposits

Bank deposits with initial terms of over three months are included in "time deposits" in the consolidated balance sheets.

2.15 Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade and other payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less of the reported period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The Group designated deposits paid by investors as financial liabilities at fair value through profit or loss All other trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.18 Financial instruments issued to investors

Financial instruments issued to investors consist of Preferred Shares, warrants for purchase of Preferred Shares ("Warrants") and convertible notes for conversion to Preferred Shares ("Convertible Notes").

(a) Preferred Shares

During the Track Record Period and as of the date of this report, the Group entered into a series of share purchase agreements with financial investors and issued various series of Preferred Shares (Note 30). The Group designated the Preferred Shares as financial liabilities at fair value through profit or loss.

Financial liabilities at fair values through profit or loss is subsequently measured at fair value. The changes in the fair value of the financial liability related to changes in own credit risk shall be presented in other comprehensive income, and the remaining amount of change in the fair value of the liability shall be presented in profit or loss. Amounts recorded in other comprehensive loss related to own credit risk are not subject to recycling in profit or loss, but are transferred to accumulated loss when realized.

The Preferred Shares were classified as current liabilities unless the Group has the unconditional right to defer the redemption of the Preferred Shares for at least 12 months after the end of the reporting period.

(b) Warrants

During the Track Record Period, the Company issued various warrants to investors to subscribe for certain series of the Company's Preferred Shares at a predetermined price during a specific period (Notes 30). As the Preferred Shares which the Warrants are exercisable into are financial liabilities, the warrants are not contracts that will or may be settled in the entity's own equity instruments and are accounted for as derivatives.

The Warrants were classified as current liabilities when the Preferred Shares which the warrants were exercisable into are classified as current liabilities.

(c) Convertible Notes

During the Track Record Period, the Company issued Convertible Notes to certain investors, which can be converted into Series E and F (as applicable) Preferred Shares of the Company at the respective predetermined conversion prices. Series E and F Preferred Shares are financial liabilities and conversion features on financial liabilities are considered as derivatives to be bifurcated and accounted for separately from the host contract. The Group has elected to designate the Convertible Notes as financial liabilities at fair value through profit or loss (Note 30).

The Convertible Notes were classified as current liabilities unless the Group has the unconditional right to defer repaying the principal and interest for at least 12 months after the reporting period.

2.19 Bank borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated balance sheets of the Group or the Company's balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of bank borrowings that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

2.20 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the year in which they are incurred.

2.21 Current and deferred income tax

The income tax expenses or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.22 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheets.

(b) Pension costs — defined contribution plans

The Group contributes on a monthly basis to a defined contribution plan organized by the relevant governmental authorities based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these plans is limited to the contributions payable in each period. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid. The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(d) Housing funds, medical insurances and other social insurances

The employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the monthly contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.23 Share-based compensation

The Group operates certain equity-settled share-based compensation plans (Note 27), under which the Group receives service from its eligible employees as consideration for the equity instruments of the Group. The fair value of the employee services in exchange for the grant of equity instruments is recognized as an expense over the vesting period with a corresponding increase in equity. The fair value of the equity instruments granted is determined:

- Including any market performance conditions.

- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The fair value of the employee services received is measured by reference to the fair value of the shares at grant date. The total expense is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied, using graded vesting method. At the end of each period, the entity revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. For awards with performance conditions, share-based compensation expenses are recognized if and when the Group concludes that it is probable that the performance condition will be achieved. The estimates shall be reassessed and revised in subsequent periods, if necessary.

The Group may modify the terms and conditions on which share-based compensation plans were granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting period.

If the Group modifies the vesting conditions in a manner that is beneficial to the employee, for example, by reducing the vesting period or by modifying or eliminating a performance condition (other than a market condition), the modification is accounted for retrospectively, to reflect the best estimate available (as of that date) of awards that are expected to vest.

A grant of share-based compensation plans, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

2.24 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

The portion of the warranty provisions 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 sales in the consolidated statements of comprehensive loss.

Warranties

The Group provides standard warranty for all LiDARs sold or services provided. The Group considers that the standard warranty is not providing incremental service to customers rather an assurance to the quality of the LiDAR, and therefore is not a separate performance obligation and should be accounted for as an assurance-type standard warranty.

The Group records warranty liabilities at the time of sale for the estimated costs that will be incurred according to the warranty policy provided to customers and reassesses its estimates on a quarterly basis to assess the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

2.25 Revenue recognition

The Group generates revenue primarily from the sales of products, solutions, as well as the provision of services and others. The Group enters into contracts that may involve multiple performance obligations among which the Group allocates the transaction price on the basis of the standalone selling prices of each performance obligation. Standalone selling prices are generally determined based on the prices charged to customers. If it is not directly observable, the standalone selling price is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information, the data utilized, and considering the Group's pricing policies and practices in making pricing decisions.

Revenue is recognized when or as the control of the goods or services is transferred to customers. 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 or 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.

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. An accounts 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 may provide rebates, discounts and incentives, which is accounted for either as variable consideration or material right, depending on the specific terms and conditions of the arrangement.

In general, the Group does not offer rights of return for its goods and services. If, however, in a contract with certain customers, the contract term specifically grants the customers a right to return the purchased product for a refund, the Group accounts for revenue at the transaction price, less the expected level of returns calculated using the guidance on variable consideration. Allowances for sales returns, which reduce revenue, are estimated using the expected value method and were immaterial as of December 31, 2020, 2021 and 2022.

The Group offers a trade-in right to certain customers. The customer is not entitled to significant economic benefit from exercising the put option. As such, the arrangement is accounted for as a right of return under IFRS 15.

(a) Product revenue

Product revenue is derived from sales of various types of hardware.

Sales of hardware are essentially sales of LiDAR sensor systems incorporating hardware together with in-house developed software applications that are licensed on a perpetual or term basis. The embedded software applications are not considered to be dominant and distinct performance obligations as the license forms part of the hardware and is integral of the functionality of the hardware so that the customers can obtain economic benefit from the LiDAR sensor systems as a whole. Thus, the sales of LiDAR sensor system are identified as one performance obligation.

Revenue from sales of hardware is recognized at a point in time when control of the goods is transferred to the customers, generally upon delivery or upon acceptance by the customers depending on the terms of the underlying contract.

(b) Solutions revenue

The Group also generates revenue from sales of solutions, which usually include multiple elements of hardware, software and associated services.

Certain solutions provide the customer with a combination of hardware, software, deployment and professional services as the Group provides significant integration services to integrate the hardware and the software to meet customers' unique specifications and are accounted for as one performance obligation.

While for other solutions, the service of a relatively straightforward or routine nature, such as technical support and / or training services, are separated from the sales of hardware and software and accounted for as separate performance obligations as these services do not require specialized knowledge and do not provide any significant integration, modification, or customization services.

Solutions revenue derived from hardware and software is recognized at a point in time upon delivery or upon acceptance from the customer depending on the underlying contract terms. Solutions revenue derived from technical support and training services is recognized over the service period as the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Services and others revenue

Services and others revenue mainly generated from revenue of technology development services. The revenue generated from the technology development services is recognized at a point in time upon acceptance of such services by the customer given that the customers usually cannot obtain benefit when the Group is performing the services. The cost of fulfilling the technology development services is recognized as an asset when the costs are expected to be recovered and amortized into cost of sales at a point in time when the corresponding revenue is recognized if they meet the capitalization criteria as described under IFRS 15. The fulfillment costs of the technology development services that are not recoverable are recognized as cost of sales.

2.26 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial years, adjusted for bonus elements in ordinary shares issued during the years and excluding treasury shares.

(b) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.27 Leases

Lease as lessee

The Group leases various offices and factories. Leases are initially recognized as a right-of-use asset and corresponding liability at the date when the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and

Lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs, if any.

Payments associated with short-term leases are recognized on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.28 Government grants

The Group's PRC based subsidiaries received government subsidies from certain governments. Subsidies from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

The Group's government subsidies consist of specific subsidies and other subsidies. Specific subsidies are subsidies that the government has provided for a specific purpose, such as completion of research and development projects. Other subsidies are the subsidies that the 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.

Specific subsidies relating to cost that are received in advance are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Specific subsidies relating to property, plant and equipment that are received in advance are included in non-current liabilities as governments grants and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Other subsidies are recognized as other income upon receipt as no condition is attached to these subsidies and no further performance by the Group is required.

Some of the specific subsidies received were refundable as the Group has no reasonable assurance that the Group will comply with all attached conditions. Refundable government grants are recognized as other non-current liabilities upon receipt. Refundable government grants are reclassified from other non-current liabilities to other payables and accruals when the expected acceptance of completion is due in one year and then will be reclassified as governments grants upon government's acceptance of completion of the related project development and amortized as other operating income.

2.29 Interest income

Interest income on financial assets at amortized cost and debt investments measured at FVOCI calculated using the effective interest method is recognized in the consolidated statements of comprehensive loss.

Interest income is presented as finance income where it is earned from cash and cash equivalents, see (Note 10) below. Any other interest income is included in other income.

2.30 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group;

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in Note (a);

(vii) a person identified in Note (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

Management regularly manages and monitors the financial risks of the Group to ensure appropriate measures are implemented in a timely and effective manner. During the Track Record Period, no hedging activity was undertaken by the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's entities. The functional currency of the Company and majority of its overseas subsidiaries is USD whereas the functional currency of the subsidiaries which operate in the PRC is RMB. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and USD.

The Group currently does not hedge transactions undertaken in foreign currencies but manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As of December 31, 2020, 2021 and 2022, the carrying amounts of the Group's monetary assets and liabilities that are denominated in currency other than functional currencies of the respective group entities are as follows:

	December 31, 2020		December 31, 2021		December 31, 2022	
	RMB	USD	RMB	USD	RMB	USD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	–	12,177	–	31,775	–	58,533
Trade and notes receivables	–	6,594	–	10,549	–	22,852
Trade payables	–	(6,557)	–	(8,183)	–	(36,712)
Other payables and accruals	–	(7,318)	(70,627)	(2,147)	(12,401)	(6,519)
Other non-current liabilities	–	–	–	(25,790)	–	(22,546)
Financial instruments issued to investors	–	–	(4,010,472)	–	(6,996,043)	–

For the PRC subsidiaries whose functional currencies are RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, Group's net loss for the year ended December 31, 2020, 2021 and 2022 would have been approximately RMB208,000, RMB264,000, and RMB660,000 lower/higher, respectively, mainly as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in USD.

For group companies outside of the PRC whose functional currencies are USD, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, Group's net loss for the year ended December 31, 2020, 2021 and 2022 would have been approximately nil, RMB204,055,000 and RMB350,422,000 higher/lower, respectively, mainly as a result of net foreign exchange losses/gains on translation of net monetary liabilities denominated in RMB.

Transactions related to financial instruments issued to investors were denominated in RMB and were recorded in Shenzhen Suteng before the Reorganization. No foreign exchange risk arises as of December 31, 2020 since denominated currency and functional currency were both

RMB. However, during and after the Reorganization of the Group, the Company assumed these RMB denominated liabilities and foreign exchange risk arose as of December 31, 2021 and 2022.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from time deposits and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The Group has no significant interest-bearing liabilities during the Track Record Period, a reasonable change of interest rates will not result in significant impact on the financial performance of the Group.

The Group has no significant interest-bearing assets except for time deposits and cash and cash equivalents. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of time deposits and cash and cash equivalents are not expected to change significantly.

(iii) Price risk

The Group is exposed to price risk in respect of financial assets at FVPL, which mainly include investments in wealth management products. The Group is not exposed to commodity price risk. See Note 3.3 for details.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, time deposits, restricted cash, trade and notes receivables, other receivables, and financial assets at FVOCI. The carrying amounts of above items represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed on a group basis. Time deposits are mainly placed with reputable financial institutions in the PRC, which management considers being of high credit quality. For accounts receivables, the Group assesses the credit quality of the receivables by taking account of various factors, including past operational and financial performance and other factors.

Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade and notes receivables;
- Financial assets at FVOCI;
- Other receivables;

- Time deposits;
- Cash and cash equivalents
- Restricted cash

(i) Trade and notes receivables

The Group applies the simplified approach prescribed by IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. Trade and notes receivables are grouped based on shared credit risk characteristics and aging period for the measuring of expected credit losses.

The Group divided trade and notes receivables into two categories to measure the expected credit loss rates. Category 1 is for customers who have a relatively low credit risk and no default history. Also, these customers are financially capable of settling the outstanding amount. Category 2 is for customers who have a relatively higher credit risk. With different types of customers, the Group calculated the expected credit loss rates respectively. The expected loss rates are determined based on the credit rating of counter parties, and adjusted to reflect the current conditions and the forward-looking information on the macroeconomic environment that may affect the ability of counterparties to settle the receivables. The Group has identified the Gross Domestic Product and Consumer Price Index to be the most relevant factors.

As of December 31, 2020, 2021 and 2022, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward-looking information.

	Category 1	Category 2	Total
As of December 31, 2020			
Gross carrying amount (RMB'000)	67,972	4,495	72,467
Expected credit loss rates	0.93%	27.34%	2.57%
Loss allowance (RMB'000)	(634)	(1,229)	(1,863)
Net carrying amount (RMB'000)	67,338	3,266	70,604
As of December 31, 2021			
Gross carrying amount (RMB'000)	118,128	6,883	125,011
Expected credit loss rates	1.02%	51.43%	3.80%
Loss allowance (RMB'000)	(1,207)	(3,540)	(4,747)
Net carrying amount (RMB'000)	116,921	3,343	120,264
As of December 31, 2022			
Gross carrying amount (RMB'000)	204,971	9,166	214,137
Expected credit loss rates	1.18%	51.70%	3.34%
Loss allowance (RMB'000)	(2,415)	(4,739)	(7,154)
Net carrying amount (RMB'000)	202,556	4,427	206,983

Movements on the Group's allowance for credit loss of trade and notes receivables are as follows:

	Trade and notes receivables
	RMB'000
As of January 1, 2020	131
Net impairment losses on financial assets	1,732
As of December 31, 2020	1,863
As of January 1, 2021	1,863
Net impairment losses on financial assets	2,884
As of December 31, 2021	4,747
As of January 1, 2022	4,747
Net impairment losses on financial assets	2,502
Receivables written off during the year as uncollectible	(95)
As of December 31, 2022	7,154

(ii) Financial asset at FVOCI

The Group applies the simplified approach to measure expected credit loss of financial asset at FVOCI under IFRS 9. As of December 31, 2020, 2021 and 2022, management considers that the expected credit loss is immaterial.

(iii) Other financial assets at amortized cost

Credit risk also arises from restricted cash, time deposits, cash and cash equivalents and other receivables. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage risk arising from cash and cash equivalents and time deposits, the Group mainly transacts with state-owned or reputable financial institutions in the PRC and reputable international banks outside of the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

For impairment on other receivables, it is measured as either 12-months expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

The expected credit loss on other financial assets at amortized cost is insignificant to the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash available.

The table below analyzes the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the consolidated balance sheets to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities					
As of December 31, 2020					
Trade payables	44,469	–	–	–	44,469
Other payables and accruals (excluding non-financial liabilities)	21,589	–	–	–	21,589
Other non-current liabilities (excluding non-financial liabilities)	–	19,896	6,000	–	25,896
Bank borrowings and interest payments	4,812	–	–	–	4,812
Lease liabilities (including interest payments)	6,157	2,579	518	593	9,847
Financial instruments issued to investors	–	–	642,495	35,742	678,237
	77,027	22,475	649,013	36,335	784,850
As of December 31, 2021					
Trade payables	70,927	–	–	–	70,927
Other payables and accruals (excluding non-financial liabilities)	155,326	–	–	–	155,326
Other non-current liabilities (excluding non-financial liabilities)	–	13,118	5,101	18,817	37,036
Lease liabilities (including interest payments)	12,852	11,715	6,997	41	31,605
Financial instruments issued to investors	1,061,088	1,523,874	–	35,742	2,620,704
	1,300,193	1,548,707	12,098	54,600	2,915,598
As of December 31, 2022					
Trade payables	223,849	–	–	–	223,849
Other payables and accruals (excluding non-financial liabilities)	1,029,951	–	–	–	1,029,951
Other non-current liabilities (excluding non-financial liabilities)	–	6,183	5,572	17,684	29,439
Lease liabilities (including interest payments)	18,358	12,326	1,114	–	31,798
Financial instruments issued to investors	3,311,899	–	–	35,742	3,347,641
	4,584,057	18,509	6,686	53,426	4,662,678

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital, share premium, Preferred Shares on an as-if-converted basis, Warrants and Convertible Notes) by regularly reviewing the capital structure. As part of this review, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In the opinion of the management of the Company, the Group's capital risk is low.

3.3 Fair value estimation

The Group analyzes its financial instruments' fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 3
	RMB'000
As of December 31, 2020	
Assets	
Financial assets at FVOCI	1,347
Financial assets at FVPL	80,137
	81,484
Liabilities	
Financial instruments issued to investors (Note 30)	1,144,280
As of December 31, 2021	
Assets	
Financial assets at FVOCI	3,139
Liabilities	
Financial instruments issued to investors (Note 30)	4,010,472

	Level 3
	RMB'000
As of December 31, 2022	
Assets	
Financial assets at FVOCI	2,469
Financial assets at FVPL	337,859
	340,328
Liabilities	
Financial instruments issued to investors (Note 30)	6,996,043

(a) The changes in level 3 instruments of financial instruments issued to investors for the Track Record Period are presented in the Note 30.

The following table presents the changes in level 3 items of financial assets at FVOCI and financial assets at FVPL for the Track Record Period.

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVOCI			
At the beginning of the period	–	1,347	3,139
Additions	3,635	7,966	9,032
Disposals	(2,288)	(6,174)	(9,702)
At the end of the year	1,347	3,139	2,469
Financial assets at FVPL			
At the beginning of the period	30,204	80,137	–
Additions	209,500	165,000	444,000
Disposals	(160,465)	(246,292)	(107,261)
Change in fair value	898	1,155	1,120
At the end of the year	80,137	–	337,859
Net unrealized gains for the period	137	–	859

(b) Valuation techniques used to determine fair values

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included financial instruments issued to investors (Note 30), financial assets at FVOCI (Note 21) and financial assets at FVPL (Note 22). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including:

- For financial assets measured at FVPL or FVOCI, discounted cash flow model is used and unobservable inputs are involved, mainly including assumptions of expected future cash flows and discount rate; and

- For the valuation of financial instruments issued to investors, equity allocation model is used and significant unobservable inputs are involved, including discount rate for lack of marketability ("DLOM"), expected volatility, risk-free interest rate, terminal growth rate, etc.

There was no change to valuation techniques during the Track Record Period.

Major assumptions used in the valuation for financial instruments issued to investors are presented in Note 30.

The following tables summarize the quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements for financial assets.

	Fair value	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
	RMB'000				
As of December 31, 2020					
Financial assets at FVOCI					
– Notes receivables	1,347	Discounted cash flow	Expected return rate	1.74%-2.43%	The higher the expected return rate, the lower the fair value.
Financial assets at FVPL					
– Wealth management products	80,137	Discounted cash flow	Expected return rate	1.48%-3.50%	The higher the expected return rate, the lower the fair value.
As of December 31, 2021					
Financial assets at FVOCI					
– Notes receivables	3,139	Discounted cash flow	Expected return rate	1.78%-2.17%	The higher the expected return rate, the lower the fair value.
As of December 31, 2022					
Financial assets at FVOCI					
– Notes receivables	2,469	Discounted cash flow	Expected return rate	0.72%-1.82%	The higher the expected return rate, the lower the fair value.
Financial assets at FVPL					
– Wealth management products	307,859	Discounted cash flow	Expected return rate	1.00%-3.20%	The higher the expected return rate, the lower the fair value.

Based on the Management's assessment, a reasonable change in the above key assumptions will not have any material impact on the fair value of the derivative financial instruments as of December 31, 2020, 2021 and 2022.

Level 3 financial instruments comprise an investment (Note 22(a)) in unlisted companies. The fair value of the investment is determined using the latest round financing, i.e., the prior transaction price or the third-party pricing information.

There were no other changes in valuation techniques during Track Record Period.

4 Critical accounting estimates and judgments

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimation of grant date fair value of the equity instruments granted to employees

The Group has granted restricted shares and restricted share units to the Group's employees. The Group has engaged an independent valuer to evaluate the grant date fair value of the restricted shares and restricted share units to employees, which is determined based on the fair value of the Company's ordinary shares at the grant date of the award. Prior to the **[REDACTED]**, estimation of the fair value of the Company's ordinary shares involves significant assumptions that might not be observable in the market. The complex and subjective variables which determine the fair value include discount rate, DLOM, expected volatility, risk-free interest rates and terminal growth rate (Note 27), subjective judgments regarding projected financial and operating results, its unique business risks, its operating history and prospects at the time the grants are made.

(b) Estimation of the fair value of financial liabilities

Preferred Shares, Warrants and Convertible Notes are not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of the Company and the equity allocation model was adopted to determine the fair value of the financial instruments. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 30.

(c) Provision for expected credit losses of trade and notes receivables

The loss allowances for trade and notes receivables are based on assumptions about risk of defaults and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(d) Current and deferred income tax

The Group recognizes deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred income tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies who have tax losses. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income and details of unrecognized tax losses have been set out in Note 11.

(e) Estimation of provision for warranty claims

Provision for product warranties granted by the Group in respect of certain products are recognized based on sales volume and past experience of the level of repair and returns, discounted to their present values as appropriate. Factors that affect the Group's warranty liability include the number of products sold under warranty, historical and anticipated rates of warranty claim on those products, and cost per claim to satisfy the warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

(f) Inventory provision

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.15. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situations.

5 Revenue and segment information

(a) Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM who is the Chief Executive Officer of the Group. As a result of this evaluation, the CODM considers that the Group's operations are operated and managed as a single segment. Accordingly, no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns the revenue from customers in the PRC and other geographic locations as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from:			
PRC	148,188	282,793	419,124
US	3,711	31,023	75,660
Others	19,032	17,247	35,538
	170,931	331,063	530,322

As of December 31, 2020, 2021 and 2022, substantially all of the non-current assets of the Group were located in the PRC.

(b) Disaggregation of revenue

The breakdown of revenue for the Track Record Period is as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from:			
Products			
For ADAS	6,175	40,089	160,355
For robotics and others	124,036	189,014	239,053
	130,211	229,103	399,408
Solutions	37,918	84,730	122,260
Services and others	2,802	17,230	8,654
	170,931	331,063	530,322

Timing of revenue recognition for the Track Record Period is as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized at a point in time	170,893	331,004	530,188
Revenue recognized over time	38	59	134
	170,931	331,063	530,322

(c) Revenue from major customers

The major customers who contributed 10% or more of the Group's revenue for the Track Record Period are set out below:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	*	*	53,961
Customer B	29,489	38,974	*

* Represents less than 10% of the Group's total revenue.

All the revenue derived from other single external customers were less than 10% of the Group's total revenue for the Track Record Period.

(d) Contract liabilities

The Group has recognized the following contract liabilities related to contracts with customers:

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	11,197	11,608	19,651

(i) Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying goods or services are yet to be provided. A majority portion of contract liabilities balance at the beginning of the year will be recognized into revenue next year.

(ii) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from long-term technology development services contracts:

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Aggregate amount of the transaction price allocated to long-term services contracts that are partially or fully unsatisfied as of December 31,	18,297	5,700	39,319

Management expects that RMB13,797,000, RMB4,500,000, RMB36,533,000 of the transaction price allocated to the unsatisfied contracts as of December 31, 2020, 2021 and 2022 will be recognized as revenue within one year. The remaining RMB4,500,000, RMB1,200,000 and RMB2,786,000 will be recognized over one to two years.

All other contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6 Other income

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Government grants	6,674	9,572	24,149
Value added tax ("VAT") refund	1,351	7,836	6,365
Interest income from time deposits	118	1,353	969
	8,143	18,761	31,483

7 Other gains/(losses) — net

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Net fair value gains on financial assets at FVPL	898	1,155	1,120
Net foreign exchange losses	(271)	(678)	(45,132)
Others	(269)	107	(106)
	358	584	(44,118)

8 Expenses by nature

The detailed analysis of cost of sales, research and development expenses, sales and marketing expenses and general and administrative expenses is as follows:

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Changes in inventories of finished goods and work in progress	(19,592)	(60,315)	(166,586)
Raw materials and consumables used	101,739	216,761	550,827
Employee benefit expenses (Note 9)	96,996	256,454	460,567
Inventory provision	9,331	7,608	80,575
Depreciation and amortization (Notes 13,14,15)	13,820	21,174	53,525
Design and development expenses	3,883	2,553	40,441
Professional service fees	13,553	17,093	35,222
Travel, office and freight expenses	8,425	20,533	28,647
Variable license fees (Note 29(a))	–	4,426	6,255
Advertising and promotion costs	1,551	2,134	3,928
Listing expenses	–	–	3,558
Audit remuneration			
– Audit service	3,587	6,907	1,056
– Non–audit service	–	868	8
Other expenses	5,018	16,901	33,268
	238,311	513,097	1,131,291

9 Employee benefit expenses

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	88,236	170,913	363,496
Share-based compensation expenses (Note 27)	–	59,113	35,086
Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances (Note (a))	2,699	16,163	40,163
Other employee benefits (Note (b))	6,061	10,265	21,822
	96,996	256,454	460,567

(a) Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension costs — defined contribution plans, housing funds, medical insurances and other social insurances to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments in response the impact from Coronavirus Disease 2019 (COVID-19), certain social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February to December 2020 have been reduced accordingly.

No forfeited contributions were utilized during the Track Record Period to offset the Group's contribution to the abovementioned retirement benefit schemes.

(b) Other employee benefits

Other employee benefits mainly include termination benefits, team building expenses, meal and traveling allowances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include nil, nil and 1 director for years ended December 31, 2020, 2021 and 2022, respectively. Their emoluments were disclosed in Note 36(a). The emoluments paid or payable to the remaining non-director individuals are as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	6,524	4,895	5,846
Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	197	378	377
Share-based compensation expenses (Note 27)	–	28,741	7,810
Other employee benefits	1,025	3,750	10,147
	7,746	37,764	24,180

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period.

The emoluments fell within the following bands:

	Year ended December 31,		
	2020	2021	2022
Emolument band (in Hong Kong dollars)			
HKD1,000,001 – HKD1,500,000	3	–	–
HKD1,500,001 – HKD2,000,000	–	–	1
HKD2,000,001 – HKD2,500,000	1	2	1
HKD2,500,001 – HKD3,000,000	1	2	–
HKD11,500,001 – HKD12,000,000	–	–	2
HKD35,500,001 – HKD36,000,000	–	1	–
	5	5	4

10 Finance income/(costs) – net

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from cash and cash equivalents	1,501	1,286	20,491
Net foreign exchange gains	–	345	–
	1,501	1,631	20,491
Finance costs:			
Net foreign exchange losses	–	–	(2,006)
Interest expenses on bank borrowings	(253)	(112)	–
Interest expenses on lease liabilities (Note 14)	(571)	(843)	(1,648)
Interest expenses on license fees payable (Note 29(a))	–	(1,604)	(1,392)
	(824)	(2,559)	(5,046)
Finance income/(costs) – net	677	(928)	15,445

11 Income tax expenses

(a) Cayman Islands

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. 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.

(b) BVI

The Company's subsidiaries incorporated in BVI are exempted from income tax on its foreign-derived income in the BVI. There are no withholding taxes in the BVI.

(c) Hong Kong

When the subsidiary was incorporated in Hong Kong, the subsidiary was subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong. Commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HKD2,000,000 and 16.5% for any assessable profits in excess of HKD2,000,000. The payments of dividends to shareholders are not subject to withholding tax in Hong Kong.

(d) United States

The applicable income tax rate of United States where the Company's subsidiaries having significant operations for the Track Record Period is 27.98%, which is a blended state and federal rate.

(e) PRC Enterprise Income Tax

Enterprise income tax ("EIT") was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC EIT rate is 25% during the Track Record Period.

Certain subsidiaries of the Company in the PRC have been approved as High and New Technology Enterprises ("HNTE") under relevant tax rules and regulations, and accordingly, are subjected to a preferential EIT rate of 15% during the Track Record Period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in R&D activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year ("Super Deduction"). From October 1, 2022 to December 31, 2022, an extra 100% of the actual amount of R&D expenses can be deducted before tax.

Certain subsidiaries of the Company in the PRC, which were granted the qualification as "Small and Medium-sized Sci-tech Enterprise", could claim additional 75% deduction of their research and development expenses before tax during the year ended December 31, 2021 and a super deduction ratio of 100% during the year ended December 31, 2022.

Certain subsidiaries of the Company in the PRC were qualified as "Small Low-Profit Enterprise" and taxed at the reduced tax rate of 20% from January 1, 2008. Starting from January 1, 2019 to December 31, 2021, "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%.

(f) The PRC withholding tax

Under the EIT Law enacted by the National People's Congress of the PRC, 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 the PRC.

In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. All foreign-invested enterprises are subject to the withholding tax from January 1, 2008. The presumption may be overcome if the Group has sufficient evidence to demonstrate that the undistributed dividends will be re-invested and the remittance of the dividends will be postponed indefinitely. The Group did not record any dividend withholding tax, as it has no retained earnings for any of the years presented.

The income tax expenses of the Group for the Track Record Period are analyzed as below:

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Current income tax expenses	–	237	803
Deferred income tax expenses	–	–	–
Income tax expenses	**–**	**237**	**803**

Reconciliations of the income tax expenses computed by applying the PRC statutory income tax rate of 25% to the Group's income tax expenses of the years presented are as follows:

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Loss before income tax	(220,601)	(1,654,289)	(2,085,310)
Income tax credit computed at the PRC statutory income tax rate of 25%	(55,150)	(413,572)	(521,328)
Effect of different tax rate of different jurisdictions	(20)	36,676	384,710
Effect of preferential tax rate	21,995	149,489	49,721
Expenses not deductible for income tax purposes	24,422	212,682	13,062
Effect of super deduction for qualified R&D expenses	(6,624)	(13,285)	(36,546)
Tax losses and deductible temporary differences for which no deferred tax asset was recognized	15,377	28,247	111,184
Income tax expenses	–	237	803

As of December 31, 2020, 2021 and 2022, the Group had unused tax losses of approximately RMB323,724,000, RMB471,414,000 and RMB1,115,370,000 that can be carried forward against future taxable income, respectively. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income.

The Group principally conducted its business in Mainland China, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of Shenzhen Suteng, which is qualified as HNTE, from 2019 had been extended from 5 years to 10 years. Shenzhen Suteng re-applied for HNTE status in 2022 and the approval was obtained in December 2022.

Deductible tax losses that are not recognized for deferred income tax assets will be expired as follows:

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
2021	8	–	–
2022	2,905	2,905	–
2023	4,602	4,602	4,602
2024	2,452	2,452	2,452
2025	3,197	3,197	3,197
2026	7,828	22,480	22,480
2027	28,318	28,318	47,904
2028	58,467	58,467	58,467
2029	132,059	132,059	132,059
2030	83,547	83,547	83,547
2031	–	132,315	132,315
2032	–	–	619,407
No expiry year	341	1,072	8,940
	323,724	471,414	1,115,370

12 Loss per share

(a) Basic loss per share

Basic loss per shares is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the Track Record Period.

The weighted average number of ordinary shares outstanding has been retrospectively adjusted for the effect of Reorganization and share split completed in January 2022 as if it had been in issue since January 1, 2020 and the capital injection to the Group during the Track Record Period were accounted for at time portion basis accordingly.

In determining the weighted average number of ordinary shares in issue, the unvested restricted shares are excluded:

	Year ended December 31,		
	2020	**2021**	**2022**
Loss attributable to ordinary equity holder of the Company (RMB'000)	(220,794)	(1,658,730)	(2,088,652)
Weighted average number of ordinary shares outstanding	101,408,729	100,730,187	97,259,964
Basic loss per share (in RMB)	(2.18)	(16.47)	(21.47)

(b) Diluted losses per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended December 31, 2020 and 2021 and 2022, respectively, the Company had four categories of potential ordinary shares: Preferred Shares, Convertible Notes, Warrants and equity-based awards granted to employees (Notes 30 and 27, respectively). For the Track Record Period, these potential ordinary shares were not included in the calculation of loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share the Track Record Period are the same as basic loss per share.

13 Property, plant and equipment

	Machinery and equipment	Mold and tooling	Computer, electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020							
Cost	10,497	670	5,289	1,036	3,548	–	21,040
Accumulated depreciation	(2,265)	(227)	(1,859)	(468)	(750)	–	(5,569)
Net book amount	8,232	443	3,430	568	2,798	–	15,471
Year ended December 31, 2020							
Opening net book amount	8,232	443	3,430	568	2,798	–	15,471
Additions	1,787	870	380	–	665	–	3,702
Disposals	–	–	(3)	–	–	–	(3)
Foreign currency translation adjustments	–	–	–	(5)	–	–	(5)
Depreciation charge	(1,889)	(240)	(1,537)	(241)	(1,587)	–	(5,494)
Closing net book amount	8,130	1,073	2,270	322	1,876	–	13,671
At December 31, 2020							
Cost	12,284	1,540	5,637	1,031	4,169	–	24,661
Accumulated depreciation	(4,154)	(467)	(3,367)	(709)	(2,293)	–	(10,990)
Net book amount	8,130	1,073	2,270	322	1,876	–	13,671

	Machinery and equipment	Mold and tooling	Computer, electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2021							
Opening net book amount	8,130	1,073	2,270	322	1,876	–	13,671
Additions	30,098	1,566	10,185	1,481	3,465	25,946	72,741
Disposals	(183)	(75)	(110)	–	–	–	(368)
Transfers	–	–	–	–	20,132	(20,132)	–
Foreign currency translation adjustments	–	–	(9)	(1)	–	–	(10)
Depreciation charge	(2,312)	(620)	(1,814)	(296)	(1,963)	–	(7,005)
Closing net book amount	35,733	1,944	10,522	1,506	23,510	5,814	79,029
At December 31, 2021							
Cost	42,073	2,894	15,638	2,511	24,654	5,814	93,584
Accumulated depreciation	(6,340)	(950)	(5,116)	(1,005)	(1,144)	–	(14,555)
Net book amount	35,733	1,944	10,522	1,506	23,510	5,814	79,029
Year ended December 31, 2022							
Opening net book amount	35,733	1,944	10,522	1,506	23,510	5,814	79,029
Additions	34,392	5,690	13,109	1,206	9,606	96,354	160,357
Disposals	(22)	–	(1)	–	–	–	(23)
Transfers	–	–	–	–	22,988	(22,988)	–
Foreign currency translation adjustments	–	–	–	4	–	–	4
Depreciation charge	(7,458)	(1,372)	(5,424)	(390)	(16,657)	–	(31,301)
Closing net book amount	62,645	6,262	18,206	2,326	39,447	79,180	208,066
At December 31, 2022							
Cost	76,429	8,584	28,726	3,724	57,247	79,180	253,890
Accumulated depreciation	(13,784)	(2,322)	(10,520)	(1,398)	(17,800)	–	(45,824)
Net book amount	62,645	6,262	18,206	2,326	39,447	79,180	208,066

Depreciation expenses have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	1,687	2,657	16,022
Research and development expenses	2,106	1,948	9,518
General and administrative expenses	1,332	2,018	5,238
Sales and marketing expenses	369	382	523
	5,494	7,005	31,301

14 Leases

(a) Amounts recognized in the consolidated balance sheets

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Offices and factories	8,750	26,823	27,536
Lease liabilities			
Current	6,008	11,831	17,356
Non-current	3,621	18,045	13,151
	9,629	29,876	30,507

Additions to the right-of-use assets during the years ended December 31, 2020, 2021 and 2022 were RMB3,753,000, RMB30,537,000 and RMB16,706,000 respectively. The early termination of lease contracts of certain leased buildings resulted in decreases of RMB83,000, RMB2,096,000 and RMB384,000 in the right-of-use assets during the years ended December 31, 2020, 2021 and 2022, respectively.

(b) Amounts recognized in the consolidated statements of comprehensive loss

The consolidated statements of comprehensive loss include the following amounts relating to leases:

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	7,767	10,126	15,669
Interest expense (included in finance costs) (Note 10)	571	843	1,648
Expense relating to short-term leases (included in cost of sales, research and development expenses, sales and marketing expenses, and general and administrative expenses)	205	772	19
COVID-19-related rent concessions from lessors	(1,291)	–	(92)
	7,252	11,741	17,244

The total cash outflow for short-term leases during the years ended December 31, 2020, 2021 and 2022 were RMB205,000, RMB772,000, RMB19,000.

The total cash outflows for leases except for short-term leases during the years ended December 31, 2020, 2021 and 2022 are as below:

	As of December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Principal elements of lease payments (presented as financing cash flow)	6,730	7,099	15,495
Related interest paid (presented as operating cash flow)	571	843	1,648
	7,301	7,942	17,143

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 37, respectively, to the consolidated financial statements.

The weighted average incremental borrowing rate applied to the lease liabilities was 3.92%, 4.58% and 4.68%, respectively, for the years ended December 31, 2020, 2021 and 2022.

(c) The Group's leasing activities and how these are accounted for

The Group leases certain offices and factories. Rental contracts are typically made for fixed periods of one year to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

15 Intangible assets

	Software	**Patent**	**License rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020				
Cost	773	1,500	–	2,273
Accumulated amortization	(116)	(25)	–	(141)
Net book amount	657	1,475	–	2,132
Year ended December 31, 2020				
Opening net book amount	657	1,475	–	2,132
Additions	814	1,500	–	2,314
Amortization charge	(296)	(263)	–	(559)
Foreign currency translation adjustments	(1)	–	–	(1)
Closing net book amount	1,174	2,712	–	3,886
As of December 31, 2020				
Cost	1,586	3,000	–	4,586
Accumulated amortization	(412)	(288)	–	(700)
Net book amount	1,174	2,712	–	3,886

	Software	Patent	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2021				
Opening net book amount	1,174	2,712	–	3,886
Additions	2,180	–	35,211	37,391
Amortization charge	(482)	(300)	(3,261)	(4,043)
Foreign currency translation adjustments	(10)	–	–	(10)
Closing net book amount	2,862	2,412	31,950	37,224
As of December 31, 2021				
Cost	3,747	3,000	35,211	41,958
Accumulated amortization	(885)	(588)	(3,261)	(4,734)
Net book amount	2,862	2,412	31,950	37,224
Year ended December 31, 2022				
Opening net book amount	2,862	2,412	31,950	37,224
Additions	21,575	–	–	21,575
Amortization charge	(2,343)	(300)	(3,912)	(6,555)
Foreign currency translation adjustments	(1)	–	–	(1)
Closing net book amount	22,093	2,112	28,038	52,243
As of December 31, 2022				
Cost	25,327	3,000	35,211	63,538
Accumulated amortization	(3,234)	(888)	(7,173)	(11,295)
Net book amount	22,093	2,112	28,038	52,243

Amortization expenses have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	–	3,271	4,001
Research and development expenses	383	567	2,001
Sales and marketing expenses	–	–	6
General and administrative expenses	176	205	547
	559	4,043	6,555

16 Other non-current assets

Other non-current assets consisted of the following:

The Group

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for investment in an associate (Note (a))	–	–	49,000
Prepayments for long-term assets (Note (b))	342	28,498	25,135
Long-term deposits (Note (c))	1,479	895	5,532
Right to returned goods (Note (d))	30	491	559
	1,851	29,884	80,226

The Company

	As of December 31,	
	2021	2022
	RMB'000	*RMB'000*
Prepayment for investments in subsidiaries – Capital contribution to Shenzhen Suteng for assuming the obligation to investors (Note (e))	2,087,765	–

(a) The balance represented the prepayment amounting to RMB49,000,000 for a subscription for 49% equity interest of Dongguan Luxsense Innovation Electronics Co., Ltd. ("Luxsense") in the PRC, which was subsequently completed in February 2023. For further details of the prepayment for investment in an associate, please refer to Note 39 to the consolidated financial statements.

(b) Prepayments for long-term assets represented the amount prepaid for procurement of machinery and equipment, vehicles, and leasehold improvements.

(c) Long-term deposits primarily consisted of deposits for offices and factories which will not be collectable within one year.

(d) Right to returned goods represented the non-current portion of the balance of the products expected to be returned or exchanged.

(e) As part of the Reorganization, the Company assumed the obligation of Shenzhen Suteng and issued financial instruments to the Third Party Investors in proportion to their respective equity interests holding in Shenzhen Suteng. The difference between the fair value of the financial instruments issued and the consideration received or to be received was recorded as a prepayment for investments in subsidiaries.

17 Inventories

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Raw materials (Note (a))	16,203	49,124	103,039
Work-in-progress (Note (a))	21,946	67,523	174,402
Finished goods (Note (b))	35,461	49,276	102,804
Fulfillment cost	1,834	1,187	11,766
	75,444	167,110	392,011
Less: provision for inventories (Note (c))	(21,842)	(28,527)	(102,923)
	53,602	138,583	289,088

(a) Raw materials and work-in-progress primarily consist of materials mainly for volume production as well as materials used for trial production.

(b) Finished goods primarily consist of products that are ready for transit at production factories or in transit to fulfill customer orders.

(c) Provision for inventories is recognized for the amount by which the carrying amount of the inventories exceeds the net recoverable amount, and is recorded in cost of sales in the consolidated statements of comprehensive loss. The provision for inventories as recognized for the years ended December 31, 2020, 2021 and 2022 amounted to approximately RMB9,331,000, RMB7,608,000 and RMB80,575,000, respectively.

(d) The cost of inventories recognized as cost of sales for the year ended December 31, 2020, 2021 and 2022 amounted to RMB93,797,000, RMB184,782,000 and RMB561,629,000.

(e) As of December 31, 2020, 2021 and 2022, no inventories were pledged as collaterals.

18 Financial instruments by categories

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at amortized cost			
– Trade and notes receivables (Note 19)	70,604	120,264	206,983
– Prepayments, other receivables and other current assets, excluding non-financial assets (Note 20)	6,858	658,232	7,048
– Other non-current assets, excluding non-financial assets (Note 16)	1,479	895	5,532
– Time deposits (Note 23)	60,066	–	84,573
– Cash and cash equivalents (Note 24)	52,723	627,539	2,071,381
– Restricted cash	–	–	530
Financial assets measured at fair value			
– FVOCI (Note 21)	1,347	3,139	2,469
– FVPL (Note 22)	80,137	–	337,859
	273,214	1,410,069	2,716,375

	As of December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities measured at amortized cost			
– Trade payables (Note 31)	44,469	70,927	223,849
– Other payables excluding non-financial liabilities (Note 33)	21,589	154,012	178,363
– Other non-current liabilities, excluding non-financial liabilities (Note 29)	25,896	32,532	25,857
– Bank Borrowings (Note 32)	4,700	–	–
– Lease liabilities (Note 14)	9,629	29,876	30,507
Financial liabilities measured at fair value			
– Financial instruments issued to investors (Note 30)	1,144,280	4,010,472	6,996,043
– Deposits paid by investors (Note 33(a))	–	–	850,250
	1,250,563	4,297,819	8,304,869

19 Trade and notes receivables

	As of December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	69,120	122,724	206,604
Notes receivables	3,347	2,287	7,533
	72,467	125,011	214,137
Less: credit loss allowances	(1,863)	(4,747)	(7,154)
	70,604	120,264	206,983

As of December 31, 2020, 2021 and 2022, the aging analysis of the trade and notes receivables based on recognition date is as follows:

	As of December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Up to 6 months	63,837	105,353	170,853
6 months to 1 year	6,346	10,654	30,422
1 to 2 years	885	6,913	10,510
Over 2 years	1,399	2,091	2,352
	72,467	125,011	214,137

The Group's trade and notes receivables are mainly denominated in RMB and their carrying amounts approximated their fair value.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. For details, please refer to Note 3.1(b).

20 Prepayments, other receivables and other current assets

The Group

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
– Amounts due from related parties (Note 35(b))	5,408	213,990	1,990
– Withholding individual income tax	–	1,547	1,547
– Deposits	513	1,396	1,400
– Receivables due from investors (Note (a))	–	440,200	–
– Others	937	1,099	2,111
	6,858	658,232	7,048
Prepayments for			
– Products and services procurement (Note (b))	887	2,594	5,358
– License fees (Note 29(a))	1,339	–	–
– Service from a related party (Note 35 (b))	6	–	–
	2,232	2,594	5,358
Value–added tax ("VAT") recoverable	45	18,169	50,940
Right to returned goods (Note (c))	2,503	719	3,134
	11,638	679,714	66,480

The Group's prepayments, other receivables and other current assets were mainly denominated in RMB.

The Company

	As of December 31,	
	2021	2022
	RMB'000	*RMB'000*
Amounts due from subsidiaries (Note (d))	910,716	2,259,368
Amounts due from related parties (Note 35(b))	212,000	1,990
Withholding individual income tax	–	1,547
Receivables due from investors (Note (a))	440,200	–
	1,562,916	2,262,905

(a) Receivables due from investors represented outstanding consideration of issuance of Preferred Shares during the Reorganization (Note 1.2(a)) due from the relevant investors as of December 31, 2021, which were subsequently settled in full by January 2022.

(b) Prepayments for products and services procurement primarily consisted of prepayments for raw materials, exhibition fees, consulting and other services to be provided by suppliers.

(c) Right to returned goods were recognized for the products expected to be returned or exchanged within one year.

(d) Amounts due from subsidiaries mainly represented receivables due from RoboSense Limited, RoboSense HK and Shenzhen Suteng.

21 Financial assets at fair value through other comprehensive income

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Notes receivable	1,347	3,139	2,469

Notes receivable held both by collecting contractual cash flows and selling of these assets are classified as FVOCI. All the aging of notes receivable is within one year.

22 Financial assets at fair value through profit or loss

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Investment in puttable shares (Note (a))	–	–	30,000
Current assets			
Investment in wealth management products issued by banks (Note (b))	80,137	–	307,859
	80,137	–	337,859

(a) For the year ended December 31, 2022, the Group made investment in Vertilite Co., Ltd. ("Vertilite") with total consideration RMB30,000,000 without control, joint control or significant influence. The Group has the right to require Vertilite to redeem equity interest held by the Group upon certain conditions, and accordingly, this investment is accounted for as financial investments at fair value through profit or loss.

Vertilite is a company specializing in the development of high power and high speed vertical-cavity surface-emitting laser and module solutions.

The change in fair values of these investments from the date of investment to December 31, 2022 were insignificant.

(b) The principals and returns of the wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, the wealth management products issued by banks are measured at fair value through profit or loss.

Information about the Group's exposure to financial risk and information about methods and assumptions used in determining fair value of these financial assets at FVPL have been set out in Note 3.3.

23 Time deposits

Time deposits were denominated in the following currencies:

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
RMB	60,066	–	–
USD	–	–	84,573
	60,066	–	84,573

The weighted average effective interest rates on time deposits of the Group with initial terms of over three months were 4.00%, nil and 3.01% per annum as of December 31, 2020, 2021 and 2022, respectively.

24 Cash and cash equivalents

The Group

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	52,723	617,460	412,639
Time deposits with initial terms within three months	–	10,079	1,658,742
	52,723	627,539	2,071,381

Cash and cash equivalents were denominated in the following currencies:

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
RMB	39,735	263,368	732,020
USD	12,328	363,867	1,339,152
EUR	658	229	203
HKD	2	75	6
	52,723	627,539	2,071,381

As of December 31, 2020, 2021 and 2022, the Group's cash and cash equivalents includes cash at banks, time deposits with initial terms of three months or less.

The weighted average effective interest rate on bank deposits of the Group with initial terms within three months as of December 31, 2020, 2021 and 2022 was nil, 1.15% and 3.56% per annum, respectively.

The Company

	As of December 31,	
	2021	2022
	RMB'000	*RMB'000*
Cash at banks	277,540	19,501
Time deposits with initial terms within three months	–	687,501
	277,540	707,002

Cash and cash equivalents were denominated in the following currency:

	As of December 31,	
	2021	2022
	RMB'000	*RMB'000*
USD	277,540	707,002

As of December 31, 2020, 2021 and 2022, the Company's cash and cash equivalents includes cash at banks, time deposits with initial terms of three months or less.

25 Share capital and reserves

(a) Share capital

	Number of shares	Share capital
		USD'000
Authorized:		
As of June 23, 2021 (date of incorporation), December 31, 2021 and 2022 (Note (a)(i))	500,000,000	50

	Number of ordinary shares	Equivalent nominal value of ordinary share	Share capital
		USD'000	*RMB'000*
Issued:			
As of June 23, 2021 (date of incorporation)	–	–	–
Issuance of ordinary shares to Founders (Note (a)(i))	100,682,430	10	65
Issuance of ordinary shares to ESOP (Note (a)(ii))	35,510,152	4	23
As of December 31, 2021	136,192,582	14	88
As of December 31, 2021	136,192,582	14	88
Repurchase of restricted shares (Note 27)	(6,884,210)	(1)	(5)
Repurchase of ordinary shares (Note 30)	(3,600,000)	–	(2)
As of December 31, 2022	125,708,372	13	81

(i) On June 23, 2021, the Company was incorporated as a limited liability company with authorized share capital of USD50,000 divided into 500,000,000 shares of par value USD0.0001 each. Upon its incorporation, 100,682,430 ordinary shares were issued to Founders of the Company.

(ii) On December 31, 2021, the Company issued 35,510,152 ordinary shares to its ESOP platforms for the share incentive plans with nominal value of RMB23,000.

(iii) As of December 31, 2022, issued shares of the Company comprised 125,708,372 ordinary shares and 270,695,541 Preferred Shares (Note 30), the breakdown is as follows:

- 97,082,430 ordinary shares of Founders of a nominal or par value of USD0.0001 each;
- 28,625,942 ordinary shares of ESOP platforms of a nominal or par value of USD0.0001 each;
- 15,995,501 Series Angel Preferred Shares of a nominal or par value of USD0.0001 each;
- 19,971,731 Series Seed Preferred Shares of a nominal or par value of USD0.0001 each;
- 15,521,371 Series A Preferred Shares of a nominal or par value of USD0.0001 each;
- 10,511,598 Series A+ Preferred Shares of a nominal or par value of USD0.0001 each;
- 31,859,744 Series B Preferred Shares of a nominal or par value of USD0.0001 each;
- 55,705,679 Series C Preferred Shares of a nominal or par value of USD0.0001 each;
- 10,054,493 Series D Preferred Shares of a nominal or par value of USD0.0001 each;
- 6,102,180 Series D-1 Preferred Shares of a nominal or par value of USD0.0001 each;
- 17,496,456 Series D-2 Preferred Shares of a nominal or par value of USD0.0001 each;
- 27,000,000 Series E Preferred Shares of a nominal or par value of USD0.0001 each;
- 53,894,003 Series F Preferred Shares of a nominal or par value of USD0.0001 each;
- 6,582,785 Series G-2 Preferred Shares of a nominal or par value of USD0.0001 each.

(b) Reserves movement of the Group

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020		–	(17,342)	1,156	(899)	22	(17,063)	(723,447)	(740,510)
Loss for the year		–	–	–	–	–	–	(220,794)	(220,794)
Fair value changes on convertible redeemable preferred shares due to own credit risk	30(a)	–	–	–	5,375	–	5,375	–	5,375
Currency translation differences		–	–	–	–	(12)	(12)	–	(12)
At December 31, 2020		–	(17,342)	1,156	4,476	10	(11,700)	(944,241)	(955,941)

	Notes	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021		–	(17,342)	1,156	4,476	10	(11,700)	(944,241)	(955,941)
Loss for the year		–	–	–	–	–	–	(1,658,730)	(1,658,730)
Issuance of treasure shares to ESOP	25,27	(23)	–	–	–	–	(23)	–	(23)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	30(a),(c)	–	–	–	(8,864)	–	(8,864)	–	(8,864)
Currency translation differences		–	–	–	–	307	307	–	307
Repurchase of ordinary shares and treasury shares	30(a)(iii)	–	(4,337)	–	–	–	(4,337)	–	(4,337)
Modification of convertible redeemable preferred shares		–	–	–	(116)	–	(116)	116	–
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes		–	–	–	43	–	43	(43)	–
Commitment to repurchase ordinary shares	30(a)(iv)	–	(45,435)	–	–	–	(45,435)	–	(45,435)
Employee share scheme – value of employee services	27	–	–	28,741	–	–	28,741	–	28,741
At December 31, 2021		(23)	(67,114)	29,897	(4,461)	317	(41,384)	(2,602,898)	(2,644,282)
At January 1, 2022		(23)	(67,114)	29,897	(4,461)	317	(41,384)	(2,602,898)	(2,644,282)
Loss for the year		–	–	–	–	–	–	(2,088,652)	(2,088,652)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	30(a),(c)	–	–	–	(5,968)	–	(5,968)	–	(5,968)
Currency translation differences		–	–	–		(298,647)	(298,647)	–	(298,647)
Repurchase of ordinary shares	30(a)(iv)	–	2	–	–	–	2	–	2
Modification of convertible redeemable preferred shares	30(a)(vi)	–	–	27,276	(40)	–	27,236	40	27,276
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes	30	–	–	–	495	–	495	(495)	–
Repurchase of restricted shares and restricted share units	27,30	5	–	(36,808)	–	–	(36,803)	–	(36,803)
Employee share scheme – value of employee services		–	–	(440)	–	–	(440)	–	(440)
At December 31, 2022		(18)	(67,112)	19,925	(9,974)	(298,330)	(355,509)	(4,692,005)	(5,047,514)

(c) Reserves movement of the Company

The reserves movement of the Company is as follows:

	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At June 23, 2021 (Date of incorporation)	–	–	–	–	–	–	–	–
Loss for the year	–	–	–	–	–	–	(146,354)	(146,354)
Currency translation differences	–	–	–	–	364	364	–	364
Fair value changes on convertible notes due to own credit risk	–	–	–	(222)	–	(222)	–	(222)
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes	–	–	–	43	–	43	(43)	–
Commitment to repurchase ordinary shares	–	(45,435)	–	–	–	(45,435)	–	(45,435)
Issuance of treasure shares to ESOP	(23)	–	–	–	–	(23)	–	(23)
Employee share scheme – value of employee services	–	–	28,741	–	–	28,741	–	28,741
At December 31, 2021	**(23)**	**(45,435)**	**28,741**	**(179)**	**364**	**(16,532)**	**(146,397)**	**(162,929)**

The reserves movement of the Company is as follows:

	Treasury shares	Capital reserve	Share-based compensation reserve	Own credit risk reserve	Foreign currency translation reserve	Subtotal	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	(23)	(45,435)	28,741	(179)	364	(16,532)	(146,397)	(162,929)
Loss for the year	–	–	–	–	–	–	(1,519,729)	(1,519,729)
Fair value changes on convertible redeemable preferred shares and convertible notes due to own credit risk	–	–	–	(5,968)	–	(5,968)	–	(5,968)
Currency translation differences	–	–	–	–	60,446	60,446	–	60,446
Repurchase of ordinary shares	–	2	–	–	–	2	–	2
Modification of convertible redeemable preferred shares	–	–	27,276	(40)	–	27,236	40	27,276
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes	–	–	–	495	–	495	(495)	–
Contributions from ordinary shareholders for share swap from Shenzhen Suteng to the Company upon the completion of the Reorganization	–	1,358,378	–	–	–	1,358,378	–	1,358,378
Repurchase of restricted shares and restricted share units	5	–	(36,808)	–	–	(36,803)	–	(36,803)
Employee share scheme – value of employee services	–	–	(440)	–	–	(440)	–	(440)
At December 31, 2022	(18)	1,312,945	18,769	(5,692)	60,810	1,386,814	(1,666,581)	(279,767)

26 Dividends

No dividends have been paid or declared by the Company or any companies now comprising the Group during the years ended December 31, 2020, 2021 and 2022.

27 Share-based compensation

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Share-based compensation expenses–related to ESOP (Note (a))	–	28,741	7,810
Share-based compensation expenses–related to repurchase of ordinary share (Note 30(a)(iii),(iv))	–	27,963	–
Share-based compensation expenses–related to redesignation of preferred share (Note 30(a)(iii),(vi))	–	2,409	27,276
	–	**59,113**	**35,086**

(a) A Limited Liability Partnership ("ESOP LLP"), was established in August 2015 and holds ordinary shares of Shenzhen Suteng on behalf of Shenzhen Suteng for the purpose of ESOP. In May 2021, Shenzhen Suteng approved a share incentive plan ("Suteng ESOP") to grant certain amounts of equity interests in the ESOP LLP to certain directors, executive officers and employees with vesting commencement date in December 2020. The awards include both service conditions and the occurrence of a qualified **[REDACTED]** as performance conditions. All of the RSUs shall become vested 36 months post the occurrence of a qualified **[REDACTED]**. Employees are required to provide continued services through the occurrence of a qualified **[REDACTED]** in order to retain the award.

During the Reorganization, the pre-**[REDACTED]** share incentive scheme A (the "ESOP A scheme") and the pre-**[REDACTED]** share incentive scheme B (the "ESOP B scheme") have been established and approved pursuant to the Shareholders' resolutions dated on December 30, 2021. On December 31, 2021, the Company issued 18,299,626 equity shares in proportion to ESOP LLP's equity interests holding in Shenzhen Suteng. On the same day, the Company issued 17,210,526 shares for another new share incentive plan.

In addition, a post-**[REDACTED]** share incentive plan ("ESOP C scheme") was approved pursuant to the Shareholders' resolutions dated on October 27, 2022.

The Group's ESOP platforms of the share incentive plans were designed and operated to grant equity interests in the form of restricted shares and restricted shares units ("RSUs") with certain service conditions and/or performance conditions to eligible employees. Once the vesting conditions for the underlying restricted shares and RSUs are met, the shares will be released or exchanged to employees. The Group accounts for such awards in accordance with IFRS 2, Share-based payments.

ESOP A scheme

Movements in the number of equity awards granted under ESOP A scheme, after giving effect to the share subdivision and on an as if basis, are as follows:

	Number of restricted shares	Number of RSUs	Total number of equity awards	Weighted average grant date fair value
				RMB
Outstanding as of January 1, 2021	–	–	–	N/A
Granted during the year (Note (i))	13,450	15,751,490	15,764,940	6.27
Forfeited during the year	–	(332,865)	(332,865)	6.27
Outstanding as of December 31, 2021	13,450	15,418,625	15,432,075	6.27
Outstanding as of January 1, 2022	13,450	15,418,625	15,432,075	6.27
Granted during the year (Note (ii))	–	293,207	293,207	15.98
Forfeited during the year	–	(731,985)	(731,985)	6.27
Outstanding as of December 31, 2022	13,450	14,979,847	14,993,297	6.46

(i) In May 2021, 15,782,150 equity shares under ESOP LLP of Suteng ESOP were granted to certain directors, executive officers and employees with vesting commencement date in December 2020. The equity shares include both service conditions and the occurrence of an **[REDACTED]** as performance conditions. All of the granted shares shall become vested 36 months post the occurrence of a qualified **[REDACTED]**. Employees are required to provide continued service through the occurrence of a qualified **[REDACTED]** in order to retain the award. As mentioned above, 15,782,150 equity shares granted under ESOP LLP of Suteng ESOP were replaced by 15,764,940 restricted shares and RSUs under the platforms of ESOP A scheme and 17,210 restricted shares under a platform of ESOP B scheme as part of the reorganization. Right after the replacement, the Company modified the 15,782,150 equity shares with both service conditions and performance conditions to be vested immediately upon the consummation of a qualified **[REDACTED]**.

(ii) In May 2022, the Company granted 250,000 RSUs under the platforms of ESOP A scheme to an employee at a consideration of RMB15.00 per share, which approximated the grant date fair value, with four years' service conditions. If the employee leaves the Group during the vesting period, the prepayment for the non-vested portion will be refunded to him. The Company recorded a liability of RMB3,750,000 (Note 33) and would transfer the portion to equity account upon vesting of each tranche.

In November 2022, the Group granted 43,207 RSUs under the platforms of ESOP A scheme to another eligible employee at nil consideration, with the occurrence of a qualified **[REDACTED]** as performance conditions.

For the awards granted under ESOP A scheme with the qualified **[REDACTED]** performance condition, no expenses were recognized for the years ended December 31, 2020, 2021 and 2022 as the **[REDACTED]** has not become probable since grant dates of the awards. A share-based compensation expense shall be recognized on the date when the **[REDACTED]** become probable. Such share-based compensation expense shall consist of expenses amounting to RMB133,000, RMB31,361,000 and

RMB30,112,000 attributable to the service received for the years ended December 31, 2020, 2021 and 2022, respectively. The remaining expenses amounting to RMB31,441,000 is expected to be recognized for the future service over a weighted average period of 1.04 year since December 31, 2022, taking into consideration the projected forfeiture rate. The vesting period varied from 1.10 years to 4.00 years based on the expected **[REDACTED]** date.

ESOP B scheme

Movements in the number of equity awards granted under ESOP B scheme, after giving effect to the share subdivision and on an as if basis, are as follows:

	Number of restricted shares	Number of RSUs	Total number of equity awards	Weighted average grant date fair value
				RMB
Outstanding as of January 1, 2021	–	–	–	N/A
Granted during the year (Note (i),(ii))	6,901,420	–	6,901,420	12.32
Outstanding as of December 31, 2021	6,901,420	–	6,901,420	12.32
Outstanding as of January 1, 2022	6,901,420	–	6,901,420	12.32
Granted during the year (Note (iii),(iv))	–	2,001,945	2,001,945	13.49
Vested during the year (Note (ii))	(2,294,737)	–	(2,294,737)	12.32
Forfeited during the year (Note (ii))	(4,589,473)	–	(4,589,473)	12.32
Outstanding as of December 31, 2022	17,210	2,001,945	2,019,155	13.43

(i) In May 2021, 17,210 equity shares under ESOP LLP of Suteng ESOP were granted, which was subsequently modified and replaced by 17,210 restricted shares under a platform of ESOP B scheme as part of the reorganization as disclosed in Note (i) of the section ESOP A scheme.

(ii) In October 2021, the Group granted 6,884,210 restricted shares under another platform of ESOP B scheme with certain service conditions at nil consideration to an eligible employee, who commenced his service in July 2021 ("Vesting Commencement Date").

One third of the restricted shares shall vest on the first anniversary of Vesting Commencement Date, and the remaining restricted shares shall vest on eight equal tranches in eight quarters following the first anniversary, 8.25% for each quarter, and subject to acceleration or deceleration under scenario of termination of employment by the Company or voluntary resignation of the eligible employee, respectively, and with lock-up period for vested restricted share for first anniversary subject to the occurrence of a qualified **[REDACTED]** or fulfillment of three-years employment.

As the grant date occurred some months after the employee have begun rendering services in respect of that grant, the Company began to recognize the share-based compensation expenses from the date the services were received by the Company. Share-based compensation expenses of RMB28,741,000 in relation to the awards were recognized for the year ended December 31, 2021.

In June 2022, 2,294,737 restricted shares, one third of the granted restricted shares, vested with share-based compensation expenses recognized in amount of RMB13,768,000. As the eligible employee left the Company in June 2022, the Company repurchased these vested 2,294,737 restricted shares in consideration of RMB19.64 per share. Accordingly, a share-based compensation reserve of RMB36,808,000 was reversed. Given the payment exceeds the fair value of the equity instruments repurchased, measured at the repurchase date, such excess of RMB8,250,000 was recognized as an expense for the year ended December 31, 2022. As of December 31, 2022, a liability of RMB12,292,000 was outstanding for such repurchase (Note 33). The remaining unvested 4,589,473 restricted shares were forfeited and share-based compensation expenses of RMB14,208,000 recognized in 2021 was reversed. Subsequently, the Company repurchased the forfeited restricted shares in nil consideration and cancelled 6,884,210 shares.

(iii) In January 2022, 142,949 RSUs with only performance conditions to be vested immediately upon the consummation of a qualified **[REDACTED]** were granted under a platform of ESOP B scheme to eligible employees, who agreed on the cancelation of their outstanding bonus amounting to RMB3,780,000 (Note 33) for the year ended December 31, 2021 in exchange for the RSUs granted.

In January 2023, another 214,713 RSUs with only performance conditions to be vested immediately upon the consummation of a qualified **[REDACTED]** were granted under a platform of ESOP B scheme to eligible employees, who agreed on the cancelation of their outstanding bonus for the year ended December 31, 2022 in exchange for the RSUs granted.

As a result, the consideration of the RSUs granted were equal to the amount of the bonus payable canceled. If the eligible employees leave the Company prior to the consumption of a qualified **[REDACTED]**, the consideration which is equal to the bonus payable will be paid back to the eligible employees in cash and the RSUs granted will be forfeited concurrently. As such, the Group has recorded the consideration of the RSUs as liability as of December 31, 2022 and expects to transfer it from liability to equity upon vesting on the completion date of a qualified **[REDACTED]**.

(iv) In January 2022, 1,858,996 RSUs were granted under a platform of ESOP B scheme to eligible employees at nil consideration for their future services from the grant date. The equity shares include both service conditions and the occurrence of an **[REDACTED]** as performance conditions.

(v) In January 2023, another 6,060,732 RSUs were granted under a platform of ESOP B scheme to eligible employees at nil consideration for their future services from the grant date. The equity shares include both service conditions and the occurrence of an **[REDACTED]** as performance conditions.

For the awards granted under ESOP B scheme with the qualified **[REDACTED]** performance condition, no expenses were recognized for the years ended December 31, 2020, 2021 and 2022 as the **[REDACTED]** has not become probable since grant dates of the awards. A share-based compensation expense shall be recognized on the date when the **[REDACTED]** become probable. Such share-based compensation expense shall consist of expenses amounting to RMB9,872,000 attributable to the service received for the year ended December 31, 2022. The remaining expenses amounting to RMB15,317,000 is expected to be recognized for the future service over a weighted average period of 2.66 year since December 31, 2022, taking into consideration the projected forfeiture rate. The vesting period varied from 1.95 years to 4.05 years based on the expected **[REDACTED]** date.

The discounted cash flow method and back-solve method were used to determine the underlying equity fair value of the Company and the fair value of the restricted shares and RSUs granted or shares transfer among shareholders. The key assumptions into the model other than the underlying equity fair value of the Company at the date of grant were as follows:

Grant date	Discount rate	DLOM	Expected volatility	Risk-free interest rate	Terminal growth rate
May 25, 2021	21.00%	15.00%	56.62%	2.68%	2.00%
October 31, 2021	20.00%	15.00%	55.05%	2.60%	2.00%
January 14, 2022	20.00%	15.00%	55.53%	2.37%	2.00%
January 20, 2022	20.00%	15.00%	55.53%	2.37%	2.00%
May 7, 2022	19.00%	15.00%	53.04%	2.13%	2.00%
November 25, 2022	19.00%	10.00%	53.91%	1.81%	2.00%

28 Government grants

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Government grants	12,752	9,468	45,270
Current			
Government grants	1,086	533	–
	13,838	10,001	45,270

Movement of government grants is as follows:

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	15,266	13,838	10,001
Additions	2,617	2,136	53,678
Recognition of income	(4,045)	(5,973)	(18,409)
At the end of the year	13,838	10,001	45,270

29 Other non-current liabilities

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
License fees payable (Note (a))	–	25,790	22,546
Refundable government grants	25,818	6,000	2,700
Warranty provision (Note (b))	743	760	2,320
Refund liabilities	78	742	611
	26,639	33,292	28,177

(a) The Group entered into a license agreement with Velodyne Lidar Inc. ("Velodyne") in September 2020 to obtain cross-license of patent from February 2021 to February 2030. Pursuant to the agreement, a license fee calculated based on the net sales of the licensed products shall be paid by the Group in tranches during the lives of the license. For each year starting from February 2021, the payment of the license fee is determined to be the greater of fixed minimum annual payments and the amount calculated based on a tiered percentage of net sales of the licensed products.

The license rights are recognized as intangible assets initially measured at a total amount of the prepayment for license rights of RMB1,339,000 (Note 20) plus the present value of RMB33,872,000 of the fixed minimum annual payments to be made in subsequent years and are amortized using the straight-line method to allocate the cost of the licenses over the period of the respective contractual rights of 9 years (Note 15).

License fees payable is initially recorded at the fair value, which represents the present value of the fixed minimum annual payments to be made in subsequent years. They are subsequently stated at amortized cost using the effective interest method less payments made. Interests incurred on license fees payable are charged to the consolidated statement of comprehensive loss as interest expense. The variable payment exceeds the fixed minimum annual payments will directly recognized as cost of sales.

Movement in license fees payable is as follows：

	Year ended December 31,	
	2021	2022
	RMB'000	*RMB'000*
At the beginning of the year	–	27,664
Additions	33,872	–
Payment of license fees	(7,499)	(3,179)
Amortization of discount	1,604	1,392
Adjustment for exchange difference	(313)	2,295
At the end of the year	27,664	28,172
Current portion of the license fees payable (Note 33)	1,874	5,626
Non-current portion of license fees payable	25,790	22,546

The license fees payable is denominated in USD.

(b) The Group provides warranties for certain LiDAR products and undertakes the obligation to repair or replace items that fail to perform satisfactorily. The amount of provisions for product warranties is estimated based on the sales volume and historical experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

The movements of the Group's warranty provisions are analyzed as follows:

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	960	1,862	3,775
Provisions for the year	2,097	3,831	7,626
Amounts utilized during the year	(1,195)	(1,918)	(4,224)
At the end of the year	1,862	3,775	7,177
Current portion of warranty provision (Note 33)	1,119	3,015	4,857
Non-current portion of warranty provision	743	760	2,320

30 Financial instruments issued to investors

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Preferred Shares (Note (a))	1,144,280	3,005,181	783,999
Warrants (Note (a),(b))	–	31,245	–
	1,144,280	3,036,426	783,999
Current			
Preferred Shares (Note (a)(vii))	–	–	6,212,044
Convertible Notes (Note (c))	–	974,046	–
	–	974,046	6,212,044
	1,144,280	4,010,472	6,996,043

(a) Preferred Shares

Issuance of Preferred Shares

(i) The following table summarizes the issuances of Preferred Shares by series with proceeds up to December 31, 2022, after giving effect to the share subdivision and on an as if basis:

Series	Date of issuance	Issue price per share (RMB/Share)	Issued shares	Net proceeds from issuance
				RMB'000
Angel	January 10, 2015	0.07	27,647,451	2,000
Seed	October 22, 2015	0.54	27,647,451	15,000
A	March 10, 2016	0.93	9,700,864	9,000
A+	November 28, 2016	1.96	10,211,438	20,000
B	August 18, 2017	2.75	14,522,929	40,000
B	August 18, 2017	1.93	3,630,737	7,000
B	August 18, 2017	2.23	4,538,403	10,125
C	August 21, 2018	4.41	49,128,341	216,500
D	October 11, 2020	12.23	10,054,493	123,000
D-2	January 25, 2021	12.23	13,896,456	170,000
E	December 31, 2021 and January 19, 2022	20.00	27,000,000	540,000
F	April 29, 2022 and October 21, 2022	26.44	53,894,003	1,424,813
G-2	October 27, 2022 and November 17, 2022	38.68	5,183,594	200,519

The key terms of the Preferred Shares are summarized as follows:

Conversion feature

Each Preferred Share shall automatically be converted into ordinary shares at the then-effective conversion price upon the closing of a Qualified **[REDACTED]**. The initial conversion ratio of Preferred Shares to ordinary shares shall be 1:1, which is subject to subsequent adjustment upon fulfillments of predetermined conditions.

Redemption feature

At the option of the holders of the Preferred Shares (other than Series Angel Preferred Shares and Series Seed Preferred Shares), the Company and the Founders shall be jointly and severally liable to redeem the Preferred Shares held by such preferred shareholder any time after the earliest to occur of: (i) if the Company fails to complete a qualified **[REDACTED]** by December 31, 2023 or a later date approved by general meeting; (ii) if any of the Company, the Founder Parties or other Shareholders fails to approve an **[REDACTED]** application provided that the Company satisfies the requirements of the **[REDACTED]** approved by the general meeting; (iii) violation of certain obligations under various agreements or documents set forth in the shareholder agreement by the Company, Founders and/or certain key employees; (iv) any of the Group companies or the Founders is subject to major administrative penalties or criminal punishments due to violation of laws which results in failure of an **[REDACTED]** of the Company, or causes material adverse effect to the interests of the holders of the Preferred Shares; or (v) any of the shareholders redeem all or partial of their shares by the Company and/or the Founders. The Founders' obligation in redeeming the shareholders should be limited to the fair value corresponding to all the equity of the Company held by the Founders at that time.

The redemption amount payable for each Preferred Shares, upon exercise of the redemption option by the holder, will be an amount equal to the greater of (a) the investment amount, which include all the investment and share transfer corresponding to such shareholder's holding of the Company's shares, plus compounded accrued interest at a rate of 10% per annum and all declared but unpaid dividends thereon up to the date of redemption, and (b) net asset value on a book basis in proportion to the shareholding percentage.

The Preferred Shares were also redeemable by the Company and the Founder upon certain deemed liquidation events (including the occurrence of a change in control), which is not solely within the control of the Company.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the assets and funds of the Company legally available for distribution shall be distributed among the holders of the issued and outstanding shares in the following order and manner:

The holders of Preferred Shares shall be entitled to receive a liquidation amount per share equal to 120% of the issue price per share and plus all dividends and distributions accrued but unpaid. If the liquidation amount of the holders of Preferred Shares could not be paid in full, Founders have the obligation to pay such shareholders the shortfall (if any).

The liquidation preference amount will be paid to the preferred shareholders in the following order: first to holders of Series G-2 and Series C Preferred Shares held by Cainiao, second to holders of Series G-1 Preferred Shares, third to holders of Series F Preferred Shares, fourth to holders of Series E Preferred Shares, fifth to holders of Series C Preferred Shares (except for those held by Cainiao), Series D-2 Preferred Shares and Series D Preferred Shares, sixth to holders of Series D-1 Preferred Shares, seventh to holders Series B Preferred Shares and two certain preferred shareholders and, eighth to holders of Series A+ Preferred Shares, ninth to holders of Series A Preferred Shares, tenth to holders of Series Angel Preferred Shares, and lastly to holders of Series Seed Preferred Shares. After distribution to the holders of Preferred Shares the amount of preference, all remaining assets and funds of the Company available for distribution to the shareholders shall be distributed ratably among all the ordinary shareholders and prefer shareholders on a fully diluted basis.

Dividends rights

Each preferred shareholder and ordinary shareholder shall be entitled to receive dividends for each share held by such holder, payable out of funds or assets when and as such funds or assets become legally available therefor pari passu with each other on a pro rata basis. Such dividends shall be payable only when, as, and if declared by the board of directors and shall be cumulative.

No dividends on Preferred Shares and ordinary shares have been declared since the issuance date until December 31, 2022.

Voting rights

Each Preferred Share confers the right to receive notice of, attend and vote at any general meeting of members on an as-converted basis. The holders of the Preferred Shares vote together with the ordinary shareholders, and not as a separate class or series, on all matters put before the shareholders.

Classification and Measurement

The Preferred Shares are either redeemable at the holders' option any time if the Company fails to complete a qualified **[REDACTED]** by a specified date or are contingently redeemable upon the occurrence of certain events outside of the Company's control.

Modification of Preferred Shares

During the Track Record Period, the Group had several transactions which involved modification of contractual terms of certain Preferred Shares.

The Group also had redesignations of shares previously issued to facilitate investments from new investors. The terms of shares held by existing shareholders were amended by the Group. Concurrently, such amended shares were transferred to the new investors.

(ii) In March 2020, an investor transferred 8,242,387 Series A+ Preferred Shares and 4,538,403 Series B Preferred Shares to its related party with modification made to the redemption price and liquidation preference of such Preferred Shares transferred. The Group recorded the incremental change in fair value of RMB1,710,000 and RMB673,000 due to such modification during the transfer as fair value losses for the aforementioned Series A+ Preferred Shares and Series B Preferred Shares, respectively.

(iii) In January 2021, the Group redesignated certain ordinary shares and Preferred Shares in connection with the Series D-1 Preferred Shares issuance to several new investors.

Firstly, the Company amended the terms of 726,299 ordinary shares held by founders of the Company to match the terms of the Series D-1 Preferred Shares, which were immediately then transferred to a new investor for a total consideration of RMB7,108,000. The Group recognized 1) the difference of RMB4,337,000 between the fair value and the book value of the ordinary shares as a debit to capital reserve and 2) the difference of RMB2,771,000 between consideration of the Series D-1 Preferred Shares of RMB7,108,000 and the fair value of the ordinary shares of RMB4,337,000 as share-based compensation expenses (Note 27).

Concurrently, the Group also amended the terms of 2,178,471 Series B Preferred Shares and 3,065,402 Series C Preferred Shares to match the terms of Series D-1 Preferred Shares, which were then transferred to the new investor for consideration of RMB21,320,000 and RMB30,000,000, respectively. The Group recognized 1) the incremental change in fair value of the Series B Preferred Shares and Series C Preferred Shares, amounting to RMB3,603,000 and

RMB5,191,000 respectively, as fair value losses; 2) the difference of RMB2,409,000 between the consideration of the Series D-1 Preferred Shares and the fair value of Series B Preferred Shares immediately before the redesignation as share-based compensation expenses (Note 27).

The Company also amended the terms of 132,008 treasury shares and redesignated them as Series D-1 Preferred Shares, which were then immediately transferred to a new investor at a total consideration of RMB1,292,000 paid to the Group. This transaction was accounted for as an issuance of Series D-1 Preferred Shares to the investor.

(iv) In November 2021, the Company committed to repurchase 3,600,000 ordinary shares from the Founders and to amend the terms of these ordinary shares to match the terms of the Series D-2 Preferred Shares to be transferred to certain new investors for a consideration of RMB60,000,000 upon the completion of the Reorganization and the success in obtaining the necessary regulatory approvals as stipulated in the agreements. The Company recognized a financial liability of RMB70,627,000 to account for its obligation to purchase its own ordinary shares. The difference of RMB25,192,000 between the fair value Series D-2 of RMB70,627,000 and the fair value of the ordinary shares of RMB45,435,000 was recognized as share-based compensation expenses (Note 27).

Such transaction was subsequently completed in January 2022. Upon the redesignation, a recognition of the issuance of Series D-2 Preferred Shares at an amount of RMB70,627,000.

(v) In December 2021, as part of the issuance of Series E Preferred Shares, the existing Preferred Shareholders (other than those of Series Angel and Series Seed Preferred Shares) agreed to amend the exercisable date of redemption right upon failure to complete a Qualified **[REDACTED]** from August 30, 2023 to December 31, 2023 in order to align with that of Series E Preferred Shares. The Company evaluated and concluded this amendment should be accounted for as a modification of the applicable Preferred Shares with fair value changes recognized in profit or loss.

(vi) In October 2022, for a portion of the Series G-2 financing, the Company committed to amend the terms of 4,882,604 Series C Preferred Shares in order to redesignate them into Series G-2 Preferred Shares when the investors successfully obtain the necessary regulatory approvals. On behalf of the Company, the Series G-2 incoming investor agreed to pay a higher transfer price to the holder of Series C Preferred Shares to facilitate the deal. As a result, the Company recognized RMB27,276,000 as share-based compensation expenses (Note 27). As of December 31, 2022, 1,399,191 Series C Preferred Shares have been redesignated to Series G Preferred Shares, while 3,483,413 Series C Preferred Shares have not been redesignated yet as the relevant regulatory approval process has not been completed.

(vii) In June 2023, all Preferred Shareholders (other than those of Series Angel and Series Seed Preferred Shares) agreed to postpone the exercisable date of redemption right upon failure to complete a Qualified **[REDACTED]** from December 31, 2023 to December 31, 2024.

The Group's Preferred Shares activities during the Track Record Period are summarized below:

	Series Angel Preferred Shares		Series Seed Preferred Shares		Series A Preferred Shares		Series A+ Preferred Shares		Series B Preferred Shares		Series C Preferred Shares	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
Balances of January 1, 2020	15,995,501	64,333	19,971,731	83,576	15,521,371	83,813	10,511,598	52,506	34,038,215	184,030	60,170,272	397,730
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	–	–	–	–	–	–	–	–	–	–	–	–
Modification of preferred shares upon the transfer of Series A+ and Series B Preferred shares (Note (a)(ii))	–	–	–	–	–	–	–	1,710	–	673	–	–
Change in fair value	–	19,796	–	24,288	–	14,458	–	10,763	–	33,489	–	49,270
Includes: change in fair value due to own credit risk	–	–	–	–	–	(901)	–	(374)	–	(1,236)	–	(3,055)
Balances of December 31, 2020	15,995,501	84,129	19,971,731	107,864	15,521,371	98,271	10,511,598	64,979	34,038,215	218,192	60,170,272	447,000

	Series D Preferred Shares		Series D-1 Preferred Shares		Series D-2 Preferred Shares		Series E Preferred Shares		Series F Preferred Shares		Series G-2 Preferred Shares		Total	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
Balances of January 1, 2020	–	–	–	–	–	–	–	–	–	–	–	–	156,208,688	865,988
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	10,054,493	123,000	–	–	–	–	–	–	–	–	–	–	10,054,493	123,000
Modification of preferred shares upon the transfer of Series A+ and Series B Preferred shares (Note (a)(ii))	–	–	–	–	–	–	–	–	–	–	–	–	–	2,383
Change in fair value	–	845	–	–	–	–	–	–	–	–	–	–	–	152,909
Includes: change in fair value due to own credit risk	–	191	–	–	–	–	–	–	–	–	–	–	–	(5,375)
Balances of December 31, 2020	10,054,493	123,845	–	–	–	–	–	–	–	–	–	–	166,263,181	1,144,280

	Series Angel Preferred Shares		Series Seed Preferred Shares		Series A Preferred Shares		Series A+ Preferred Shares		Series B Preferred Shares		Series C Preferred Shares		Series D Preferred Shares		Series D-1 Preferred Shares		Series D-2 Preferred Shares		Series E Preferred Shares		Series F Preferred Shares		Series G-2 Preferred Shares		Total	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
Balances of January 1, 2021	15,995,501	84,129	19,971,731	107,864	15,521,371	98,271	10,511,598	64,979	34,038,215	218,192	60,170,272	447,000	10,054,493	123,845	–	–	–	–	–	–	–	–	–	–	166,263,181	1,144,280
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	13,896,456	170,000	–	–	–	–	–	–	13,896,456	170,000
Issuance of Series E Preferred Shares upon conversion of Series E convertible notes (Note (c))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10,000,000	221,050	–	–	–	–	10,000,000	221,050
Repurchase of ordinary shares (Note (a)(iii))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	726,299	7,108	–	–	–	–	–	–	–	–	726,299	7,108
Repurchase of treasury shares (Note (a)(iii))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	132,008	1,292	–	–	–	–	–	–	–	–	132,008	1,292
Modification of Series B Preferred Shares to Series D-1 Preferred Shares (Note (a)(iii))	–	–	–	–	–	–	–	–	(2,178,471)	(15,308)	–	–	–	–	2,178,471	21,320	–	–	–	–	–	–	–	–	–	6,012
Modification of Series C Preferred Shares to Series D-1 Preferred Shares (Note (a)(iii))	–	–	–	–	–	–	–	–	–	–	(3,065,402)	(24,809)	–	–	3,065,402	30,000	–	–	–	–	–	–	–	–	–	5,191
Issuance of Series E Preferred shares upon exercise of Series E Warrants (Note (b))	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–	2,000,000	40,000	–	–	–	–	2,000,000	40,000
Change in fair value	–	131,938	–	168,897	–	135,119	–	86,140	–	252,361	–	454,223	–	56,975	–	41,339	–	79,090	–	4,166	–	–	–	–	–	1,410,248
Includes: change in fair value due to own credit risk . . .	–	–	–	–	–	979	–	405	–	1,284	–	3,003	–	1,339	–	424	–	1,208	–	–	–	–	–	–	–	8,642
Balances of December 31, 2021	15,995,501	216,067	19,971,731	276,761	15,521,371	233,390	10,511,598	151,119	31,859,744	455,245	57,104,870	876,414	10,054,493	180,820	6,102,180	101,059	13,896,456	249,090	12,000,000	265,216	–	–	–	–	193,017,944	3,005,181

	Series Angel Preferred Shares		Series Seed Preferred Shares		Series A Preferred Shares		Series A+ Preferred Shares		Series B Preferred Shares		Series C Preferred Shares		Series D Preferred Shares		Series D-1 Preferred Shares		Series D-2 Preferred Shares		Series E Preferred Shares		Series F Preferred Shares		Series G-2 Preferred Shares		Total	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
Balances of January 1, 2022	15,995,501	216,067	19,971,731	276,761	15,521,371	233,390	10,511,598	151,119	31,859,744	455,245	57,104,870	876,414	10,054,493	180,820	6,102,180	101,059	13,896,456	249,090	12,000,000	265,216	–	–	–	–	193,017,944	3,005,181
Issuance of Preferred shares, net of issuance costs (Note (a)(i))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7,333,386	193,875	5,183,594	200,519	12,516,980	394,394
Issuance of Series F Preferred Shares upon conversion of Series F convertible notes (Note (c))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	36,487,260	1,012,096	–	–	36,487,260	1,012,096
Issuance of Series E Preferred Shares upon exercise of Series E Warrants (Note (b))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	15,000,000	331,245	–	–	–	–	15,000,000	331,245
Issuance of Series F Preferred Shares upon exercise of Series F Warrants (Note (b))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10,073,357	324,152	–	–	10,073,357	324,152
Modification of ordinary shares to Series D-2 Preferred Shares (Note (a)(iv))	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,600,000	70,627	–	–	–	–	–	–	3,600,000	70,627
Modification of Series C Preferred Shares to Series G Preferred Shares (Note (a)(vi))	–	–	–	–	–	–	–	–	–	–	(1,399,191)	(32,448)	–	–	–	–	–	–	–	–	–	–	1,399,191	32,266	–	(182)
Change in fair value	–	105,490	–	131,748	–	99,955	–	68,641	–	207,781	–	346,207	–	58,204	–	37,947	–	100,605	–	125,102	–	147,801	–	(1,242)	–	1,428,239
Includes: change in fair value due to own credit risk	–	–	–	–	–	251	–	103	–	321	–	943	–	343	–	162	–	573	–	1,133	–	1,823	–	–	–	5,652
Currency translation differences	–	23,698	–	30,235	–	25,102	–	16,393	–	49,418	–	94,101	–	18,766	–	10,680	–	33,260	–	60,387	–	67,009	–	1,242	–	430,291
Balances of December 31, 2022	15,995,501	345,255	19,971,731	438,744	15,521,371	358,447	10,511,598	236,153	31,859,744	712,444	55,705,679	1,284,274	10,054,493	257,790	6,102,180	149,686	17,496,456	453,582	27,000,000	781,950	53,894,003	1,744,933	6,582,785	232,785	270,695,541	6,996,043

As of December 31, 2022, the balance of Series A, A+, B, C, D, D-1, D-2, E, F, G-2 Preferred Shares amounting to RMB6,212,044,000 were reclassified as current liability in view of their early possible redemption commencement date were within one year from December 31, 2022.

The Company has engaged an independent valuer to determine the fair value of Preferred Shares. The discounted cash flow method was used to determine the total equity value of the Company and then equity allocation model was adopted to determine the fair value of the Preferred Shares. Key assumptions are set as below:

	As of December 31,		
	2020	2021	2022
Discount rate	22.00%	20.00%	19.00%
DLOM	15.00%	15.00%	10.00%
Expected volatility	43.60%	55.53%	53.46%
Risk-free interest rate	2.74%	2.37%	1.81%
Terminal growth rate	3.00%	2.00%	2.00%

Discount rate (post-tax) was estimated by weighted average cost of capital as of each valuation date. The directors estimated the risk-free interest rate based on the yield of PRC government bond with maturity life close to the Qualified **[REDACTED]** timing as of valuation date. The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term. Probability weight among redemption, liquidation and **[REDACTED]** scenarios was based on the Company's best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Preferred Shares on each valuation date.

Sensitivity test

The Company performed sensitivity test in determining the fair value of Preferred Shares issued by the Company. The changes in unobservable inputs including discount rate, DLOM, expected volatility, risk-free interest rate and terminal growth rate will result in a significantly higher or lower fair value measurement. The increase in the fair value of Preferred Shares would increase the loss of fair value changes in the consolidated statements of comprehensive loss. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs, and effect of those changes to the fair value of Preferred Shares is as below:

Unobservable inputs	Effect
Discount rate	1% increase change would result in decrease in fair value of RMB61,422,000, RMB292,175,000 and RMB444,828,000 as of December 31, 2020, 2021 and 2022, respectively.
	1% decrease change would result in increase in fair value of RMB68,430,000, RMB330,329,000 and RMB504,859,000 as of December 31, 2020, 2021 and 2022, respectively.

Unobservable inputs	Effect
DLOM	5% increase change would result in decrease in fair value of RMB62,604,000, RMB201,399,000 and RMB307,799,000 as of December 31, 2020, 2021 and 2022, respectively. 5% decrease change would result in increase in fair value of RMB62,533,000, RMB201,114,000 and RMB307,158,000 as of December 31, 2020, 2021 and 2022, respectively.
Expected volatility	5% increase change would result in decrease (increase) in fair value of RMB2,026,000, RMB6,815,000 and RMB(7,000) as of December 31, 2020, 2021 and 2022, respectively. 5% decrease change would result in increase (decrease) in fair value of RMB1,137,000, RMB5,481,000 and RMB(1,763,000) as of December 31, 2020, 2021 and 2022, respectively.
Risk-free interest rate	1% increase change would result in decrease in fair value of RMB4,243,000, RMB7,716,000 and RMB6,800,000 as of December 31, 2020, 2021 and 2022, respectively. 1% decrease change would result in increase in fair value of RMB4,335,000, RMB7,826,000 and RMB6,884,000 as of December 31, 2020, 2021 and 2022, respectively.
Terminal growth rate	1% increase change would result in increase in fair value of RMB30,684,000, RMB159,747,000 and RMB241,725,000 as of December 31, 2020, 2021 and 2022, respectively. 1% decrease change would result in decrease in fair value of RMB27,748,000, RMB143,083,000 and RMB214,841,000 as of December 31, 2020, 2021 and 2022, respectively.

(b) Warrants

In November 2021, the Company entered into warrant agreements with certain new investors to purchase Series E Preferred Shares at the purchase price of RMB20.00 per share for an aggregate purchase price of RMB340,000,000 once the necessary regulatory approvals have been obtained ("Series E Warrants"). The Series E Warrants were issued in December 2021. The Series E Warrants are derivatives that shall be accounted for at fair value through profit or loss.

The Series E Warrants of RMB40,000,000 were exercised by one of the investors in December 2021. The remaining Series E Warrants were exercised by the other investors in January 2022, upon which, the Company derecognized the Series E Warrants and recognized Series E Preferred Shares at the fair value of RMB331,245,000 initially.

In April 2022, the Company issued warrants to certain new investors to purchase Series F Preferred Shares at the purchase price of RMB26.44 per share for an aggregate purchase price of RMB266,312,000 once the necessary regulatory approvals have been obtained ("Series F Warrants"). Similar to the Series E Warrants, the Series F Preferred Shares into which Series F Warrants are exercisable are financial liabilities. The Series F Warrants are derivatives that shall be accounted for as fair value through profit or loss.

The Series F Warrants were subsequently exercised by the investors in October 2022, upon which, the Company derecognized the Series F Warrants and recognized Series F Preferred Shares at the fair value of RMB324,152,000 initially.

In October 2022, the Company issued warrants to certain new investors to purchase Series G Preferred Shares at the purchase price of RMB35.17 and RMB38.68 per share for an aggregate purchase price of RMB850,250,000 once the necessary regulatory approvals have been obtained ("Series G Warrants"). The Series G Preferred Shares into which warrants are exercisable into are financial liabilities and the Company accounted for the Series G Warrants as derivatives. As of December 31, 2022, the warranty liability in relation to the Series G warrants was immaterial and none of the Series G Warrants have been exercised.

The Group's Warrants liabilities activities during the Track Record Period are summarized as below:

	Forward Liabilities
	RMB'000
As of January 1, 2020, December 31, 2020 and January 1, 2021	–
Change in fair value	31,242
Currency translation differences	3
As of December 31, 2021	31,245
As of January 1, 2022	31,245
Change in fair value for Series E Warrants	(318)
Change in fair value for Series F Warrants	55,327
Exercise of Series E Warrants	(31,245)
Exercise of Series F Warrants	(57,840)
Currency translation differences	2,831
As of December 31, 2022	–

(c) Convertible Notes

In August 2021, in the midst of the Reorganization, the Company entered into convertible notes subscription agreements with certain investors to issue Series E Convertible Notes and Series F Convertible Notes of the equivalent USD to an aggregate principal amount of RMB200,000,000 and RMB964,625,000, respectively. The Series E and Series F Convertible Notes were issued in October 2021 and November 2021, respectively.

According to the terms of the Series E Convertible Notes, the un-paid principal amount of the Series E Convertible Notes shall be convertible into Series E Preferred Shares at a conversion price of RMB20.00 per share upon the closing of the Series E financing around. The holders of the Series E Convertible Notes may also convert the un-paid principal amount into registered capital of Shenzhen Suteng if the Reorganization was not completed by an agreed maturity date.

According to the terms of the Series F Convertible Notes, the un-paid principal amount of the Series F Convertible Notes shall be convertible into Series F Preferred Shares at a conversion price of RMB26.44 per share upon the completion of the Reorganization. The holders of the Series F Convertible Notes, at its sole discretion, may also convert into Series F Preferred Shares at any time.

The Group is obligated to repay the principal amount and accrued interest at 10% upon an event of default or if the Convertible Notes were not converted at the holder's option by March 31, 2022 unless otherwise approved by the investors.

The Group had elected to designate the Series E and Series F Convertible Notes as financial liabilities at fair value through profit or loss.

In December 2021, the Series E Convertible Notes were converted to Series E Preferred Shares. In April 2022, the Series F Convertible Notes were converted to Series F Preferred Shares.

The Company's Convertible Notes activities during the Track Record Period are summarized as below:

	Convertible Notes
	RMB'000
At January 1, 2020, December 31, 2020 and January 1, 2021	–
Issuance of Convertible Notes	1,164,625
Change in fair value	46,368
– change in fair value due to own credit risk	222
Conversion to Series E Preferred Shares	(221,050)
Currency translation differences	(15,897)
At December 31, 2021	974,046
At January 1, 2022	974,046
Change in fair value	7,551
– change in fair value due to own credit risk	316
Conversion to Series F Preferred Shares	(1,012,096)
Currency translation differences	30,499
At December 31, 2022	–

31 Trade payables

	As of December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	44,469	70,927	223,849

The carrying amounts of trade payables approximate as their fair value due to their short-term maturity in nature.

At December 31, 2020, 2021 and 2022, the aging analysis of the trade payables based on the date of the goods and services received are as follows:

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Up to 6 months	43,088	69,924	222,122
Between 6 months and 1 year	192	419	1,723
Over 1 year	1,189	584	4
	44,469	70,927	223,849

32 Bank borrowings

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings included in current liabilities			
– secured (Note (a))	4,700	–	–

(a) The Group's bank borrowings were denominated in RMB with an effective interest rate of 4.6% per annum. As of December 31, 2020, the Group's borrowings were secured by the guarantee provided by a third party.

(b) As of December 31, 2020, the fair value of the Group's borrowings approximated to their carrying amounts due to the short maturity.

33 Other payables and accruals

The Group

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Deposits paid by investors (Note (a))	–	–	850,250
Salaries and welfare payables	21,349	44,316	68,010
Accrued expenses	12,084	20,942	68,145
Payables for long-term assets	1,119	9,696	67,905
Payables in relation to ESOP (Note 27(a))	–	–	19,822
Tax payables	10,726	9,572	17,868
Refundable government grants	–	41,503	9,000
License fees payable (Note 29(a))	–	1,874	5,626
Refund liabilities (Note (b))	5,167	1,652	4,887
Warranty provision (Note 29(b))	1,119	3,015	4,857
Government grants received on behalf of joint applicants	1,181	5,461	450
Commitment on repurchase of ordinary shares (Note 30(a)(iv))	–	70,627	–
Amounts due to related parties (Note 35(b))	14	–	–
Other payables	2,634	3,284	4,375
	55,393	211,942	1,121,195

The Company

	As of December 31,	
	2021	2022
	RMB'000	*RMB'000*
Payables in relation to ESOP (Note 27(a))	–	16,042
Amounts due to subsidiaries	–	6,979
Commitment on repurchase of ordinary shares (Note 30(a)(iv))	70,627	–
Accrued expenses	9,963	–
	80,590	23,021

As of December 31, 2020, 2021 and 2022, other payables and accruals were mainly denominated in RMB and the carrying amounts of other payables and accruals approximated their fair values.

(a) In October 2022, concurrent with the issuance of Series G Warrants, investors of the Series G-1 and G-2 Preferred Shares entered into a tri-party deposit agreement with the Company and Shenzhen Suteng, whereby the investors agreed to prepay the consideration for Series G-1 and G-2 Preferred Shares to Shenzhen Suteng. If the necessary regulatory approvals are successfully obtained, Shenzhen Suteng will repay the deposits received to the investor, who will then remit it to the Company as consideration to exercise the warrant. If the necessary regulatory approvals cannot be obtained, Shenzhen Suteng will refund the amount paid, subject to additional interest depending on whether the Group contributed to the cause of failing to obtain such approvals. The Group had elected to designate the deposits as financial liabilities at fair value through profit or loss.

The deposits relating to Series G-1 and G-2 Preferred Shares amounted to RMB850,250,000 as of December 31, 2022. The necessary regulatory approvals were subsequently obtained in March and April 2023. Accordingly, the Series G Warrants were exercised into Series G-1 and G-2 Preferred Shares, at an aggregated consideration of RMB400,000,000 and RMB450,250,000, respectively.

(b) Refund liabilities represented the variable consideration in relation to the estimated sales return and sales exchange with a corresponding adjustment to revenue.

34 Note to the consolidated statements of cash flows

(a) Cash used in operations

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Loss before income tax	(220,601)	(1,654,289)	(2,085,310)
– Depreciation of property and equipment	5,494	7,005	31,301
– Amortization of intangible assets	559	4,043	6,555
– Depreciation of right-of-use assets	7,767	10,126	15,669
– (Gain)/loss of disposal of long term assets	(20)	(598)	52
– Amortization of government grants	(4,045)	(5,973)	(18,409)
– Credit loss allowances on financial assets	1,732	2,884	2,502
– Inventory provision	9,331	7,608	80,575
– Foreign exchange loss	271	333	47,138
– Share-based compensation	–	59,113	35,086
– Fair value losses on financial instruments issued to investors	160,667	1,487,788	1,484,649
– COVID-19-related rent concessions from lessors	(1,291)	–	(92)
– Finance income/(costs) – net	(677)	1,273	(17,451)
– Interest income on time deposits	(118)	(1,353)	(969)
– Fair value gains on financial assets at fair value through profit or loss	(898)	(1,155)	(1,120)
Operating loss before changes in working capital	(41,829)	(83,195)	(419,824)
Changes in working capital:			
– Trade and notes receivables	(48,794)	(52,544)	(90,721)
– Prepayments, other receivables and other current assets	2,025	(38,784)	65,256
– Inventories	(29,133)	(92,589)	(231,080)
– Restricted cash	–	–	(530)
– Other non-current assets	499	123	(4,705)
– Trade payables	32,599	26,458	152,922
– Contract liabilities	7,214	411	8,043
– Government grants	3	1,173	7,373
– Other payables and accruals	1,336	45,707	75,557
– Other non-current liabilities	1,546	16	602
– Financial assets at fair value through other comprehensive income	(1,347)	(1,792)	670
Net cash used in operations	(75,881)	(195,016)	(436,437)

(b) Changes in liabilities from financing activities

The following table provides a reconciliation for the movement of liabilities arising from financing activities for the Track Record Period.

	Borrowings	Financial instruments issued to investors	Lease liabilities	License fees payable (included in other payables and accruals and other non-current liabilities)	Other payables and accruals (excluding non-financing nature)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2020	(9,000)	(865,988)	(13,973)	–	–	(888,961)
Financing cash flows	4,300	(123,000)	6,730	–	–	(111,970)
Additions	–	–	(3,753)	–	–	(3,753)
Changes in fair values	–	(155,292)	–	–	–	(155,292)
Currency translation differences	–	–	(27)	–	–	(27)
Other changes						
– Interest expenses	(253)	–	(571)	–	–	(824)
– Interest payments (presented as operating cash flows)	253	–	571	–	–	824
– Termination of leases	–	–	103	–	–	103
– COVID-19-related rent concessions from lessors	–	–	1,291	–	–	1,291
As of December 31, 2020	(4,700)	(1,144,280)	(9,629)	–	–	(1,158,609)
As of January 1, 2021	(4,700)	(1,144,280)	(9,629)	–	–	(1,158,609)
Financing cash flows	4,700	(1,375,917)	7,099	5,895	–	(1,358,223)
Additions	–	–	(30,324)	(33,872)	–	(64,196)
Changes in fair values	–	(1,496,652)	–	–	–	(1,496,652)
Currency translation differences	–	15,894	252	313	–	16,459
Other changes						
– Share-based compensation expenses	–	(5,180)	–	–	–	(5,180)
– Repurchase of ordinary shares and treasury shares	–	(4,337)	–	–	–	(4,337)
– Commitment on repurchase of ordinary shares	–	–	–	–	(70,627)	(70,627)
– Interest expenses	(112)	–	(843)	(1,604)	–	(2,559)
– Interest payments (presented as operating cash flows)	112	–	843	1,604	–	2,559
– Termination of leases	–	–	2,726	–	–	2,726
As of December 31, 2021	–	(4,010,472)	(29,876)	(27,664)	(70,627)	(4,138,639)

	Borrowings	Financial instruments issued to investors	Lease liabilities	License fees payable (included in other payables and accruals and other non-current liabilities)	Other payables and accruals (excluding non-financing nature)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2022	–	(4,010,472)	(29,876)	(27,664)	(70,627)	(4,138,639)
Financing cash flows	–	(960,706)	15,495	1,787	(854,000)	(1,797,424)
Additions	–	–	(16,706)	–	–	(16,706)
Changes in fair values	–	(1,490,617)	–	–	–	(1,490,617)
Currency translation differences	–	(463,621)	26	(2,295)	–	(465,890)
Other changes						
– Financial instruments issued to investors transferred from other payables and accruals	–	(70,627)	–	–	70,627	–
– Payables in relation to ESOP	–	–	–	–	(16,072)	(16,072)
– Interest expenses	–	–	(1,648)	(1,392)	–	(3,040)
– Interest payments (presented as operating cash flows)	–	–	1,648	1,392	–	3,040
– Termination of leases	–	–	462	–	–	462
– COVID-19-related rent concessions from lessors	–	–	92	–	–	92
As of December 31, 2022	–	(6,996,043)	(30,507)	(28,172)	(870,072)	(7,924,794)

35 Related party transactions

The following is a summary of the transactions carried out between the Group and its related parties save as disclosed elsewhere during the Track Record Period, and balances with related party transactions as of December 31, 2020, 2021 and 2022.

(a) Name and relationship with related parties

The following individuals/companies are related parties of the Group that had significant balances and/or transactions with the Group as of / or during the Track Record Period.

Name of related parties	Relationship with the Group
Zhejiang Cainiao Supply Chain Management Co., Ltd.* ("Cainiao")	Shareholder having significant influence over the Company
TaoBao (China) Software Co., Ltd.*	Fellow subsidiary of Cainiao
Alibaba Cloud Computing Ltd.*	Fellow subsidiary of Cainiao
Alibaba (China) Co., Ltd.*	Fellow subsidiary of Cainiao
Zhejiang Tmall Technology Co., Ltd.*	Fellow subsidiary of Cainiao
Hangzhou Xiaomanlu Intelligent Technology Co., Ltd.*	Fellow subsidiary of Cainiao
Zhejiang Alibaba Cloud Computing Co., Ltd.*	Fellow subsidiary of Cainiao
Alibaba Damo Academy (Hangzhou) Technology Co., Ltd.*	Fellow subsidiary of Cainiao
Mr. Qiu Chunchao	Executive director
Dr. Qiu Chunxin	Founding shareholder
Mr. Liu Letian	Founding shareholder
Dr. Zhu Xiaorui	Founding shareholder

* The English name of the PRC company referred to in this note represents management's best effort in translating the Chinese name of this company as no English name has been registered or is available.

(b) Significant transactions and balances with related parties

	Year ended December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and services			
Zhejiang Alibaba Cloud Computing Co., Ltd.	–	3,668	2,343
Hangzhou Xiaomanlu Intelligent Technology Co., Ltd.	–	739	2,155
Alibaba Cloud Computing Ltd.	444	390	295
Alibaba Damo Academy (Hangzhou) Technology Co., Ltd.	–	–	264
TaoBao (China) Software Co., Ltd.	1,958	265	4
Zhejiang Tmall Technology Co., Ltd.	471	–	–
Alibaba (China) Co., Ltd.	85	–	–
	2,958	5,062	5,061
Purchase of goods and services			
Alibaba Cloud Computing Ltd.	15	6	5
Payments on behalf of related parties			
Dr. Qiu Chunxin	–	504	–
Mr. Qiu Chunchao	–	1,434	–
Mr. Liu Letian	–	52	–
	–	1,990	–
Capital reduction from Shenzhen Suteng			
Cainiao	–	212,000	–

The Group

	As of December 31,		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes receivables			
Alibaba Cloud Computing Ltd.	412	544	334
Alibaba Damo Academy (Hangzhou) Technology Co., Ltd.	–	–	230
TaoBao (China) Software Co., Ltd.	2,080	2,150	5
Zhejiang Alibaba Cloud Computing Co., Ltd.	–	1,460	–
Alibaba (China) Co., Ltd.	96	–	–
	2,588	4,154	569
Other receivables			
Dr. Qiu Chunxin	2,766	504	504
Mr. Qiu Chunchao	–	1,434	1,434
Dr. Zhu Xiaorui	1,020	–	–
Mr. Liu Letian	1,622	52	52
Cainiao	–	212,000	–
	5,408	213,990	1,990
Prepayments			
Alibaba Cloud Computing Ltd.	6	–	–
Other payables			
Alibaba Cloud Computing Ltd.	14	–	–

The Company

	As of December 31,	
	2021	2022
	RMB'000	*RMB'000*
Other receivables		
Mr. Qiu Chunchao	–	1,434
Dr. Qiu Chunxin	–	504
Mr. Liu Letian	–	52
Cainiao	212,000	–
	212,000	1,990

(c) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	2,647	4,204	6,746
Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	40	237	327
Share-based compensation expenses	–	28,741	7,810
Other employee benefits	–	98	613
	2,687	33,280	15,496

36 Benefits and interests of directors

(a) Directors' emoluments

Details of the emoluments paid or payable to the directors for the Track Record Period are set out as follows:

	Fees	**Wages, salaries and bonuses**	**Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2020				
Name of executive directors:				
Dr. Qiu Chunxin (Note (a)(i))	–	900	7	907
Mr. Liu Letian (Note (a)(ii))	–	905	8	913
Mr. Qiu Chunchao (Note (a)(iii))	–	842	25	867
Name of a non-executive director:				
Dr. Zhu Xiaorui (Note (a)(iv))	–	–	–	–
Name of resigned directors:				
Mr. Wang Huan (Note(a)(v))	–	–	–	–
Mr. Zhou Quan (Note(a)(v))	–	–	–	–
Mr. Zhou Shaojun (Note(a)(v))	–	–	–	–
	–	2,647	40	2,687

	Fees	Wages, salaries and bonuses	Pension costs — defined contribution plans, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2021				
Name of executive directors:				
Dr. Qiu Chunxin	–	1,383	65	1,448
Mr. Liu Letian	–	1,013	65	1,078
Mr. Qiu Chunchao	–	1,049	72	1,121
Name of a non-executive director:				
Dr. Zhu Xiaorui	–	–	–	–
Name of resigned directors:				
Mr. Wang Huan	–	–	–	–
Mr. Zhou Quan	–	–	–	–
Mr. Zhou Shaojun	–	–	–	–
	–	3,445	202	3,647
Year ended December 31, 2022				
Name of executive directors:				
Dr. Qiu Chunxin	–	1,558	95	1,653
Mr. Liu Letian	–	1,290	94	1,384
Mr. Qiu Chunchao	–	1,470	94	1,564
Name of a non-executive director:				
Dr. Zhu Xiaorui	–	–	–	–
Name of resigned directors:				
Mr. Wang Huan	–	–	–	–
Mr. Zhou Quan	–	–	–	–
Mr. Zhou Shaojun	–	–	–	–
	–	4,318	283	4,601

(i) Dr. Qiu Chunxin was appointed as a director on June 23, 2021 and was re-designated as an executive director on June 28, 2023.

(ii) Mr. Liu Letian was appointed as a director on December 31, 2021 and was re-designated as an executive director on June 28, 2023.

(iii) Mr. Qiu Chunchao was appointed as a director on December 31, 2021 and was re-designated as an executive director on June 28, 2023.

(iv) Dr. Zhu Xiaorui was appointed as a director on December 31, 2021 and was re-designated as a non-executive director on June 28, 2023.

(v) Mr. Wang Huan, Mr. Zhou Shaojun and Mr. Zhou Quan were appointed as directors on December 31, 2021 and resigned from the Company with effect from April 26, 2023, April 27, 2023 and June 28, 2023, respectively.

(vi) Mr. Feng Jianfeng, Dr. Lu Cewu and Mr. Ng Yuk Keung were appointed as independent non-executive directors of the Company on June 28, 2023, the term of their appointment will take effect from the listing date.

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period.

(b) Directors' retirement and termination benefits

During the Track Record Period, there were no termination benefit nor no additional retirement benefit received by the directors except for the attributions to a retirement benefit scheme in accordance with the rules and regulations in the PRC.

(c) Consideration provided to the third parties for making available directors' services

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

During the Track Record Period, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of director.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as of December 31, 2020, 2021 and 2022 or at any time during the Track Record Period.

37 Commitments

(a) Significant capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	As of December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
– Property, plant and equipment	–	6,154	8,085
– Intangible assets	–	4,680	–
	—	10,834	8,085

(b) The Group has various lease contracts that have not yet commenced as of December 31, 2020, 2021 and 2022. As of December 31, 2020, 2021 and 2022, the future lease payments for these non-cancellable lease contracts due within one year were RMB366,000, RMB1,009,000 and nil, and these non-cancellable lease contracts due in the second to fifth years were RMB640,000, RMB1,261,000 and nil, respectively.

38 Contingencies

As of December 31, 2020, 2021 and 2022, the Group did not have any significant contingent liabilities.

39 Event occurring after the reporting period

Save as disclosed elsewhere in this report, subsequent to December 31, 2022, the following subsequent event took place:

In December 2022, Shenzhen Suteng entered into a capital increase agreement with Dongguan Cowell Optic Electronics Co., Ltd., pursuant to which Shenzhen Suteng subscribed for 49% of the equity interest of Luxsense at a cash consideration of RMB49,000,000. The capital injection was completed in February 2023. Upon completion of such capital injection, Shenzhen Suteng was entitled to the shareholder's rights and had significant influence over Luxsense through its representation in the board of directors of Luxsense. Accordingly, the Group accounts for the investment as an investment in an associate using the equity method.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2022. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2022.

The following information does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix I to this document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this document and the "Accountant's Report" set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the **[REDACTED]** on the net tangible assets of the Group attributable to the owners of the Company as of December 31, 2022 as if the **[REDACTED]** had taken place on December 31, 2022.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as of December 31, 2022 or at any future dates following the **[REDACTED]**.

	Audited Consolidated Net Tangible Liabilities of the Group attributable to the owners of the Company as of December 31, 2022	Estimated Impact to the Consolidated Net Tangible Assets upon the Conversion of the Redeemable Convertible Preferred Shares	Estimated Net [REDACTED] from the [REDACTED]	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to the Owners of the Company as of December 31, 2022	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB	HK$
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	*(Note 5)*
Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** . . .	(5,098,725)	6,996,043	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** . . .	(5,098,725)	6,996,043	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as of December 31, 2022 is extracted from the Accountant's Report set out in Appendix I to this document, which is based on the audited consolidated net liabilities of the Group attributable to the owners of the Company as of December 31, 2022 of approximately RMB5,047,433,000 after deducting the Group's intangible assets attributable to the owners of the Company of approximately RMB51,292,000 as of December 31, 2022.

(2) The estimated net **[REDACTED]** from the **[REDACTED]** are based on **[REDACTED]** and the indicative **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**, being low and high end of the indicative **[REDACTED]**, after deduction of the **[REDACTED]** fees and other related expenses (excluding listing expenses of approximately RMB**[REDACTED]** which have been accounted for in the consolidated statement of comprehensive loss for the year ended December 31, 2022).

(3) The Company's redeemable convertible preferred shares will be all converted into the ordinary shares of the Company upon the Listing. The adjustment represents the impact of the conversion of the redeemable convertible preferred shares into the ordinary shares of the Company, issued up to the date of this document, on the net tangible assets of the Group attributable to owners of the Company. The estimated impact is RMB6,996,043,000, being the carrying amount of the Company's the redeemable convertible preferred shares as of December 31, 2022.

(4) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that **[REDACTED]** shares (representing **[REDACTED]** ordinary shares (excluding **[REDACTED]** ordinary shares issued but unvested upon the Listing and **[REDACTED]** ordinary shares issued and reserved for employees but not yet granted as of December 31, 2022 under the Pre-**[REDACTED]** Share Incentive Schemes) and **[REDACTED]** Preferred Shares as of December 31, 2022 and **[REDACTED]** to be issued upon the completion of the **[REDACTED]**) were in issue, assuming that the **[REDACTED]** had been completed on December 31, 2022 but does not take into account of any shares which may be allotted and issued by the Company pursuant to the exercise of the **[REDACTED]** or the exercise of any options may be granted under the Pre-**[REDACTED]** Share Option Scheme or any shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors as described in the section headed "Share Capital" in this document.

(5) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was at rate of RMB0.9175 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that date.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2022.

[REDACTED]

[REDACTED]

[REDACTED]

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [●] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [●] and include provisions to the following effect:

2.1 Directors

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the **[REDACTED]** or sub-**[REDACTED]** of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns the office of Director;

(ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(iv) the Director is found to be or becomes of unsound mind; or

(v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company 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. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 Alteration of capital

The Company may by ordinary resolution:

(a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and

(d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives 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 and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting (a) every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have the right to speak; (b) on a show of hands every member present in any such manner shall have one vote; and (c) on a poll every member present in such manner shall have one vote for every share of which he is the holder.

Where any member is, under the 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 member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the **[REDACTED]** for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the

Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year, to be held within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. The annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and

(b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard for of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the 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 shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

(a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;

(b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, given notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The 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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 June 2021 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The 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 Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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) 75% in value of shareholders, or (b) a majority in number representing 75% in value of 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 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 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, rateably 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.

19 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.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the 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 the 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 the 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 the 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 the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and on Display" in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated under the laws of the Cayman Islands on June 23, 2021 as an exempted company with limited liability. Our registered office address is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles of Association is set out in Appendix III to this document.

Our principal place of business in Hong Kong is at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong. We [were registered] as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●], 2023 with the Registrar of Companies in Hong Kong. Mr. Qiu Chunchao and Ms. Wong Wai Yee, Ella have been appointed as the authorized representatives of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

As of the date of this document, our Company's head office was located at Building 9, Zhongguan Honghualing Industry Southern District, 1213 Liuxian Avenue, Taoyuan Street, Nanshan District, Shenzhen, the PRC.

2. Changes in Share Capital of our Company

As of the date of incorporation, our Company had an authorized share capital of US$50,000 divided into 500,000,000 Ordinary Shares of a par value of US$0.0001 each.

The following changes in the share capital of our Company took place since its incorporation:

(a) on June 23, 2021, upon incorporation, our Company issued Ordinary Shares with a par value of US$0.0001 each in the following manner: (i) one Ordinary Share to Osiris International Cayman Limited, an Independent Third Party, which was subsequently transferred to BlackPearl on the same day; (ii) 51,467,682 Ordinary Shares to BlackPearl; (iii) 30,204,176 Ordinary Shares to Emerald Forest; and (iv) 19,010,571 Ordinary Shares to Sixsense;

(b) on December 30, 2021, (i) 7,949,650 authorized but unissued Ordinary Shares were reclassified and re-designated as Series Angel Preferred Shares, (ii) 2,269,732 authorized but unissued Ordinary Shares were reclassified and re-designated as Series Seed Preferred Shares, (iii) 6,495,271 authorized but unissued Ordinary Shares were reclassified and re-designated as Series A Preferred Shares, (iv) 3,031,525 authorized but unissued Ordinary Shares were reclassified and re-designated as Series B Preferred Shares, (v) 1,634,886 authorized but unissued Ordinary Share were reclassified and re-designated as Series D Preferred Share, (vi) 858,306 authorized but unissued Ordinary Share were reclassified and re-designated as Series D-1 Preferred Share, (vii) 11,444,146 authorized but unissued Ordinary Share were reclassified and re-designated as Series D-2 Preferred Share, (viii) 10,000,000 authorized but unissued Ordinary Share were reclassified and re-designated as Series E Preferred Share;

(c) on December 31, 2021, our Company issued (i) 35,510,152 Ordinary Shares, (ii) 7,949,650 Series Angel Preferred Shares, (iii) 2,269,732 Series Seed Preferred Shares, (iv) 6,495,271 Series A Preferred Shares, (v) 3,031,525 Series B Preferred Shares, (vi) 1,634,886 Series D Preferred Shares, (vii) 858,306 Series D-1 Preferred Shares, (viii) 11,444,146 Series D-2 Preferred Shares, (ix) 10,000,000 Series E Preferred Shares, and (x) warrants to purchase an aggregate of 164,334,428 Preferred Shares, details of which are set out in "History, Reorganization and Corporate Structure – Reorganization and Series E Pre-**[REDACTED]** Investment – 2. Capital Reduction of Shenzhen Suteng and Series E Pre-**[REDACTED]** Investment" of this document;

(d) on January 19, 2022, (i) 8,045,851 authorized but unissued Ordinary Shares were reclassified and re-designated as Series Angel Preferred Shares, (ii) 17,701,999 authorized but unissued Ordinary Shares were reclassified and re-designated as Series Seed Preferred Shares, (iii) 9,026,100 authorized but unissued Ordinary Shares were reclassified and re-designated as Series A Preferred Shares, (iv) 10,511,598 authorized but unissued Ordinary Shares were reclassified and re-designated as Series A+ Preferred Shares, (v) 28,828,219 authorized but unissued Ordinary Shares were reclassified and re-designated as Series B Preferred Shares, (vi) 57,104,870 authorized but unissued Ordinary Shares were reclassified and re-designated as Series C Preferred Shares, (vii) 8,419,607 authorized but unissued Ordinary Shares were reclassified and re-designated as Series D Preferred Shares, (viii) 5,243,874 authorized but unissued Ordinary Shares were reclassified and re-designated as Series D-1 Preferred Shares, (ix) 2,452,310 authorized but unissued Ordinary Shares were reclassified and re-designated as Series D-2 Preferred Shares, and 2,100,000 Ordinary Shares, 600,000 Ordinary Shares and 900,000 Ordinary Shares respectively held by BlackPearl, Emerald Forest and Sixsense were re-designated as Series D-2 Preferred Shares, and (x) 17,000,000 authorized but unissued Ordinary Shares were reclassified and re-designated as Series E Preferred Shares;

(e) on January 19, 2022, our Company issued (i) 8,045,851 Series Angel Preferred Shares, (ii) 17,701,999 Series Seed Preferred Shares, (iii) 9,026,100 Series A Preferred Shares, (iv) 10,511,598 Series A+ Preferred Shares, (v) 28,828,219 Series B Preferred Shares, (vi) 57,104,870 Series C Preferred Shares, (vii) 8,419,607 Series D Preferred Shares, (viii) 5,243,874 Series D-1 Preferred Shares, (ix) 2,452,310 Series D-2 Preferred Shares and (x) 17,000,000 Series E Preferred Shares, details of which are set out in "History, Reorganization and Corporate Structure – Reorganization and Series E Pre-**[REDACTED]** Investment – 4. Acquisition of Shenzhen Suteng by RoboSense HK" of this document;

(f) on April 28, 2022, 43,820,646 authorized but unissued Ordinary Shares were reclassified and re-designated as Series F Preferred Shares;

(g) on April 29, 2022, our Company issued an aggregate of 43,820,646 Series F Preferred Shares to Golden Development Asia Limited, Huaxing Growth Capital III, L.P., GREAT VIRTUOUS LIMITED, Kinzon Capital Venture Partners III, L.P., YF Robosence Limited and GCF Robotics Ltd, details of which are set out in "History, Reorganization and Corporate Structure – Pre-**[REDACTED]** Investments" of this document;

(h) on October 21, 2022, our Company issued an aggregate of 10,073,357 Series F Preferred Shares to Ningbo Zhixing Engine Equity Investment Partnership (Limited Partnership), Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership), Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) and Wuhan Zhisu Engine Equity Investment Fund Partnership (Limited Partnership), details of which are set out in "History, Reorganization and Corporate Structure – Pre-**[REDACTED]** Investments" of this document;

(i) on October 27, 2022, (i) 11,374,415 authorized but unissued Ordinary Shares were reclassified and re-designated as Series G-1 Preferred Shares, (ii) 7,768,688 authorized but unissued Shares were reclassified and re-designated as Series G-2 Preferred Shares, and (iii) 1,399,191 authorized and issued Series C Preferred Shares were reclassified and re-designated as Series G-2 Preferred Shares;

(j) on October 27, 2022, our Company issued 11,374,415 Series G-1 Preferred Shares to EverestHeng (Cayman) Limited and an aggregate of 7,768,688 Series G-2 Preferred Shares to Cinda Sino-Rock Investment Limited, Excel Rise Holdings Limited, Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, Jurastone Tech Singularity I Ltd and China World Investment Limited, details of which are set out in "History, Reorganization and Corporate Structure – Pre-**[REDACTED]** Investments" of this document;

(k) on October 27, 2022, (i) 342,897 Series C Preferred Shares, (ii) 706,368 Series C Preferred Shares, (iii) 150,874 Series C Preferred Shares, and (iv) 199,052 Series C Preferred Shares, which were all owned by Cainiao, were re-designated as Series G-2 Preferred Shares and transferred to (i) Cinda Sino-Rock Investment Limited, (ii) Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, (iii) Jurastone Tech Singularity I Ltd, and (iv) China World Investment Limited, respectively;

(l) on October 27, 2022, our Company repurchased 6,884,210 Ordinary Shares from ACME NEW VENTURES GROUP LIMITED (鼎新創投集團有限公司);

(m) on November 17, 2022, our Company forfeited 2,585,094 Series G-2 Preferred Shares issued to Excel Rise Holdings Limited;

(n) on April 14, 2023, our Company issued (i) 3,696,684 Series G-2 Preferred Shares, (ii) 1,848,342 Series G-2 Preferred Shares, (iii) 924,171 Series G-2 Preferred Shares, and (iv) 5,170,188 Series G-2 Preferred Shares, to (i) SinoRock Prosperous Global II Limited, (ii) Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)), (iii) Huiteng Co-stone Investment Limited, and (iv) China Mobile Fund (Hebei Xiong'an) Partnership (Limited Partnership) (中移股權基金（河北雄安）合夥企業（有限合夥）), respectively;

(o) on April 14, 2023, (i) 1,990,522 Series C Preferred Shares, (ii) 995,261 Series C Preferred Shares, and (iii) 497,630 Series C Preferred Shares, which were all owned by Cainiao, were re-designated as Series G-2 Preferred Shares and transferred to (i) SinoRock

Prosperous Global II Limited; (ii) Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)) and (iii) Huiteng Co-stone Investment Limited, respectively; and

(p) on May 4, 2023, our Company issued 6,884,210 Ordinary Shares to Hoping Dream International Limited.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountant's Report as set out in Appendix I to this document.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document:

Beijing Lubo

On September 2, 2021, Beijing Lubo was incorporated as a limited liability company in the PRC with the registered capital of USD100,000.

Suteng Zhigan Technology

On September 6, 2021, Suteng Zhigan Technology was incorporated as a limited liability company in the PRC with the registered capital of USD50 million.

Shenzhen Suteng

On December 28, 2021, the registered capital of Shenzhen Suteng was decreased from RMB16,276,365 to RMB6,384,963.

On July 26, 2022, the registered capital of Shenzhen Suteng was increased from RMB6,384,963 to RMB540,344,000.

Tianjin Lubo

On November 9, 2022, Tianjin Lubo was incorporated as a limited liability company in the PRC with the registered capital of RMB1 million.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

4. Resolutions of the Shareholders of Our Company dated [•], 2023

On [●], 2023, resolutions of the Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "The

Structure of the **[REDACTED]** – Conditions of the **[REDACTED]**" and pursuant to the terms set out therein:

(a) the Company approved and adopted the Memorandum and Articles of Association with effect conditional and immediately upon the Listing;

(b) the **[REDACTED]** and the grant of the **[REDACTED]** were approved and any one Director or one joint company secretary of our Company from time to time or (if applicable), any of his/their duly authorized attorney (the "**Authorized Signatory**") were authorized to allot, issue and transfer the Shares pursuant to the **[REDACTED]** and the exercise of the **[REDACTED]**;

(c) the Listing was approved and any Authorized Signatory would be authorized to implement the Listing;

(d) a general unconditional mandate would be granted to the Directors to approve, confirm and ratify that the Company allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (1) rights issue, (2) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares; and (3) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(i) 20% of the total number of Shares in issue immediately following the completion of the **[REDACTED]** (excluding any Shares which may be issued pursuant to the exercise of the **[REDACTED]**); and

(ii) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph below. Such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association or any applicable laws to be held, and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**");

(e) a general unconditional mandate would be granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the **[REDACTED]** but excluding (where applicable) any Shares which may be issued pursuant to the exercise of the **[REDACTED]** of the Company in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting of the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association or any applicable laws to be held, and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting; and

(f) the re-designation and the re-classification of all issued Preferred Shares into Ordinary Shares on a one to one basis immediately before the completion of the **[REDACTED]** was approved.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) ***Provision of the Listing Rules***

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) *Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on [•], 2023, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the **[REDACTED]** (excluding any Shares which may be issued under the **[REDACTED]**), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) *Source of Funds*

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) *Status of Repurchased Shares*

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as canceled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Companies Act.

(v) *Suspension of Repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) *Core Connected Persons*

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his/her securities to the company.

(b) ***Reasons for Repurchases***

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) ***Funding of Repurchases***

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Memorandum and Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) ***General***

The exercise in full of the Repurchase Mandate, on the basis of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), could accordingly result in up to approximately **[REDACTED]** Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws to be held; or

- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

(a) the share transfer agreement dated November 19, 2021 and entered into by and among BlackPearl Global Limited, Xiamen Starlight Equity Investment Partnership (L.P.) and the Company, pursuant to which 300,000 Shares were transferred from BlackPearl Global Limited to Xiamen Starlight Equity Investment Partnership (L.P.) at a consideration of RMB5,000,000;

(b) the share transfer agreement dated November 19, 2021 and entered into by and among BlackPearl Global Limited, Suzhou Chenling Investment Partnership (Limited Partnership) and the Company, pursuant to which 1,800,000 Shares were transferred from BlackPearl Global Limited to Suzhou Chenling Investment Partnership (Limited Partnership) at a consideration of RMB30,000,000;

(c) the share transfer agreement dated November 19, 2021 and entered into by and among Emerald Forest International Limited, GOLDEN LINK WORLDWIDE LIMITED, and the Company, pursuant to which 600,000 Shares were transferred from Emerald Forest International Limited to GOLDEN LINK WORLDWIDE LIMITED at a consideration of RMB10,000,000;

(d) the share transfer agreement dated November 19, 2021 and entered into by and among Sixsense Global limited, Xiamen Starlight Equity Investment Partnership (L.P.) and the Company, pursuant to which 900,000 Shares were transferred from Sixsense Global limited to Xiamen Starlight Equity Investment Partnership (L.P.) at a consideration of RMB15,000,000;

(e) the share and warrant purchase agreement dated November 19, 2021 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Chunxin QIU (邱純鑫), Xiaorui ZHU (朱曉蕊), Letian LIU (劉樂天), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Sixsense Global Limited, Robust Limited, Ruby International Limited, Hoping Dream International Limited, ACME NEW VENTURES GROUP Limited (鼎新創投集團有限公司), Smart Han Ltd, Logi Group Limited, Skyward Limited, Affluent Capital Ventures Limited, Fortune Miner Limited, Fortune Athena Limited, Full Wisdom Ventures Limited, EOE Limited, Sinoyutong International Limited (香港盛宇國際有限公司), Flow Limited, LUXSHARE LIMITED, OFC INNOVATION ANGEL FUND I, PUHE Realwin Venture Capital.LP, OFC INNOVATION ANGEL FUND II, SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP, Liaoning Haitong New Energy and Low Carbon Industry Private Equity Fund Co., Ltd., Huzhou Yutong Investment Partnership (Limited Partnership), Huzhou Yuntong Investment Partnership (Limited Partnership), Ningbo

Jumin Investment LLP., Zhuhai Beiqi Huajin Industry Equity Investment Fund (Limited Partnership), Gotrays International Limited, Storm Era Limited, PUHE Intelligent Venture Capital.LP, Cainiao Smart Logistics Investment Limited, Changzhou Shangqi Xinhui Equity Investment Fund (LLP), Yangzhou Shangqi Sanqi Auto Industry M&A Equity Investment Fund (LLP), Kinzon Capital Venture Partners II, L.P., Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership), Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership), SME Development Fund (Shenzhen Nanshan Limited Partnership), OFC Clean Tech Growth Fund (Limited Partnership), Shenzhen Gootor Equity Investment Fund Management Enterprise (Limited Partnership), Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Partnership), Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership), Guangzhou Ruiyi Venture Capital Investment Limited Partnership, Guangdong Innovative Lingyue Smart Manufacturing &Information Technology Investment Fund Limited Liability Partnership, Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership), Huizhou Desay SV Automotive Co., Ltd., GOLDEN LINK WORLDWIDE LIMITED, Xiamen Starlight Equity Investment Partnership (L.P.), Suzhou Chenling Investment Partnership (Limited Partnership), Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Shenzhen Paineng 720 Technology Co., Ltd. (深圳市拍能七二零科技有限公司), Beijing Surui Consulting Service Co., Ltd. (北京速銳諮詢服務有限公司), Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), pursuant to which 35,510,152 Shares, 7,949,650 Series Angel Preferred Shares, 2,269,732 Series Seed Preferred Shares, 6,495,271 Series A Preferred Shares, 3,031,525 Series B Preferred Shares, 1,634,886 Series D Preferred Shares, 858,306 Series D-1 Preferred Shares, 11,444,146 Series D-2 Preferred Shares, 10,000,000 Series E Preferred Shares and warrants to purchase an aggregate of 164,334,428 Preferred Shares were issued;

(f) the shareholders agreement dated November 19, 2021 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Chunxin QIU (邱純鑫), Xiaorui ZHU (朱曉蕊), Letian LIU (劉樂天), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Sixsense Global Limited, Ruby International Limited, Hoping Dream International Limited, ACME NEW VENTURES GROUP Limited (鼎新創投集團有限公司), Robust Limited, OFC INNOVATION ANGEL FUND I, Smart Han Ltd, PUHE Realwin Venture Capital.LP, OFC INNOVATION ANGEL FUND II, Smart Han Ltd, Logi Group Limited, PUHE Intelligent Venture Capital.LP, Fortune Athena Limited, Kinzon Capital Venture Partners II, L.P., Zhuhai Beiqi Huajin Industry Equity Investment Fund (Limited Partnership), SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP, Liaoning Haitong New Energy And Low Carbon Industry Private Equity Fund Co., Ltd., Huzhou Yutong Investment Partnership (Limited Partnership), Huzhou Yuntong Investment Partnership (Limited Partnership), Ningbo Jumin Investment LLP., Gotrays International Limited, Storm Era Limited, Skyward Limited, Affluent Capital Ventures Limited, Fortune Miner Limited, SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP, Cainiao Smart Logistics Investment Limited, Changzhou Shangqi Xinhui Equity Investment Fund (LLP), Yangzhou Shangqi Sanqi Auto Industry M&A Equity Investment Fund (LLP), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership), Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership), SME Development Fund (Shenzhen Nanshan Limited Partnership), OFC Clean Tech Growth Fund (Limited Partnership), Shenzhen Gootor Equity Investment Fund Management Enterprise (Limited Partnership), Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Parntership), Full Wisdom Ventures Limited, Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership), EOE Limited, Guangzhou Ruiyi Venture Capital Investment Limited Partnership, Guangdong Innovative Lingyue Smart Manufacturing &Information Technology Investment Fund Limited Liability Partnership, Sinoyutong International Limited (香港盛宇國際有限公司), Flow Limited, GLODEN LINK WORDWIDE LIMITED, Xiamen Starlight Equity Investment Partnership (L.P.), Suzhou Chenling Investment Partnership (Limited Partnership), Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership), LUXSHARE LIMITED, Huizhou Desay SV Automotive Co., Ltd., Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Shenzhen Paineng 720 Technology Co., Ltd. (深圳市拍能七二零科技有限公司), Beijing Surui Consulting Service Co., Ltd. (北京速銳諮詢服務有限公司), Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), Guangzhou Yuemintou Zhihai Equity Investment Partnership (Limited Partnership) (廣州粵民投智海股權投資合夥企業(有限合夥)), and Guangzhou Ruiyang Investment Business Partnership (Limited Partnership) (廣州睿洋投資業務合夥企業(有限合夥)), pursuant to which shareholders rights were agreed among the parties;

(g) the share and warrant purchase agreement dated April 28, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Chunxin QIU (邱純鑫), Letian LIU (劉樂天), Xiaorui ZHU (朱曉蕊), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Sixsense Global Limited, GCF Robotics Ltd, NINGBO ZHIXING ENGINE EQUITY INVESTMENT PARTNERSHIP (LIMITED PARTNERSHIP) (寧波智行引擎股權投資合夥企業(有限合夥)), Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership) (上海安鵬速鵬企業管理合夥企業(有限合夥)), Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業(有限合夥)), WUHAN ZHISU ENGINE EQUITY INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) (武漢智速引擎股權投資基金合夥企業(有限合夥)), Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Suteng

Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), pursuant to which 7,333,386 Series F Preferred Shares and warrants to purchase an aggregate of 10,073,357 Preferred Shares were issued;

(h) the shareholders agreement dated April 28, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Chunxin QIU (邱純鑫), Xiaorui ZHU (朱曉蕊), Letian LIU (劉樂天), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Sixsense Global Limited, Ruby International Limited, Hoping Dream International Limited, ACME NEW VENTURES GROUP LIMITED (鼎新創投集團有限公司), Robust Limited, OFC INNOVATION ANGEL FUND I, Smart Han Ltd, Logi Group Limited, PUHE Realwin Venture Capital.LP, OFC INNOVATION ANGEL FUND II, PUHE Intelligent Venture Capital.LP, Gotrays International Limited, Storm Era limited, SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP, Fortune Athena Limited, Kinzon Capital Venture Partners II, L.P., Zhuhai Beiqi Huajin Industry Equity Investment Fund (Limited Partnership), SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP, Liaoning Haitong New Energy And Low Carbon Industry Private Equity Fund Co., Ltd., Huzhou Yutong Investment Partnership (Limited Partnership), Huzhou Yuntong Investment Partnership (Limited Partnership), Ningbo Jumin Investment LLP., Skyward Limited, Affluent Capital Ventures Limited, Fortune Miner Limited, SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP, Cainiao Smart Logistics Investment Limited, Changzhou Shangqi Xinhui Equity Investment Fund (LLP), Yangzhou Shangqi Sanqi Auto Industry M&A Equity Investment Fund (LLP), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership), Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership), SME Development Fund (Shenzhen Nanshan Limited Partnership), OFC Clean Tech Growth Fund (Limited Partnership), Shenzhen Gootor Equity Investment Fund Management Enterprise (Limited Partnership), Zhongruichuangzhi (Ningbo) Equity Investment Management (Limited Partnership), FULL WISDOM VENTURES LIMITED (滿慧創投有限公司), Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership), EOE Limited, Guangzhou Ruiyi Venture Capital Investment Limited Partnership, Guangdong Innovative Lingyue Smart Manufacturing &Information Technology Investment Fund Limited Liability Partnership, Sinoyutong International Limited (香港盛宇國際有限公司), Flow Limited, Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership), LUXSHARE LIMITED, Huizhou Desay SV Automotive Co., Ltd., GOLDEN LINK WORLDWIDE LIMITED, Xiamen Starlight Equity Investment Partnership (L.P.), Suzhou Chenling Investment Partnership (Limited Partnership), Huaxing Growth Capital III, L.P., Golden Development Asia Limited, YF Robosense Limited, GREAT VIRTUOUS LIMITED,

KINZON CAPITAL VENTURE PARTNERS III, L.P., GCF Robotics Ltd, WUHAN ZHISU ENGINE EQUITY INVESTMMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) (武漢智速引擎股權投資基金合夥企業(有限合夥)), Ningbo Zhixing Engine Equity Investment Partnership (Limited Partnership) (寧波智行引擎股權投資合夥企業(有限合夥)), Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership) (上海安鵬速鵬企業管理合夥企業(有限合夥)), Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業（有限合夥)), pursuant to which shareholders rights were agreed among the parties;

(i) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Jurastone Tech Singularity I Ltd and the Company, pursuant to which 150,874 Series C Preferred Shares were transferred from Cainiao Smart Logistics Investment Limited to Jurastone Tech Singularity I Ltd at a consideration of RMB4,320,406;

(j) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1 and the Company, pursuant to which 706,368 Series C Preferred Shares were transferred from Cainiao Smart Logistics Investment Limited to Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1 at a consideration of RMB20,227,356;

(k) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, China World Investment Limited and the Company, pursuant to which 199,052 Series C Preferred Shares were transferred from Cainiao Smart Logistics Investment Limited to China World Investment Limited at a consideration of RMB5,700,000;

(l) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產併購股權投資基金合夥企業（有限合夥）), SinoRock Prosperous Global II Limited and the Company, pursuant to which 1,990,522 Series C Preferred Shares were transferred from Cainiao Smart Logistics Investment Limited to SinoRock Prosperous Global II Limited at a consideration of RMB57,000,000;

(m) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Cinda Sino-Rock Investment Limited and the Company, pursuant to which 342,897 Series C Preferred Shares were transferred from Cainiao Smart Logistics Investment Limited to Cinda Sino-Rock Investment Limited at a consideration of RMB9,819,105;

(n) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Shenzhen The Link Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)), Huiteng Co-stone Investment Limited and the Company, pursuant to which 497,630 Series C Preferred Shares were transferred from Cainiao Smart Logistics

Investment Limited to Huiteng Co-stone Investment Limited at a consideration of RMB14,250,000;

(o) the share transfer agreement dated October 27, 2022 and entered into by and among Cainiao Smart Logistics Investment Limited, Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)) and the Company, pursuant to which 995,261 Series C Preferred Shares were transferred from Cainiao Smart Logistics Investment Limited to Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) at a consideration of RMB28,500,000;

(p) the share purchase agreement dated October 27, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), Chunxin QIU (邱純鑫), Letian LIU (劉樂天), Xiaorui ZHU (朱曉蕊), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Sixsense Global Limited, and EverestHeng (Cayman) Limited, pursuant to which 11,374,415 Series G-1 Preferred Shares were issued at the consideration of RMB400,000,000;

(q) the share and warrant purchase agreement dated October 27, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), Chunxin QIU (邱純鑫), Letian LIU (劉樂天), Xiaorui ZHU (朱曉蕊), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Sixsense Global Limited, Cinda Sino-Rock Investment Limited, Excel Rise Holdings Limited (逸昇控股有限公司), Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, Jurastone Tech Singularity I Ltd, China World Investment Limited, Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產業併購股權投資基金合夥企業(有限合夥)) representing the interest of and name in which Series G-2 Preferred Shares should be registered: SinoRock Prosperous Global II Limited, China Mobile Fund (Hebei Xiong 'an) Partnership (Limited Partnership) (中移股權基金（河北雄安）合夥企業(有限合夥)), Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)), and Shenzhen The Link Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)) representing the interest of and name in which Series G-2 Preferred Shares should be registered: Huiteng Co-stone Investment Limited, pursuant to which 5,183,594 Series G-2 Preferred Shares and warrants to purchase an aggregate of 11,639,385 Series G-2 Preferred Shares were issued;

(r) the shareholders agreement dated October 27, 2022 and entered into by and among the Company, RoboSense Limited, RoboSense HongKong Limited, Chunxin QIU (邱純鑫), Xiaorui ZHU (朱曉蕊), Letian LIU (劉樂天), Sunton Global Limited, BlackPearl Global Limited, Emerald Forest Holding Limited, Emerald Forest International Limited, Realsense Global Limited, Sixsense Global Limited, Ruby International Limited, Hoping Dream International Limited, Robust Limited, OFC INNOVATION ANGEL FUND I (東方富海（蕪湖）移動創新股權投資基金（有限合夥）), Smart Han Ltd, Logi Group Limited, PUHE Realwin Venture Capital.LP (深圳市普禾瑞贏股權投資基金合夥企業（有限合夥）), OFC INNOVATION ANGEL FUND II (富海深灣（蕪湖）移動創新股權投資基金（有限合夥）), PUHE Intelligent Venture Capital.LP (深圳市普禾智能一號投資合夥企業（有限合夥）), Gotrays International Limited, Storm Era limited, Fortune Athena Limited, Kinzon Capital Venture Partners II, L.P., Zhuhai Beiqi Huajin Industry Equity Investment Fund (Limited Partnership) (珠海北汽華金產業股權投資基金(有限合夥)), SHANGHAI RUI WANG ENTERPRISE MANAGEMENT PARTNERSHIP (上海銳望企業管理合夥企業(有限合夥)), Liaoning Haitong New Energy and Low Carbon Industry Private Equity Fund Co., Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司), Huzhou Yutong Investment Partnership (Limited Partnership) (湖州煜通股權投資合夥企業(有限合夥)), Huzhou Yuntong Investment Partnership (Limited Partnership) (湖州贇通股權投資合夥企業(有限合夥)), Ningbo Jumin Investment LLP. (寧波高新區岠珉股權投資合夥企業(有限合夥)), Skyward Limited, AFFLUENT CAPITAL VENTURES LIMITED (豐都創投有限公司), Fortune Miner Limited, Cainiao Smart Logistics Investment Limited, Changzhou Shangqi Xinhui Equity Investment Fund (LLP) (常州尚頎信輝股權投資基金合夥企業（有限合夥), Yangzhou Shangqi Sanqi Auto Industry M&A Equity Investment Fund (LLP) (揚州尚頎三期汽車產業併購股權投資基金中心(有限合夥)), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shenzhen Kangcheng Pengfeng Rongcheng Investment Partnership (Limited Partnership) (深圳市康成鵬峰榮承投資合夥企業(有限合夥)), SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)), OFC Clean Tech Growth Fund (Limited Partnership) (深圳市東方富海成長環保投資企業(有限合夥)), Shenzhen Gootor Equity Investment Fund Management Enterprise (Limited Partnership) (深圳股投邦股權投資基金管理企業(有限合夥)), Zhongruichuangzhi (Ningbo) Equity Investment Management Partnership (Limited Partnership) (中瑞創智（寧波）股權投資管理合夥企業(有限合夥)), FULL WISDOM VENTURES LIMITED (滿慧創投有限公司), Jiaxing Qiyuan Kaitai Equity Investment Partnership (Limited Partnership) (嘉興啓元開泰股權投資合夥企業(有限合夥)), EOE Limited, Guangzhou Ruiyi Venture Capital Investment Limited Partnership (廣州鋭熠創業投資合夥企業(有限合夥)), Guangdong Innovative Lingyue Smart Manufacturing &Information Technology Investment Fund Limited Liability Partnership (廣東融創嶺岳智能製造與信息技術產業股權投資資金合夥企業(有限合夥)), Sinoyutong International Limited (香港盛宇國際有限公司), Flow Limited, GOLDEN LINK WORLDWIDE LIMITED, Xiamen Starlight Equity Investment Partnership (L.P.) (廈門星韶股權投資合夥企業(有限合夥)), Suzhou Chenling Investment Partnership (Limited Partnership) (蘇州晨嶺投資合夥企業(有限合夥)), Shanghai Ziyue Enterprise Management Consulting Partnership (Limited Partnership) (上海籽月企業管理諮詢合夥企業(有限合夥)),

LUXSHARE LIMITED (立訊有限公司), Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司), Huaxing Growth Capital III, L.P., Golden Development Asia Limited, YF Robosence Limited, GREAT VIRTUOUS LIMITED, Kinzon Capital Venture Partners III, L.P., GCF Robotics Ltd, WUHAN ZHISU ENGINE EQUITY INVESTMENT FUND PARTNERSHIP (LIMITED PARTNERSHIP) (武漢智速引擎股權投資基金合夥企業(有限合夥)), NINGBO ZHIXING ENGINE EQUITY INVESTMENT PARTNERSHIP (LIMITED PARTNERSHIP) (寧波智行引擎股權投資合夥企業(有限合夥)), Shanghai Anpeng Supeng Enterprise Management Partnership (Limited Partnership) (上海安鵬速鵬企業管理合夥企業（有限合夥）), Guangdong Guangqi Ruiteng Equity Investment Partnership (Limited Partnership) (廣東廣祺瑞騰股權投資合夥企業(有限合夥)), EverestHeng (Cayman) Limited, Shenzhen Xinshi Xinxing Industry M&A Equity Investment Fund Partnership (Limited Partnership) (深圳信石信興產業併購股權投資基金合夥企業(有限合夥)) representing the interest of and name in which Series G-2 Preferred Shares should be registered: SinoRock Prosperous Global II Limited, Cinda Sino-Rock Investment Limited, Excel Rise Holdings Limited (逸昇控股有限公司), Mirae Asset Alpha Growth Fund OFC for the account of and on behalf of Mirae Asset Alpha 1, Jurastone Tech Singularity I Ltd, China World Investment Limited, China Mobile Fund (Hebei Xiong 'an) Partnership (Limited Partnership) (中移股權基金（河北雄安）合夥企業(有限合夥)), Guangzhou Yuexiu Jinchan Phase IV Investment Partnership (Limited Partnership) (廣州越秀金蟬四期投資合夥企業(有限合夥)), Shenzhen The Link Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)) representing the interest of and name in which Series G-2 Preferred Shares should be registered: Huiteng Co-stone Investment Limited, Shanghai Lubo Shengshi Information Technology Co., Ltd. (上海路泊盛世信息科技有限公司), Shenzhen Suteng Zhizao Technology Co., Ltd. (深圳市速騰智造科技有限公司), Optixpan Semiconductors Inc. (深圳市涵光半導體有限公司), Suzhou Xijing MEMS Technology Co., Ltd. (蘇州希景微機電科技有限公司), Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司), RoboSense Beijing Technology Co., Ltd. (北京路泊盛世科技有限公司), RoboSense Shenzhen Zhigan Technology Co., Ltd. (深圳速騰智感科技有限公司), pursuant to which shareholders rights were agreed among the parties;

(s) the capital increase agreement dated December 14, 2022 entered into by Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司) and Dongguan Cowell Optic Electronics Co., Ltd. (東莞高偉光學電子有限公司) ("**Dongguan Cowell**"), pursuant to which Shenzhen Suteng Innovation Technology Co., Ltd. (深圳市速騰聚創科技有限公司) agreed to inject capital of RMB49 million into Dongguan Luxsense Innovation Electronics Co., Ltd. (東莞立騰創新電子有限公司), a then wholly owned subsidiary of Dongguan Cowell; and

(t) the **[REDACTED]**.

2. Intellectual Property Rights

(a) *Trademarks*

(i) *Trademarks in the PRC*

As at the Latest Practicable Date, we had registered the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
1.	robosenseLiDAR	Shenzhen Suteng	42	38182800	01-20-2030
2.	robosense	Shenzhen Suteng	9	28208474	11-20-2028
3.		Shenzhen Suteng	7	41827171	06-27-2030
4.	robosenseLiDAR	Shenzhen Suteng	35	38166284	01-20-2030
5.	速腾聚创	Shenzhen Suteng	7	41822384	06-27-2030
6.	robosense	Shenzhen Suteng	39	41826292	06-27-2030
7.	robosense LiDAR	Shenzhen Suteng	42	38175554	01-20-2030
8.	robosense	Shenzhen Suteng	42	28208540	11-20-2028
9.	rs ruby	Shenzhen Suteng	9	45068245	11-27-2030
10.	rsbpearl	Shenzhen Suteng	12	48491387	03-13-2031
11.	IPANO	Shenzhen Suteng	9	17278891	09-20-2027
12.	ROBOSENSE	Shenzhen Suteng	35	18812957	02-13-2027
13.	robosense LiDAR	Shenzhen Suteng	35	38175194	01-20-2030

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
14.	robosense LiDAR	Shenzhen Suteng	9	38183561	01-20-2030
15.	ROBOSENSE	Shenzhen Suteng	42	18812928	02-13-2027
16.	robosense	Shenzhen Suteng	7	41825383	06-27-2030
17.		Shenzhen Suteng	35	18845412	12-06-2027
18.	rsbpearl	Shenzhen Suteng	9	48485391	03-13-2031
19.	bpearl	Shenzhen Suteng	42	37578556	01-06-2030
20.		Shenzhen Suteng	42	18845898	12-06-2027
21.	robosense	Shenzhen Suteng	38	41817556	06-27-2030
22.	robosense	Shenzhen Suteng	9	38174594	01-20-2030
23.	ROBOSENSE	Shenzhen Suteng	9	18812755	02-13-2027
24.	bpearl	Shenzhen Suteng	35	37586020	01-27-2030
25.	robosense LiDAR	Shenzhen Suteng	9	38174604	04-27-2030
26.	robosense	Shenzhen Suteng	35	28208500	11-20-2028
27.	bpearl	Shenzhen Suteng	9	37589923	01-13-2031
28.	robosense	Shenzhen Suteng	35	38172643	01-20-2030

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
29.	rsruby	Shenzhen Suteng	12	48491407	03-27-2031
30.	rsruby	Shenzhen Suteng	9	48483012	03-13-2031
31.	rsruby	Shenzhen Suteng	9	37583514	04-27-2031
32.		Shenzhen Suteng	12	41827200	06-27-2030
33.	robosense	Shenzhen Suteng	42	38182812	01-20-2030
34.	robosense	Shenzhen Suteng	36	41812884	06-20-2030
35.		Shenzhen Suteng	9	18845243	12-06-2027
36.	rsruby	Shenzhen Suteng	42	37574952	03-20-2030
37.	rsruby	Shenzhen Suteng	12	48495588	03-13-2031
38.	rsbpearl	Shenzhen Suteng	9	48499783	03-13-2031
39.	robosense	Shenzhen Suteng	12	46296223	12-27-2031
40.	速腾聚创	Shenzhen Suteng	35	42801263	12-27-2031
41.	速腾聚创	Shenzhen Suteng	42	42783388	12-27-2031
42.	速腾聚创	Shenzhen Suteng	38	42796432	12-27-2031

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
43.	速腾聚创	Shenzhen Suteng	39	41817588	01-27-2032
44.	速腾聚创	Shenzhen Suteng	9	42804216	03-13-2032
45.	速腾聚创	Shenzhen Suteng	9	48546605	10-06-2031
46.	rs ruby	Shenzhen Suteng	9	53994567	09-27-2031
47.	速腾聚创	Shenzhen Suteng	9	48952603	09-13-2031
48.	Hypervision	Shenzhen Suteng	12	59660627	03-20-2032
49.	速腾聚创	Shenzhen Suteng	9	56502814	03-27-2032
50.	robosense	Shenzhen Suteng	12	51527187	05-27-2032
51.	rs bpearl	Shenzhen Suteng	12	48481843	03-13-2031
52.	速腾聚创	Shenzhen Suteng	9	55670556	05-06-2033

(ii) *Trademarks in Hong Kong*

As at the Latest Practicable Date, we had registered the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
1.	robosense	Shenzhen Suteng	12	306144903	01-04-2033

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
2.	robosense	Shenzhen Suteng	9, 12	306144912	01-04-2033
3.	速腾聚创	Shenzhen Suteng	9	306144921	01-04-2033
4.		Shenzhen Suteng	9	306144930	01-04-2033

(iii) *Trademarks in the European Union*

As at the Latest Practicable Date, we had registered the following trademarks in the European Union which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
1.	ROBOSENSE	Shenzhen Suteng	9, 35, 42	14982491	01-07-2026
2.	robosense	Shenzhen Suteng	9	18408122	02-24-2031
3.	robosense	Shenzhen Suteng	12, 42	18430143	03-16-2031
4.	robosense	Shenzhen Suteng	9, 12, 42	18408123	02-24-2031

(iv) *Trademarks in the United States*

As at the Latest Practicable Date, we had registered the following trademarks in the United States which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date (mm-dd-yyyy)
1.	robosense	Shenzhen Suteng	12	6927268	12-20-2032
2.	ROBOSENSE	Shenzhen Suteng	9	5026090	08-23-2026

(b) Copyrights

(i) Copyrights in the PRC

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

Computer software

No.	Copyright	Copyright Owner	Registration Number	Registration Date (mm-dd-yyyy)
1.	速騰聚創多傳感器同步採集軟件	Shenzhen Suteng	2021SR0556752	04-19-2021
2.	速騰聚創多激光雷達標定軟件	Shenzhen Suteng	2021SR0556753	04-19-2021
3.	速騰聚創標註-增強-管理軟件	Shenzhen Suteng	2021SR0513533	04-09-2021
4.	激光雷達定位系統軟件	Shenzhen Suteng	2021SR0488904	04-02-2021
5.	激光雷達通用工具軟件	Shenzhen Suteng	2021SR0488862	04-02-2021
6.	激光雷達感知系統軟件	Shenzhen Suteng	2021SR0488864	04-02-2021
7.	機械式激光雷達邏輯軟件	Shenzhen Suteng	2020SR0770958	07-14-2020
8.	機械式激光雷達邏輯軟件	Shenzhen Suteng	2020SR0770957	07-14-2020
9.	MEMS固態激光雷達系統軟件	Shenzhen Suteng	2020SR0740255	07-08-2020
10.	機械式激光雷達邏輯軟件	Shenzhen Suteng	2020SR0693787	06-30-2020
11.	激光雷達通用工具軟件	Shenzhen Suteng	2020SR0677201	06-24-2020
12.	激光雷達定位系統軟件	Shenzhen Suteng	2020SR0677208	06-24-2020
13.	激光雷達感知系統軟件	Shenzhen Suteng	2020SR0449152	05-13-2020
14.	車輛檢測軟件	Shenzhen Suteng	2018SR075849	01-30-2018
15.	速騰聚創全景相機管理軟件	Shenzhen Suteng	2018SR075385	01-30-2018
16.	速騰聚創激光雷達數據採集軟件	Shenzhen Suteng	2018SR076107	01-30-2018
17.	速騰聚創 ipano 全景展示和管理系統軟件	Shenzhen Suteng	2016SR218007	08-15-2016
18.	速騰 Seeker 3D 軟件	Shenzhen Suteng	2016SR147290	06-20-2016
19.	速騰掃房神器 2 應用軟件	Shenzhen Suteng	2016SR122697	05-28-2016
20.	速騰雲端全景標定軟件	Shenzhen Suteng	2016SR122217	05-28-2016
21.	希景微 MEMS 振鏡測試軟件	Suzhou Xijing MEMS	2020SR1178749	09-28-2020

No.	Copyright	Copyright Owner	Registration Number	Registration Date (mm-dd-yyyy)
22.	希景微 MEMS 雷達開發上位機軟件	Suzhou Xijing MEMS	2020SR1178660	09-28-2020
23.	希景微 MEMS 微鏡自動化測試軟件	Suzhou Xijing MEMS	2020SR0884791	08-06-2020
24.	希景微 MEMS 微鏡掃描系統嵌入式控制軟件	Suzhou Xijing MEMS	2020SR0592557	06-09-2020
25.	感知數據日誌軟件	Shanghai Lubo	2022SR1441932	11-01-2022
26.	M1-H 固態激光雷達的控制軟件	Shanghai Lubo	2022SR1441999	11-01-2022
27.	數據傳輸協議的實現和可視化軟件	Shanghai Lubo	2022SR1441930	11-01-2022
28.	在線感知數據可視化軟件	Shanghai Lubo	2022SR1442000	11-01-2022
29.	激光雷達播放器軟件	Shanghai Lubo	2022SR1441931	11-01-2022
30.	M1-IN 固態激光雷達的控制軟件	Shanghai Lubo	2022SR1441998	11-01-2022
31.	M1-XP-E38 固態激光雷達的控制軟件	Shanghai Lubo	2022SR1441997	11-01-2022
32.	Ml-Lo 固態激光雷達的控制軟件	Shanghai Lubo	2022SR1441992	11-01-2022
33.	SLAM 定位管理軟件	Shanghai Lubo	2022SR1441964	11-01-2022
34.	V2R 可視化軟件	Shanghai Lubo	2022SR1441926	11-01-2022

Work

No.	Copyright	Copyright Owner	Registration Number	Registration Date (mm-dd-yyyy)
1.	機器人Logo	Shenzhen Suteng	國作登字-2021-F-00034722	02-09-2021
2.	速小騰	Shenzhen Suteng	國作登字-2021-F-00032073	02-08-2021

(c) ***Patents***

(i) *Patents in the PRC*

As at the Latest Practicable Date, we had registered the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
1.	多傳感器的感知信息融合方法及相關設備	Shenzhen Suteng	ZL202110520652.8	10-29-2021
2.	障礙物識別模型訓練方法、障礙物識別方法、裝置及系統	Shenzhen Suteng	ZL202110015842.4	05-14-2021
3.	障礙物識別模型訓練方法、障礙物識別方法、裝置及系統	Shenzhen Suteng	ZL202110015844.3	05-14-2021

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
4.	動態目標的檢測方法、裝置、存儲介質及路基監測設備	Shenzhen Suteng	ZL202011103317.X	05-14-2021
5.	多站點路基網絡感知方法、裝置、終端和系統	Shenzhen Suteng	ZL202011011719.7	02-05-2021
6.	點雲的運動補償方法、裝置和系統	Shenzhen Suteng	ZL202010839029.4	02-05-2021
7.	一種用於鏡片位置調節的工裝	Shenzhen Suteng	ZL202021362940.2	04-02-2021
8.	激光雷達參數調整方法、裝置及激光雷達	Shenzhen Suteng	ZL202010650848.4	11-27-2020
9.	激光雷達	Shenzhen Suteng	ZL201930711288.7	07-14-2020
10.	激光雷達及其控制方法以及自動駕駛裝置	Shenzhen Suteng	ZL201911152522.2	11-27-2020
11.	數據傳輸裝置及激光雷達系統	Shenzhen Suteng	ZL201910956308.6	10-02-2020
12.	數據傳輸裝置及激光雷達系統	Shenzhen Suteng	ZL201910956298.6	05-08-2020
13.	激光雷達	Shenzhen Suteng	ZL201930536518.0	05-22-2020
14.	智能感知激光雷達系統	Shenzhen Suteng	ZL201930536415.4	05-01-2020
15.	一種用於激光雷達的擋板固定結構及激光雷達	Shenzhen Suteng	ZL201910913604.8	11-30-2021
16.	磁環通信設備、方法和激光雷達	Shenzhen Suteng	ZL201910866688.4	01-17-2020
17.	一種激光雷達	Shenzhen Suteng	ZL201910797078.3	02-07-2020
18.	應用於光學相控陣的天線陣列、光學相控陣及激光雷達	Shenzhen Suteng	ZL201980002799.9	08-17-2021
19.	激光雷達接收裝置、激光雷達系統和激光測距方法	Shenzhen Suteng	ZL201910576631.0	07-02-2021
20.	固態激光雷達、結構及其控制方法	Shenzhen Suteng	ZL201910496970.8	07-02-2021
21.	車載傳感器清潔系統和傳感系統	Shenzhen Suteng	ZL201910481790.2	02-05-2021
22.	多線激光雷達	Shenzhen Suteng	ZL201930267003.5	05-19-2020
23.	多線激光雷達	Shenzhen Suteng	ZL201930267280.6	01-17-2020
24.	激光雷達測距裝置和激光掃描控制方法	Shenzhen Suteng	ZL201910421764.0	04-02-2021
25.	一種應用於單光子陣列傳感器的溫度補償電路及方法	Shenzhen Suteng	ZL201910404118.3	05-14-2021
26.	人體行為的識別方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910383307.7	10-29-2021
27.	光學相控陣及其相位誤差改善方法、激光雷達、智能設備	Shenzhen Suteng	ZL201980002797.X	08-28-2020
28.	多線激光雷達	Shenzhen Suteng	ZL201910378869.2	08-17-2021

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29.	激光發射裝置、激光雷達及智能裝置	Shenzhen Suteng	ZL201910377732.5	05-14-2021
30.	激光雷達的測距方法、系統和設備	Shenzhen Suteng	ZL201910361155.0	05-14-2021
31.	激光雷達保護裝置和激光雷達系統	Shenzhen Suteng	ZL201910349956.5	07-02-2021
32.	多線激光雷達	Shenzhen Suteng	ZL201910316860.9	10-19-2021
33.	激光雷達	Shenzhen Suteng	ZL201910316700.4	07-02-2021
34.	激光雷達及探測方法	Shenzhen Suteng	ZL201910316257.0	08-17-2021
35.	一種激光雷達系統	Shenzhen Suteng	ZL201910307448.0	08-17-2021
36.	半導體激光器陣列的快軸准直結構及激光雷達	Shenzhen Suteng	ZL201910302826.6	07-02-2021
37.	機械式激光雷達的軸承預緊結構	Shenzhen Suteng	ZL201910302827.0	11-30-2021
38.	一種接收系統和激光雷達	Shenzhen Suteng	ZL201910304418.4	07-02-2021
39.	點雲濾波方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910270650.0	04-02-2021
40.	固態激光雷達	Shenzhen Suteng	ZL201930145950.7	11-08-2019
41.	光掃描裝置和激光雷達	Shenzhen Suteng	ZL201920424820.1	02-07-2020
42.	磁環線序自適應方法、裝置、設備和存儲介質	Shenzhen Suteng	ZL201910255954.X	07-02-2021
43.	激光雷達裝置	Shenzhen Suteng	ZL201920413462.4	08-07-2020
44.	機械激光雷達	Shenzhen Suteng	ZL201930135662.3	11-05-2019
45.	激光雷達接收系統	Shenzhen Suteng	ZL201920395289.X	06-05-2020
46.	激光雷達	Shenzhen Suteng	ZL201930132485.3	11-08-2019
47.	激光雷達測距裝置	Shenzhen Suteng	ZL201910238113.8	02-05-2021
48.	點雲數據分類方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910231062.6	12-10-2021
49.	光信號接收系統、方法和激光雷達	Shenzhen Suteng	ZL201910225485.7	08-17-2021
50.	激光雷達	Shenzhen Suteng	ZL201920377796.0	06-05-2020
51.	准直器件、發射系統及激光雷達	Shenzhen Suteng	ZL201910216686.0	08-17-2021

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52.	激光雷達	Shenzhen Suteng	ZL201910206858.6	04-28-2020
53.	激光雷達接收系統	Shenzhen Suteng	ZL201920337994.4	06-05-2020
54.	激光雷達發射系統	Shenzhen Suteng	ZL201920327680.6	01-17-2020
55.	激光雷達接收裝置、發射裝置及系統	Shenzhen Suteng	ZL201920327676.X	06-05-2020
56.	激光雷達系統	Shenzhen Suteng	ZL201920238594.8	06-05-2020
57.	多線激光雷達	Shenzhen Suteng	ZL201920240745.3	06-05-2020
58.	多線激光雷達	Shenzhen Suteng	ZL201920236494.1	01-21-2020
59.	激光雷達系統	Shenzhen Suteng	ZL201920170897.0	06-05-2020
60.	光柵耦合器及光学相控阵裝置	Shenzhen Suteng	ZL201920173813.9	11-05-2019
61.	多線激光雷達	Shenzhen Suteng	ZL201920164301.6	05-19-2020
62.	激光雷達	Shenzhen Suteng	ZL201920164289.9	06-05-2020
63.	車載支架	Shenzhen Suteng	ZL201830769777.3	07-16-2019
64.	固態激光雷達	Shenzhen Suteng	ZL201830706257.8	05-07-2019
65.	固態激光雷達	Shenzhen Suteng	ZL201830693038.0	05-07-2019
66.	掃描振鏡	Shenzhen Suteng	ZL201821929752.6	08-30-2019
67.	激光雷達電路系統及激光雷達	Shenzhen Suteng	ZL201821930184.1	05-19-2020
68.	相控陣激光雷達	Shenzhen Suteng	ZL201821903670.4	11-05-2019
69.	相控陣激光雷達	Shenzhen Suteng	ZL201821904691.8	11-05-2019
70.	MEMS器件檢測電路和設備	Shenzhen Suteng	ZL201821904737.6	01-17-2020
71.	激光發射系統及激光雷達	Shenzhen Suteng	ZL201821904695.6	11-05-2019
72.	雜散光消除裝置	Shenzhen Suteng	ZL201821907155.3	01-21-2020
73.	激光發射系統	Shenzhen Suteng	ZL201821903800.4	08-30-2019
74.	激光發射機構及相控陣激光雷達	Shenzhen Suteng	ZL201821903711.X	11-05-2019
75.	接收器件、接收系統及激光雷達	Shenzhen Suteng	ZL201821881610.7	01-21-2020
76.	激光發射設備	Shenzhen Suteng	ZL201821881595.6	01-17-2020
77.	偏置電壓調節方法及裝置	Shenzhen Suteng	ZL201811359034.4	08-28-2020
78.	激光雷達融合系統	Shenzhen Suteng	ZL201811358817.0	08-28-2020

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79.	供能電路以及激光雷達裝置	Shenzhen Suteng	ZL201821873768.X	11-05-2019
80.	激光雷達光學系統及激光雷達	Shenzhen Suteng	ZL201821848638.0	08-30-2019
81.	一種磁環組件	Shenzhen Suteng	ZL201821766612.1	05-14-2019
82.	激光雷達	Shenzhen Suteng	ZL201821665707.4	07-16-2019
83.	激光發射電路以及激光雷達	Shenzhen Suteng	ZL201821657124.7	08-30-2019
84.	多回波激光雷達測距方法及多回波激光雷達	Shenzhen Suteng	ZL201811190492.X	11-30-2021
85.	一種多線激光雷達系統	Shenzhen Suteng	ZL201821610565.1	07-16-2019
86.	多線激光雷達	Shenzhen Suteng	ZL201821620378.1	07-16-2019
87.	帶能量傳輸的無線通訊裝置	Shenzhen Suteng	ZL201821597710.7	11-08-2019
88.	激光雷達	Shenzhen Suteng	ZL201821598557.X	08-30-2019
89.	無線通訊裝置	Shenzhen Suteng	ZL201821596631.4	05-07-2019
90.	激光雷達	Shenzhen Suteng	ZL201821596285.X	07-16-2019
91.	用於汽車的調頻連續波激光雷達及其測距方法	Shenzhen Suteng	ZL201811137473.0	10-19-2021
92.	衍射裝置	Shenzhen Suteng	ZL201821580795.8	05-07-2019
93.	快慢軸光束能量的收斂系統及激光雷達	Shenzhen Suteng	ZL201821576553.1	07-16-2019
94.	光纖耦合激光器的光束能量的收斂系統及激光雷達	Shenzhen Suteng	ZL201821574069.5	05-07-2019
95.	相控陣激光雷達	Shenzhen Suteng	ZL201821550642.9	07-16-2019
96.	激光雷達的光束排布方法及激光雷達系統	Shenzhen Suteng	ZL201811106821.8	11-27-2020
97.	液晶光波導與激光雷達	Shenzhen Suteng	ZL201821564532.8	07-16-2019
98.	激光雷達掃描角度的放大裝置及激光雷達系統	Shenzhen Suteng	ZL201821554401.1	07-16-2019
99.	智能感知激光雷達系統	Shenzhen Suteng	ZL201821534976.7	07-16-2019
100.	一種多線激光雷達系統	Shenzhen Suteng	ZL201821534930.5	08-30-2019
101.	多線激光雷達	Shenzhen Suteng	ZL201821521682.0	11-15-2019
102.	一種多線激光雷達系統	Shenzhen Suteng	ZL201821538545.8	08-30-2019
103.	一種用於圓柱表面的清潔裝置	Shenzhen Suteng	ZL201821381430.2	08-30-2019

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104.	汽車擋風玻璃及汽車	Shenzhen Suteng	ZL201821377996.8	06-05-2020
105.	激光雷達位置檢測裝置及激光雷達	Shenzhen Suteng	ZL201821309804.X	05-24-2019
106.	一種激光雷達感知系統的固定裝置	Shenzhen Suteng	ZL201821154171.X	05-07-2019
107.	激光雷達感知系統的固定裝置	Shenzhen Suteng	ZL201830392488.6	12-14-2018
108.	激光雷達感知系統	Shenzhen Suteng	ZL201821154120.7	05-07-2019
109.	激光雷達	Shenzhen Suteng	ZL201821116896.X	02-19-2019
110.	激光雷達	Shenzhen Suteng	ZL201821118948.7	02-19-2019
111.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL201810671183.8	11-30-2021
112.	多線激光雷達	Shenzhen Suteng	ZL201830324297.6	01-01-2019
113.	固態激光雷達	Shenzhen Suteng	ZL201830196277.5	09-11-2018
114.	激光雷達	Shenzhen Suteng	ZL201820622225.4	11-13-2018
115.	激光雷達	Shenzhen Suteng	ZL201820512226.3	03-26-2019
116.	激光雷達	Shenzhen Suteng	ZL201820465295.3	11-13-2018
117.	一種固態激光雷達	Shenzhen Suteng	ZL201820375420.1	02-19-2019
118.	一種固態激光雷達	Shenzhen Suteng	ZL201820380635.2	02-19-2019
119.	激光雷達	Shenzhen Suteng	ZL201820280694.2	09-11-2018
120.	激光雷達	Shenzhen Suteng	ZL201820060124.2	09-11-2018
121.	激光雷達	Shenzhen Suteng	ZL201820066594.X	09-11-2018
122.	激光雷達	Shenzhen Suteng	ZL201820062912.5	09-11-2018
123.	激光雷達	Shenzhen Suteng	ZL201820062911.0	09-11-2018
124.	固態激光雷達	Shenzhen Suteng	ZL201730650311.7	09-11-2018
125.	激光雷達	Shenzhen Suteng	ZL201721749183.2	09-11-2018
126.	激光雷達	Shenzhen Suteng	ZL201721656561.2	09-11-2018
127.	激光雷達及激光雷達控制方法	Shenzhen Suteng	ZL201711101992.7	04-28-2020

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128.	激光雷達	Shenzhen Suteng	ZL201721451098.8	05-11-2018
129.	激光雷達	Shenzhen Suteng	ZL201721353860.9	08-21-2018
130.	激光雷達（RS-LiDAR）	Shenzhen Suteng	ZL201730451990.5	03-09-2018
131.	激光雷達（RL32A）	Shenzhen Suteng	ZL201730452076.2	09-11-2018
132.	固態激光雷達及固態激光雷達控制方法	Shenzhen Suteng	ZL201710844939.X	11-27-2020
133.	固態激光雷達	Shenzhen Suteng	ZL201721204773.7	05-11-2018
134.	點雲分割方法及裝置	Shenzhen Suteng	ZL201710583405.6	05-19-2020
135.	多激光雷達系統	Shenzhen Suteng	ZL201720777490.5	03-06-2018
136.	一種多激光雷達的耦合平台及系統	Shenzhen Suteng	ZL201720768323.4	02-23-2018
137.	激光雷達	Shenzhen Suteng	ZL201720698552.3	02-23-2018
138.	行車路徑規劃方法及存儲介質	Shenzhen Suteng	ZL201710434532.X	06-05-2020
139.	激光雷達	Shenzhen Suteng	ZL201720598571.9	02-23-2018
140.	激光雷達	Shenzhen Suteng	ZL201720596787.1	02-23-2018
141.	激光雷達	Shenzhen Suteng	ZL201720598367.7	02-23-2018
142.	激光雷達	Shenzhen Suteng	ZL201720595236.3	02-23-2018
143.	激光雷達	Shenzhen Suteng	ZL201720595148.3	03-13-2018
144.	點雲數據分割方法和終端	Shenzhen Suteng	ZL201710353580.6	04-28-2020
145.	電源處理電路	Shenzhen Suteng	ZL201720557838.X	01-09-2018
146.	多線激光雷達系統及其水平安裝角度的校正方法	Shenzhen Suteng	ZL201710345109.2	01-21-2020
147.	基於激光雷達掃描的路沿檢測方法	Shenzhen Suteng	ZL201710323028.2	06-05-2020
148.	目標跟蹤方法及存儲介質	Shenzhen Suteng	ZL201710322339.7	04-28-2020
149.	點雲分類方法及裝置	Shenzhen Suteng	ZL201710304503.1	08-28-2020
150.	光電二極管封裝裝置	Shenzhen Suteng	ZL201720387588.X	12-19-2017
151.	機載遙測系統	Shenzhen Suteng	ZL201720382955.7	12-19-2017
152.	點雲與平面圖像融合方法及裝置	Shenzhen Suteng	ZL201710214718.4	06-05-2020

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153.	激光雷達	Shenzhen Suteng	ZL201720293348.3	02-23-2018
154.	獲取激光雷達校準參數、激光雷達校準的方法及系統	Shenzhen Suteng	ZL201710170279.1	01-21-2020
155.	激光雷達	Shenzhen Suteng	ZL201720279509.3	12-29-2017
156.	激光雷達	Shenzhen Suteng	ZL201720258725.X	12-29-2017
157.	激光雷達	Shenzhen Suteng	ZL201720252813.9	10-27-2017
158.	無人駕駛汽車系統及汽車	Shenzhen Suteng	ZL201720224116.2	12-01-2017
159.	激光雷達	Shenzhen Suteng	ZL201720214204.4	05-11-2018
160.	激光雷達	Shenzhen Suteng	ZL201720177383.9	12-29-2017
161.	三維激光掃描儀	Shenzhen Suteng	ZL201720093596.3	10-13-2017
162.	全景相機（IPANO-2T）	Shenzhen Suteng	ZL201730021698.X	07-28-2017
163.	多線激光雷達	Shenzhen Suteng	ZL201621489655.0	07-11-2017
164.	多線激光雷達	Shenzhen Suteng	ZL201621492882.9	09-08-2017
165.	多線激光雷達和多線激光雷達控制方法	Shenzhen Suteng	ZL201611246496.6	02-22-2019
166.	多線激光雷達系統及多線激光雷達系統的控制方法	Shenzhen Suteng	ZL201611186156.9	08-28-2020
167.	激光雷達	Shenzhen Suteng	ZL201630614262.7	09-08-2017
168.	激光雷達	Shenzhen Suteng	ZL201630614263.1	09-08-2017
169.	激光雷達	Shenzhen Suteng	ZL201630614261.2	09-08-2017
170.	激光雷達與激光雷達控制方法	Shenzhen Suteng	ZL201611107368.3	07-14-2020
171.	圖像分割方法及圖像分割裝置	Shenzhen Suteng	ZL201611099438.5	05-19-2020
172.	激光雷達	Shenzhen Suteng	ZL201630562759.9	07-11-2017
173.	平面相控陣雷達及平面相控陣雷達控制方法	Shenzhen Suteng	ZL201610982887.8	05-22-2020
174.	地圖生成方法及地圖生成裝置	Shenzhen Suteng	ZL201610982886.3	05-22-2020
175.	相控陣雷達及相控陣雷達控制方式	Shenzhen Suteng	ZL201610984091.6	08-28-2020
176.	激光掃描儀歸位方法及激光掃描儀	Shenzhen Suteng	ZL201610893734.6	03-26-2019
177.	三維點雲數據配準方法及拼接方法	Shenzhen Suteng	ZL201610855932.3	01-21-2020

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
178.	彩色三維激光掃描儀	Shenzhen Suteng	ZL201610853902.9	04-10-2020
179.	彩色三維激光掃描儀	Shenzhen Suteng	ZL201621082380.9	06-27-2017
180.	三維激光掃描系統	Shenzhen Suteng	ZL201621034399.6	05-17-2017
181.	三維激光雷達	Shenzhen Suteng	ZL201610797606.1	07-16-2019
182.	三維激光雷達系統	Shenzhen Suteng	ZL201621034413.2	05-31-2017
183.	三維激光雷達	Shenzhen Suteng	ZL201621034411.3	05-31-2017
184.	目標檢測方法及裝置	Shenzhen Suteng	ZL201610710512.6	01-01-2019
185.	激光測距系統	Shenzhen Suteng	ZL201620518154.4	01-11-2017
186.	移動式三維激光掃描系統及移動式三維激光掃描方法	Shenzhen Suteng	ZL201610334363.8	02-05-2021
187.	多線激光雷達	Shenzhen Suteng	ZL201610303450.7	09-04-2018
188.	多線激光雷達	Shenzhen Suteng	ZL201620416709.4	11-30-2016
189.	一種二維激光雷達的測距裝置	Shenzhen Suteng	ZL201620343989.0	09-07-2016
190.	一種帶能量傳輸的無線通信系統	Shenzhen Suteng	ZL201610250794.6	03-26-2019
191.	一種基於波形時域匹配的激光測距系統及方法	Shenzhen Suteng	ZL201610250795.0	06-01-2018
192.	三維激光掃描儀	Shenzhen Suteng	ZL201630034235.2	08-10-2016
193.	全景掃描儀（360度）	Shenzhen Suteng	ZL201630034234.8	08-24-2016
194.	一種快速360度全景相機	Shenzhen Suteng	ZL201520476727.7	12-16-2015
195.	一種全自動360度全景掃描儀	Shenzhen Suteng	ZL201520353090.2	01-20-2016
196.	一種快速三維激光掃描儀	Shenzhen Suteng	ZL201520295894.1	02-10-2016
197.	三維立體彩色點雲掃描的方法	Shenzhen Suteng	ZL201510232715.4	02-13-2018
198.	三維激光掃描儀	Shenzhen Suteng	ZL201530030753.2	07-01-2015
199.	加熱結構和激光雷達裝置	Shenzhen Suteng	ZL202022822675.8	08-17-2021
200.	電路板組件、光投射裝置、光探測系統以及設備	Shenzhen Suteng	ZL202023081311.5	11-26-2021
201.	激光雷達	Shenzhen Suteng	ZL202130308247.0	11-30-2021

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
202.	一種固態激光雷達	Shenzhen Suteng	ZL201810511749.0	11-30-2021
203.	激光雷達	Shenzhen Suteng	ZL202130409223.4	12-14-2021
204.	目標對象的運動信息確定方法、裝置、介質及終端	Shenzhen Suteng	ZL202110906967.6	01-11-2022
205.	數據處理方法、裝置及存儲介質	Shenzhen Suteng	ZL202110641220.2	01-11-2022
206.	雙雷達安裝結構、探測裝置以及可進行光探測的設備	Shenzhen Suteng	ZL202023257578.5	01-11-2022
207.	障礙物檢測方法、裝置及存儲介質	Shenzhen Suteng	ZL202110641243.3	02-01-2022
208.	路面檢測方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910220802.6	02-01-2022
209.	激光雷達	Shenzhen Suteng	ZL202130775654.2	04-05-2022
210.	激光發射裝置、激光雷達和智能設備	Shenzhen Suteng	ZL202122406103.6	04-05-2022
211.	激光雷達	Shenzhen Suteng	ZL202122101331.2	04-05-2022
212.	激光雷達振鏡的控制方法、控制裝置和激光雷達	Shenzhen Suteng	ZL201980064316.8	04-05-2022
213.	激光接收陣列、激光雷達和智能感應設備	Shenzhen Suteng	ZL201980002324.X	04-12-2022
214.	激光雷達系統及其控制方法	Shenzhen Suteng	ZL201910283310.1	04-12-2022
215.	數據同步方法和設備	Shenzhen Suteng	ZL201910211170.7	04-12-2022
216.	多通道採樣時間偏差校準模塊及時間交織模數轉換器	Shenzhen Suteng, Shanghai Lubo	ZL202210114504.0	05-20-2022
217.	激光雷達系統和激光掃描控制方法	Shenzhen Suteng	ZL201910426747.6	05-20-2022
218.	時間數字轉換器及電子設備	Shenzhen Suteng, Shanghai Lubo	ZL202210189699.5	05-24-2022
219.	障礙物的檢測方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202111489944.6	05-24-2022
220.	激光雷達發射系統	Shenzhen Suteng	ZL201811612200.7	05-27-2022
221.	激光雷達	Shenzhen Suteng	ZL202122405188.6	06-14-2022
222.	激光雷達	Shenzhen Suteng	ZL202122404192.0	06-14-2022
223.	激光雷達	Shenzhen Suteng	ZL202122408871.5	06-14-2022
224.	鏡片安裝治具	Shenzhen Suteng	ZL202010716913.9	07-08-2022
225.	一種多傳感器狀態估計方法、裝置及終端設備	Shenzhen Suteng	ZL201980002785.7	07-08-2022

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
226.	激光雷達及其抗干擾方法	Shenzhen Suteng	ZL201910410468.0	07-08-2022
227.	車輛自動駕駛方法、裝置、計算機設備和存儲介質	Shenzhen Suteng	ZL201910384071.9	07-08-2022
228.	掃描結構及其控制方法	Shenzhen Suteng	ZL201910241158.0	07-08-2022
229.	激光雷達與格柵組件及車輛	Shenzhen Suteng	ZL202220233642.6	08-12-2022
230.	激光雷達參數調整方法、激光雷達系統和計算機存儲介質	Shenzhen Suteng	ZL202011090310.9	08-16-2022
231.	接收裝置、收發裝置和激光雷達	Shenzhen Suteng	ZL201911322708.8	08-16-2022
232.	激光雷達接收系統	Shenzhen Suteng	ZL201811612197.9	08-16-2022
233.	激光雷達測距系統	Shenzhen Suteng	ZL201811376651.5	08-16-2022
234.	激光雷達	Shenzhen Suteng	ZL202230248985.5	09-09-2022
235.	一種雷達控制系統和激光雷達	Shenzhen Suteng	ZL202123108426.3	09-09-2022
236.	激光雷達	Shenzhen Suteng	ZL201910727565.2	09-13-2022
237.	激光雷達及其控制方法	Shenzhen Suteng	ZL201811375717.9	09-13-2022
238.	一體化激光雷達	Weidali Industrial (Chibi) Co., Ltd. (維達力實業(赤壁)有限公司), Wanjin Industrial (Chibi) Co., Ltd. (萬津實業(赤壁)有限公司), Shenzhen Suteng	ZL202221012360.X	10-14-2022
239.	複合光學防護片及激光雷達	Weidali Industrial (Chibi) Co., Ltd. (維達力實業(赤壁)有限公司), Wanjin Industrial (Chibi) Co., Ltd. (萬津實業(赤壁)有限公司), Shenzhen Suteng	ZL202220245508.8	10-14-2022
240.	激光雷達	Shenzhen Suteng	ZL202123445766.5	11-22-2022
241.	多站點路基網絡感知方法、終端和系統	Shenzhen Suteng	ZL202011525740.9	11-22-2022
242.	相控陣相位誤差的校準方法、裝置、存儲介質及激光雷達	Shenzhen Suteng	ZL202010786950.7	11-22-2022
243.	相控陣發射裝置、激光雷達和自動駕駛設備	Shenzhen Suteng	ZL201980002788.0	11-22-2022

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
244.	激光雷達系統	Shenzhen Suteng	ZL201910171595.X	11-22-2022
245.	光收發模組、激光雷達、自動駕駛系統及可移動設備	Shenzhen Suteng	ZL202211219208.3	01-03-2023
246.	PCB固定結構、激光收發模塊及激光雷達	Shenzhen Suteng	ZL202222480882.9	01-03-2023
247.	激光雷達及存儲介質	Shenzhen Suteng	ZL202210884787.7	01-03-2023
248.	發射裝置性能檢測方法及系統	Shenzhen Suteng	ZL202010624852.3	01-03-2023
249.	光收發系統與激光雷達	Shenzhen Suteng	ZL202222227751.X	02-03-2023
250.	點雲的加密方法、裝置、存儲介質及激光雷達	Shenzhen Suteng	ZL202210884735.X	02-03-2023
251.	目標區域的定位方法和目標區域的定位裝置	Shenzhen Suteng	ZL202210831087.1	02-03-2023
252.	激光雷達設備	Shenzhen Suteng	ZL202220862879.0	02-03-2023
253.	一種光學傳感裝置及車輛	Shenzhen Suteng	ZL202122201873.7	02-03-2023
254.	耦合器與光纖陣列封裝方法、封裝結構及芯片	Shenzhen Suteng	ZL202110945656.0	02-03-2023
255.	目標對象的檢測方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202211098411.X	02-14-2023
256.	激光雷達	Shenzhen Suteng	ZL202230733261.X	03-10-2023
257.	光學相控陣芯片以及激光雷達	Shenzhen Suteng	ZL202180007949.2	03-10-2023
258.	探測器檢測方法及系統	Shenzhen Suteng	ZL202010624851.9	03-10-2023
259.	激光雷達及具有激光雷達的設備	Shenzhen Suteng	ZL202080005557.8	03-10-2023
260.	雷達防護裝置和雷達系統	Shenzhen Suteng	ZL201910944300.8	03-10-2023
261.	障礙物的檢測方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202211244084.4	03-14-2023
262.	激光雷達	Shenzhen Suteng	ZL202220814671.1	03-14-2023
263.	激光發射模塊和激光雷達設備	Shenzhen Suteng	ZL202211273831.7	03-24-2023
264.	一種光學傳感裝置及車輛	Shenzhen Suteng	ZL202122199129.8	03-24-2023
265.	激光雷達	Shenzhen Suteng	ZL202330001706.X	04-04-2023
266.	激光探測裝置的探測方法、激光探測裝置及存儲介質	Shenzhen Suteng	ZL202211463839.X	04-04-2023
267.	激光雷達及激光雷達的控制方法	Shenzhen Suteng	ZL202180007911.5	04-04-2023

No.	Patent	Patentee	Patent Number	Authorization Date (mm-dd-yyyy)
268.	激光發射電路和激光雷達	Shenzhen Suteng	ZL202080005462.6	04-04-2023
269.	激光雷達系統及探測方法	Shenzhen Suteng	ZL202010684724.8	04-07-2023
270.	激光雷達及智能感應設備	Shenzhen Suteng	ZL201980002282.X	04-18-2023
271.	相控陣激光雷達	Optixpan Semiconductors	ZL201720837195.4	03-23-2018
272.	激光雷達及其相控陣激光發射單元	Optixpan Semiconductors	ZL201720668905.5	01-30-2018
273.	激光雷達及其相控陣激光發射單元	Optixpan Semiconductors	ZL201720668435.2	05-01-2018
274.	激光雷達及其二維相控陣激光發射單元	Optixpan Semiconductors	ZL201720669527.2	03-06-2018
275.	一種MEMS 微鏡的測試圖像獲取裝置及測試系統	Suzhou Xijing MEMS	ZL202022579638.9	06-29-2021
276.	運動解耦的二維掃描微鏡裝置	Suzhou Xijing MEMS	ZL202020952946.9	02-23-2021
277.	掃描微鏡	Suzhou Xijing MEMS	ZL202020591279.6	09-25-2020
278.	一種電磁驅動式MEMS 微鏡	Suzhou Xijing MEMS	ZL202020579906.4	10-16-2020
279.	微鏡裝置	Suzhou Xijing MEMS	ZL202020579077.X	10-23-2020
280.	微鏡裝置以及封裝其的封裝裝置	Suzhou Xijing MEMS	ZL202020579072.7	10-27-2020
281.	基於電磁原理驅動的大尺寸MEMS微鏡芯片及其封裝結構	Suzhou Xijing MEMS	ZL201820113484.4	08-21-2018
282.	掃描鏡裝置	Suzhou Xijing MEMS	ZL201610573084.7	05-22-2020
283.	調頻連續波激光雷達及自動駕駛設備	Shenzhen Suteng	ZL202211599679.1	05-23-2023
284.	波導轉換芯片、調頻連續波激光雷達及自動駕駛設備	Shenzhen Suteng	ZL202211600560.1	05-23-2023
285.	調頻連續波激光雷達及自動駕駛設備	Shenzhen Suteng	ZL202211600478.9	05-23-2023
286.	停車位的識別方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202211560566.0	05-23-2023
287.	動態目標外觀尺寸的確定方法及裝置、介質及電子設備	Shenzhen Suteng	ZL202111169245.3	05-23-2023
288.	一種多脈衝抗干擾信號處理方法及裝置	Shenzhen Suteng	ZL201910468936.X	05-23-2023
289.	無人駕駛汽車系統及汽車	Shenzhen Suteng	ZL201710136501.6	05-23-2023
290.	多線激光雷達及多線激光雷達控制方法	Shenzhen Suteng	ZL201611255426.7	05-23-2023
291.	外參標定方法、裝置、計算設備以及計算機存儲介質	Shenzhen Suteng	ZL201980002761.1	05-26-2023
292.	鏡片安裝治具	Shenzhen Suteng	ZL202210484906.X	06-13-2023
293.	波導光柵結構參數確定方法、裝置、存儲介質及激光雷達	Shenzhen Suteng	ZL202010786309.3	06-16-2023
294.	一種激光雷達、自動駕駛系統及可移動設備	Shanghai Lubo	ZL202223014302.3	05-23-2023

(ii) *Patents in the United States*

As at the Latest Practicable Date, we had registered the following patents in the United States which we consider to be or may be material to our business:

No.	Patent	Applicant/ Patentee	Patent Number	Patent Date (mm-dd-yyyy)	Expiry Date (mm-dd-yyyy)
1.	LIDAR RANGING METHOD, DEVICE, COMPUTER APPARATUS AND STORAGE MEDIUM	Shenzhen Suteng	US 10,989,796 B2	04-27-2021	04-27-2041
2.	SYSTEMS AND METHODS FOR LIDAR DETECTION	Shenzhen Suteng	US 10,761, 191 B2	09-01-2020	09-01-2040
3.	OPTICAL SCANNING APPARATUS AND LIDAR	Shenzhen Suteng	US 11,085,997 B2	08-10-2021	08-10-2041
4.	LIDAR AND INTELLIGENT SENSING DEVICE	Shenzhen Suteng	US 11,187,791 B2	11-30-2021	11-30-2041
5.	LIDAR APPARATUS	Shenzhen Suteng	US D826,746 S	08-28-2018	08-28-2033

(d) Domain name

As at the Latest Practicable Date, we owned the following domain name which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date (mm-dd-yyyy)	Expiry Date (mm-dd-yyyy)
1.	robosense.cn	Shenzhen Suteng	01-06-2016	01-06-2026

Save as disclosed above, as of the Latest Practicable Date, there were no other trademarks, copyrights, patents or domain names which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and short positions of our Directors and the chief executive of our Company in the Share, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of our Company and its associated corporation, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, are set out below:

(i) Interest in Shares

		Shares held immediately following completion of the [REDACTED](2)	
Name of Director or chief executive	Nature of interest	Number	Approximate percentage
Dr. Qiu(3) (7)	Beneficiary of a trust; interest held jointly with another person	97,082,430	**[REDACTED]**
Dr. Zhu(4) (7)	Beneficiary of a trust; interest held jointly with another person	97,082,430	**[REDACTED]**
Mr. Liu(5) (7)	Beneficiary of a trust; interest held jointly with another person	97,082,430	**[REDACTED]**
Mr. Qiu(6)	Beneficiary of a trust	9,107,746	**[REDACTED]**

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately following completion of the **[REDACTED]** assuming (i) the **[REDACTED]** is not exercised and (ii) all Preferred Shares are reclassified as Ordinary Shares on a one-to-one basis immediately before the completion of the **[REDACTED]**.

(3) As of the Latest Practicable Date, BlackPearl is owned as to 99.9% by BlackPearl Investment Limited and 0.1% by Sunton Global. Sunton Global is wholly owned by Dr. Qiu. BlackPearl Investment Limited is held by TMF (Cayman) Ltd. acting as the trustee of a trust, with Sunton Global and Dr. Qiu as the beneficiaries. As such, Dr. Qiu is deemed to be interested in the Shares held by BlackPearl for the purpose of Part XV of the SFO.

(4) As of the Latest Practicable Date, Emerald Forest is owned as to 99.9% by Emerald Forest Investment Limited and 0.1% by Emerald Forest Holding. Emerald Forest Holding is wholly owned by Dr. Zhu. Emerald Forest Investment Limited is held by TMF (Cayman) Ltd. acting as the trustee of a trust, with Emerald Forest Holding and Dr. Zhu as the beneficiaries. As such, Dr. Zhu is deemed to be interested in the Shares held by Emerald Forest for the purpose of Part XV of the SFO.

(5) As of the Latest Practicable Date, Sixsense is owned as to 99.9% by CyberStone Holdings Limited and 0.1% by Realsense. Realsense is wholly owned by Mr. Liu. CyberStone Holdings Limited is held by TMF (Cayman) Ltd. acting as the trustee of a trust, with Realsense and Mr. Liu as the beneficiaries. As such, Mr. Liu is deemed to be interested in the Shares held by Sixsense for the purpose of Part XV of the SFO.

(6) As of the Latest Practicable Date, Mr. Qiu is entitled to receive 4,849,401 Shares and 4,258,345 Shares underlying the awards in the form of Restricted Shares and Restricted Share Units, respectively, granted to him pursuant to the Pre-**[REDACTED]** Share Incentive Scheme A and the Pre-**[REDACTED]** Share Incentive Scheme B, respectively. The 4,849,401 and 4,258,345 Shares underlying the awards in the form of Restricted Shares and Restricted Share Units granted to him pursuant to the Pre-**[REDACTED]** Share Incentive Scheme A and the Pre-**[REDACTED]** Share Incentive Scheme B are held by Ruby and Hoping Dream, respectively. As of the Latest Practicable Date, (a) Ruby was held as to (i) 99.9% by Ruby Group Holdings Limited, which was in turn wholly owned by TMF (Cayman) Ltd. as the trustee of a trust with Mr. Qiu and Sunton Limited as beneficiaries, and (ii) 0.1% by Sunton Limited, which was in turn wholly owned by Mr. Qiu and (b) Hoping Dream was held as to (i) 99.9% by Hoping Dream Investment Limited, which was in turn wholly owned by Futu Trustee Limited as the trustee of a trust, and (ii) 0.1% by Shinin Holdings Limited, a limited liability company incorporated under the laws of the BVI on July 15, 2021, which was in turn wholly owned by Mr. Wei Yonggang, an employee of the Group and an Independent Third Party. See "Statutory and General Information — D. Share Incentive Schemes" below for details.

(7) Each of Dr. Qiu, Dr. Zhu and Mr. Liu entered into the Concert Party Confirmation to formalize and confirm that they have been parties acting in concert in exercising directors and shareholders' rights of our Group since the Founders become shareholders or directors of the relevant member of the Group (whichever is earlier). See "History, Reorganization and Corporate Structure – Parties Acting in Concert" for details of the Concert Party Confirmation. As such, each of Dr. Qiu, Dr. Zhu and Mr. Liu is deemed to be interested in the Shares held by other members of the Founders for the purpose of Part XV of the SFO.

Save as disclosed above, as of the Latest Practicable Date, the Directors are not aware of any of our Directors or chief executives who will, immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), has any interests and/or short positions in the shares, underlying shares and debentures of our Company and its associated corporation, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

(b) Interests and short positions of the substantial shareholders in our Shares and underlying Shares

Save as disclosed in the section headed "Substantial Shareholders" in this document, as of the Latest Practicable Date, our Directors were not aware of any persons who will, immediately following the completion of the **[REDACTED]**, have or be deemed or taken to have interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

(c) Interests and short positions of the substantial shareholders of any members of our Group (other than our Company)

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), as far as our Directors are aware, the following persons (not being the Directors or chief executive of our Company) will, directly or indirectly, be interested in 10% or more of the issued voting shares of the following member of our Group (other than our Company):

Name of shareholder	Name of members of our Group	Nature of interests	Approximate percentage of shareholding interests
Ms. Zhang Xiaohong (張小紅)	Suzhou Xijing MEMS	Beneficial owner	45%

2. Particulars of Directors' service contracts and appointment letters

(a) Executive Directors

Each of our executive Directors has entered into a service contract with us pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the date of his/her appointment as a Director or until the third annual general meeting of our Company since the Listing Date (whichever ends earlier). Either party has the right to give not less than three months' written notice to terminate the agreement. Details of the Company's remuneration policy is described in section headed "Directors and Senior Management — Remuneration and Compensation of Directors and Senior Management."

(b) Non-executive Director and independent non-executive Directors

Our non-executive Director has entered into an appointment letter with our Company on [●], 2023. The initial term for her appointment letter shall commence from [●], 2023 and shall continue for three years or until the third annual general meeting of the Company since the Listing Date, whichever ends earlier, (subject always to re-election as and when required under the Memorandum and Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

Each of our independent non-executive Directors has entered into an appointment letter with our Company on [●], 2023. The initial term for their appointment letters shall be three years from [●], 2023 or until the third annual general meeting of the Company since the Listing Date, whichever ends earlier, (subject always to re-election as and when required under the Memorandum and Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

3. Remuneration of Directors

(a) Save as disclosed above, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(b) During the three years ended December 31, 2020, 2021 and 2022, the aggregate amount of remuneration incurred for our Directors were approximately RMB2.7 million, RMB3.6 million and RMB4.6 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Appendix I to this document.

(c) Under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus which may be paid) payable by our Group to our Directors for the financial year ending December 31, 2023 is expected to be approximately RMB5.2 million.

(d) No remuneration was paid to our Directors or the five individuals whose emoluments were the highest in the Group as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five individuals whose emoluments were the highest in the Group for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

(e) Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

4. Disclaimers

Save as disclosed in this document:

(a) none of the Directors or any experts named in "— E. Other Information — 4. Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b) none of the Directors or any experts named in "— E. Other Information — 4. Qualifications and Consents of Experts" below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(c) none of our Directors or any of experts named in "— E. Other Information — 4. Qualifications and Consents of Experts" below has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(d) taking no account of any Shares which may be taken up under the **[REDACTED]**, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the **[REDACTED]**, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group;

(e) none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon; and

(f) so far as is known to our Directors, none of our Directors, their respective close associates or our Shareholders who are interested in more than 5% of the share capital of our Group has any interests in the five largest customers or the five largest supplier of our Group.

D. SHARE INCENTIVE SCHEMES

1. Pre-[REDACTED] Share Incentive Scheme A

The following is a summary of the principal terms of the pre-**[REDACTED]** share incentive schemes of the Company adopted and approved by the then Shareholders with effect from December 30, 2021 (the "**Pre-[REDACTED] Share Incentive Scheme A**"). The terms of the Pre-**[REDACTED]** Share Incentive Scheme A are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of share options or awards by our Company after Listing. Given the Shares underlying all the Awards (as defined below) under the Pre-**[REDACTED]** Share Incentive Scheme A have already been issued to Robust and Ruby as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares as a result of the operation of the Pre-**[REDACTED]** Share Incentive Scheme A. Terms defined and used under this sub-section headed "Pre-**[REDACTED]** Share Incentive Scheme A" shall apply to this sub-section only.

As of the Latest Practicable Date, there were two ESOP Holding Entities for the Pre-**[REDACTED]** Share Incentive Scheme A, namely (i) Robust and (ii) Ruby, which held 13,450,225 Shares and 4,849,401 Shares, representing **[REDACTED]**% and **[REDACTED]**% of the issued Shares immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), respectively.

As of the Latest Practicable Date, Robust was held as to (1) 99.9% by Robust Investment Limited, which was in turn wholly owned by Futu Trustee Limited as the trustee of a trust where the Participants (as defined below) are the beneficiaries, and (2) 0.1% by Sense Limited, which was in turn wholly owned by Mr. Zhang Teng (張騰), an employee of our Group and an Independent Third Party.

As of the Latest Practicable Date, Ruby was held as to (1) 99.9% by Ruby Group Holdings Limited, which was in turn wholly owned by TMF (Cayman) Ltd. as the trustee of a trust where Mr. Qiu and Sunton Limited are the beneficiaries, and (2) 0.1% by Sunton Limited, which was in turn wholly owned by Mr. Qiu.

(a) Purposes

The purposes of the Pre-**[REDACTED]** Share Incentive Scheme A are to (i) improve the employee incentive and remuneration mechanism of the Group and align the interests of our Shareholders and employees to promote the Group's development in the long run; and (ii) attract and retain our mid-level and senior management team and core talents, motivate their initiatives and creativity so as to enhance the operation efficiency and management performance of the Group.

(b) Types of awards

The Pre-**[REDACTED]** Share Incentive Scheme A governs the award of (i) a contingent right to receive at a future date a Share or an equivalent value in cash or economic interests with reference to the market value of the Share (the "**Restricted Share Unit**"); and (ii) Share(s) that is/are subject to certain restrictions (the "**Restricted Share**", together with the Restricted Share Unit, the "**Awards**").

Shares underlying the Restricted Shares and the Restricted Share Units granted and to be granted are held by Robust. Shares underlying the Restricted Shares granted are held by Ruby.

(c) Participants

Persons eligible to participate in the Pre-**[REDACTED]** Share Incentive Scheme A (the "**Participants**") include the directors, members of senior and middle level management team, core employees from research and development and technology and other core employees of the Group.

(d) Maximum number of Shares

The maximum aggregate number of Shares which may be issued pursuant to the Pre-**[REDACTED]** Share Incentive Scheme A is 18,299,626 Shares.

(e) Administrator

The Board may authorize any of its committees or any senior officer (the "**Administrator**") to determine, grant, execute or revise the Awards granted to the Participants (excluding the Directors, the chief executive officer, president, and chief financial officer of the Company).

The Administrator has the right to, among others, (i) specify the Participant, (ii) determine the number of Awards granted and offer special vesting arrangement, (iii) set out specific provisions and conditions in relation to the grant of Awards, (iv) determine the format of the award agreement (the "**Award Agreement**").

(f) Vesting Schedule

The vesting schedule for the Awards granted can be based on performance criteria, passage of time or other factors as determined by the Administrator.

All Awards shall vest or become unrestricted on the Listing Date, unless otherwise (a) provided in the Award Agreement or (b) determined by the Board to vest a fewer number of Awards based on performance appraisal of the Participants.

The Company may, at its discretion, at any time accelerate the vesting of all or some of the remaining unvested Awards. In the case of accelerated vesting, such Awards will be deemed to have vested on the date specified by the Company.

(g) Non-transferability of the Awards

No security, mortgage, lien, obligation or liability shall be created on the rights or interests of the Award(s) granted. Except as otherwise provided by the Administrator, no Award shall be assigned, transferred, or otherwise disposed of by a Participant. With the explicit written consent of the Administrator, the Participant may transfer the granted Award(s) to certain persons or entities related to him/her, which includes but not limited to the Participant's family members, charitable institutions or his/her designated trust or other entities or other persons or entities expressly approved by the Administrator pursuant to such conditions and procedures as the Administrator may establish.

(h) Restriction on disposal

The Shares held by Robust and Ruby are subject to a lock-up period of six months from the Listing Date.

(i) Expiration of Restricted Shares and/or Restricted Share Units

A Restricted Share or a Restricted Share Unit may not be vested and will automatically lapse upon the occurrence of any one of the following events:

(1) the earlier of ten years from the date it is granted and listing of the Shares on a recognized stock exchange, unless an earlier time is otherwise provided;

(2) upon the Participant's termination of employment or retirement as an Employee or cessation, retirement or vacation of directorship as a director of any member of the Group (as the case may be);

(3) upon the Participant's disability or death, subject to other requirements as provided under the Post-**[REDACTED]** Share Incentive Scheme; and

(4) upon the Participant being convicted of any criminal offense involving his or her integrity or honesty, or charged, convicted or held liable for any offense under the relevant securities laws, regulations or rules in force from time to time in Hong Kong or elsewhere.

(j) Awards granted

As of the Latest Practicable Date, the Company had granted (i) Awards in the form of Restricted Shares representing 4,849,401 Shares to one Director and (ii) Awards in the form of Restricted Shares and Restricted Share Units representing an aggregate of 12,502,881 Shares to 40 other employees of the Group and service provider. All the remaining Awards, representing 947,344 Shares which have not been granted as of the Latest Practicable Date, are expected to be granted to the Participants before Listing. Therefore, the Pre-**[REDACTED]** Share Incentive Scheme A (including the Awards granted and to be granted before Listing thereunder) are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-**[REDACTED]** Share Incentive Scheme A does not involve the grant of new shares of our Company or options over new shares of our Company after Listing.

The table below sets forth the list of grantees and the number of the underlying Shares of their respective Awards.

Grantees	Number of Shares underlying the Awards granted as of the Latest Practicable Date	Approximate percentage of Shares underlying the Awards granted immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
Mr. Qiu [(1)]	4,849,401	**[REDACTED]**%
40 other employees and service provider[(1)(2)]	12,502,881	**[REDACTED]**%

Notes:

(1) All the Shares underlying the Awards granted shall vest or become unrestricted on the Listing Date, unless (a) otherwise provided in the Award Agreement or (b) determined by the Board to vest a fewer number of Shares based on performance appraisal.

(2) To the best of our Directors' knowledge, none of the employees and service provider is a Director, chief executive or substantial shareholder of the Company, or their respective associates or otherwise a connected person of the Group.

2. Pre-[REDACTED] Share Incentive Scheme B

The following is a summary of the principal terms of the pre-**[REDACTED]** share incentive scheme of the Company adopted and approved by the then Shareholders with effect from December 30, 2021 (the "**Pre-[REDACTED] Share Incentive Scheme B**"). The terms of the Pre-**[REDACTED]** Share Incentive Scheme B are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of share options or awards by our Company after Listing. Given the Shares underlying all the Awards (as defined below) under the Pre-**[REDACTED]** Share Incentive Scheme B have already been issued to Hoping Dream as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares as a result of the operation of the Pre-**[REDACTED]** Share Incentive Scheme B. Terms defined and used under this sub-section headed "Pre-**[REDACTED]** Share Incentive Scheme B" shall apply to this sub-section only.

As of the Latest Practicable Date, the ESOP Holding Entity for the Pre-**[REDACTED]** Share Incentive Scheme B, Hoping Dream, held 17,210,526 Shares, representing **[REDACTED]**% of the issued Shares immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). As of the Latest Practicable Date, Hoping Dream was held as to (1) 99.9% by Hoping Dream Investment Limited, which was in turn wholly owned by Futu Trustee Limited as the trustee of a trust, and (2) 0.1% by Shinin Holdings Limited, a limited liability company incorporated under the laws of the British Virgin Islands on July 15, 2021, which was in turn wholly owned by Mr. Wei Yonggang (魏永剛), an employee of the Group and an Independent Third Party.

(a) Purposes

The purposes of the Pre-**[REDACTED]** Share Incentive Scheme B are to (i) promote the success and enhance the value the Company by aligning the personal interests of the directors of members of the Group and the employees to those of the Company's shareholders and motivating their outstanding performance to promote the Group's development and generate returns to the Shareholders; and

(ii) provide flexibility to the Company in its ability to motivate, attract, and retain the services of directors of members of the Group and the employees upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

(b) Types of awards

The Pre-**[REDACTED]** Share Incentive Scheme B provides for an award of (i) a right to purchase a specified number of Shares at a specified price during specified time periods (the "**Option**"), (ii) a Share that is subject to certain restrictions and may be subject to risk of forfeiture (the "**Restricted Share**") or (iii) a contingent right to receive at a future date a Share or an equivalent value in cash or economic interests with reference to the market value of the Share (the "**Restricted Share Unit**") (collectively, the "**Awards**").

(c) Participants

Persons eligible to participate in the Pre-**[REDACTED]** Share Incentive Scheme B (the "**Participants**") include: (i) any person, including an officer or member of the Board of any member of the Group, who is in the employ of any member of the Group, subject to the control and direction of any member of the Group as to both the work to be performed and the manner and method of performance (the "**Employee**"); and (ii) all directors of any member of the Group, as determined by the Board or a committee delegated by the Board pursuant to the Pre-**[REDACTED]** Share Incentive Scheme B.

(d) Maximum number of Shares

The maximum aggregate number of Shares which may be issued pursuant to all Awards (including Options) is 17,210,526 Shares or a lesser number of Shares determined by the Board.

(e) Administrator

The Board, any of its committees or any officer who is designated for the administration of the Pre-**[REDACTED]** Share Incentive Scheme B (the "**Administrator**") has the right to implement specific provisions (such as provisions on performance assessment) to determine whether or not unvested Awards can vest in favor of the Participants according to schedule or whether or not vested but unexercised Awards can be exercised by the Participants.

(f) Exercise price of an Option, purchase price of a Restricted Share and consideration of a Restricted Share Unit

The exercise price of an Option, purchase price of a Restricted Share and consideration of a Restricted Share Unit shall be determined by the Administrator and set forth in the written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium, entered into between the Company and a Participant and any amendment thereto (the "**Award Agreement**").

The exercise price of an Option may be a fixed or variable price related to the fair market value of the Share.

(g) Vesting schedule

Vesting period for Options

The Administrator may specify the exercise period and/or vesting schedule for Options granted in the Award Agreement, which may be based on performance criteria, passage of time or other factors of any combination thereof as determined by the Administrator.

Vesting period and grantees' rights upon vesting

The Administrator may, in its sole discretion, specify in the Award Agreement (i) the vesting schedule for Restricted Shares and/or Restricted Share Units granted, which may be based on performance criteria, passage of time or other factors of any combination thereof as determined by the Administrator; and (ii) the grantee's rights upon vesting of the Restricted Shares and/or Restricted Share Units granted.

(h) Non-transferability of the Awards

No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a subsidiary. Except as otherwise provided by the Administrator, no Award shall be assigned, transferred, or otherwise disposed of by a Participant.

The Administrator by express provision in the Award or an amendment thereto may permit an Award to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Administrator, pursuant to such conditions and procedures as the Administrator may establish.

(i) Expiration of Options, Restricted Shares, and/or Restricted Share Units

(i) An Option may not be exercised and (ii) a Restricted Share or a Restricted Share Unit may not be vested, and will automatically lapse upon the occurrence of any one of the following events:

(1) the earlier of ten years from the date it is granted and the fifth anniversary of the completion of the Company's **[REDACTED]** and listing of the Shares on a recognized stock exchange, unless an earlier time is set in the Award Agreement;

(2) upon the Participant's termination of employment or retirement as an Employee or cessation, retirement or vacation of directorship as a director of any member of the Group (as the case may be);

(3) upon the Participant's disability or death, subject to other requirements as provided under the Pre-**[REDACTED]** Share Incentive Scheme B; and

(4) upon the Participant being convicted of any criminal offense involving his or her integrity or honesty, or charged, convicted or held liable for any offense under the relevant securities laws, regulations or rules in force from time to time in Hong Kong or elsewhere.

(j) Changes in capital structure

In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of the Company's assets to the Shareholders, or any other change affecting the number of Shares or the share price of a Share, the Board shall make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Pre-**[REDACTED]** Share Incentive Scheme B; (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Pre-**[REDACTED]** Share Incentive Scheme B.

(k) Amendment, modification and termination

At any time and from time to time, the Board may terminate, amend or modify the Pre-**[REDACTED]** Share Incentive Scheme B; provided, however, that (a) to the extent necessary and desirable to comply with applicable laws, or stock exchange rules, the Company shall obtain shareholder approval of any amendment of the Pre-**[REDACTED]** Share Incentive Scheme B in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Pre-**[REDACTED]** Share Incentive Scheme B that (i) increases the number of Shares available under the Pre-**[REDACTED]** Share Incentive Scheme B (other than any adjustment as provided under the Pre-**[REDACTED]** Share Incentive Scheme B), (ii) permits the Board to extend the term of the Pre-**[REDACTED]** Share Incentive Scheme B or the exercise period for an Option beyond ten years from the date of grant, or (iii) results in a material increase in benefits or a change in eligibility requirements.

(l) Awards granted

As of the Latest Practicable Date, the Company had granted (i) Awards in the form of Restricted Share Units representing 4,258,345 Shares to one Director; (ii) Awards in the form of Restricted Share Units representing 1,512,797 Shares to one senior management member (who is not a Director), and (iii) Awards in the form of Restricted Shares and Restricted Share Units representing an aggregate of 4,792,420 Shares to 159 other employees of the Group. All the remaining Awards, representing 6,646,964 Shares which have not been granted as of the Latest Practicable Date, are expected to be granted to the Participants before Listing. Therefore, the Pre-**[REDACTED]** Share Incentive Scheme B (including the Awards granted and to be granted before Listing thereunder) are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-**[REDACTED]** Share Incentive Scheme B does not involve the grant of new shares of our Company or options over new shares of our Company after Listing.

The table below sets forth the list of grantees and the number of the underlying Shares of their respective awards.

Grantees	Number of Shares underlying the Awards granted as of the Latest Practicable Date	Approximate percentage of Shares underlying the awards granted immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
Mr. Qiu (1)	4,258,345	**[REDACTED]**%
Mr. Lau Wing Kee (1)	1,512,797	**[REDACTED]**%
159 other employees (3)	4,792,420 (2)	**[REDACTED]**%

Notes:

(1) All the Shares underlying the Awards granted shall vest upon Listing.

(2) Among these Shares, (i) Awards representing 2,294,737 Shares have been vested as of the Latest Practicable Date; (ii) Awards representing 371,633 Shares shall vest upon Listing; and (iii) Awards representing the remaining 2,126,050 Shares typically have a vesting period of two to three years commencing from January 31, 2022, January 31, 2023, July 31, 2023, January 31, 2024 and January 31, 2025, provided that if any of the vesting dates falls on a date which is earlier than the Listing Date, the Company has the sole discretion to postpone such vesting date(s) to the Listing Date or any other date(s) after Listing.

(3) This includes current and former employees of the Company. To the best of our Directors' knowledge, none of the employees is a Director, chief executive or substantial shareholder of the Company, or their respective associates or otherwise a connected person of the Group.

3. Post-[REDACTED] Share Incentive Scheme

The following is a summary of the principal terms of the post-**[REDACTED]** share incentive scheme conditionally adopted and approved by our Shareholders with effect from June 29, 2023 (the "**Post-[REDACTED] Share Incentive Scheme**"). The terms of the Post-**[REDACTED]** Share Incentive Scheme will be governed by Chapter 17 of the Listing Rules. Terms defined and used under this sub-section headed "Post-**[REDACTED]** Share Incentive Scheme" shall apply to this sub-section only.

The Post-**[REDACTED]** Share Incentive Scheme is effective from the date of approval by the Shareholders (the "**Effective Date**").

(a) Purposes

The purposes of the Post-**[REDACTED]** Share Incentive Scheme are (i) to promote the success and enhance the value the Company by aligning the personal interests of the directors of members of the Group and the employees to those of the Company's shareholders and motivating their outstanding performance to promote the Group's development and generate returns to the Shareholders; and (ii) to provide flexibility to the Company in its ability to motivate, attract, and retain the services of directors of members of the Group and the employees upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

(b) Types of awards

The Post-**[REDACTED]** Share Incentive Scheme provides for an award of (i) a right to purchase a specified number of Shares at a specified price during specified time periods (the "**Option**"), (ii) a Share that is subject to certain restrictions and may be subject to risk of forfeiture (the "**Restricted Share**") or (iii) a right to receive a Share at a future date (the "**Restricted Share Unit**") (collectively, the "**Awards**").

(c) Participants

Persons eligible to participate in the Post-**[REDACTED]** Share Incentive Scheme (the "**Participants**") include: (i) any person, including an officer or member of the Board of any member of the Group, who is in the employ of any member of the Group, subject to the control and direction of any member of the Group as to both the work to be performed and the manner and method of performance (the "**Employees**"); and (ii) all directors of any member of the Group, as determined by the Board or a committee delegated by the Board pursuant to the Post-**[REDACTED]** Share Incentive Scheme.

(d) Maximum number of Shares

The maximum aggregate number of Shares which may be issued pursuant to all Awards (including Options) is 21,000,000 Shares or a lesser number of Shares determined by the Board.

In addition, the maximum number of Shares issuable upon exercise of Options or vesting of any Awards granted under the Post-**[REDACTED]** Share Incentive Scheme and any grants made under any other share schemes of the Company shall not exceed 10% of the total number of Shares in issue as at the Effective Date (excluding, for this purpose, Shares issuable upon exercise of options or vesting of awards which have been granted but which have lapsed in accordance with the terms of the Post-**[REDACTED]** Share Incentive Scheme or any other share schemes of the Company).

(e) Maximum entitlement of each Participant

Where any grant of awards or options to a Participant would result in the total number of Shares issued and to be issued in respect of all awards or options granted (excluding any options and awards lapsed in accordance with the terms of the Plan or any other share schemes of the Company) under the Post-**[REDACTED]** Share Incentive Scheme and any other share schemes of the Company in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules with such Participant and his/her close associate (or associates), if the Participant is a connected person (as defined under the Listing Rules), or such persons as may be required under the Listing Rules from time to time, abstaining from voting. The number and terms of Options to be granted to such Participant must be fixed before the approval of the Shareholders. In such event, the Company must send a circular to the Shareholders containing all information required under the Listing Rules.

(f) Performance target

The Board has the right to implement specific provisions (such as provisions on performance assessment) to determine whether or not unvested Awards can vest in favor of the Participants according to schedule or whether or not vested but unexercised Awards can be exercised by the Participants.

(g) Exercise price of an Option

The exercise price of an Option shall be determined by the Board and set forth in the written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium, entered into between the Company and a Participant and any amendment thereto (the "**Award Agreement**").

The exercise price of an Option may be a fixed or variable price related to the fair market value of the Share provided that such exercise price shall be at least the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (2) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the date of grant.

Notwithstanding the above, the exercise price per Share may be adjusted or amended in the absolute discretion of the Board to the extent permitted by the applicable laws (including the Listing Rules), the determination of which shall be final, binding and conclusive.

(h) Vesting schedule

Vesting period for Options

The Board may specify the exercise period and/or vesting schedule for Options granted in the Award Agreement, which may be based on performance criteria, passage of time or other factors of any combination thereof, provided that an Option must be held by the Participant for at least 12 months before the Option can be exercised, save for a shorter exercise period may be granted to the Participant in any of the following circumstances below at the sole discretion of the Board:

(i) grants of "make-whole" Options to new Employees to replace the share options or share awards they forfeited when leaving his or her previous employer;

(ii) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

(iii) grants that are made in batches during a year for administrative and compliance reasons;

(iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months;

(v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; or

(vi) grants of Options with a total vesting and holding period of more than 12 months.

Vesting period for Restricted Shares and/or Restricted Share Units

The Board may specify the vesting schedule for Restricted Shares and/or Restricted Share Units granted in the Award Agreement, which may be based on performance criteria, passage of time or other factors of any combination thereof, provided that the vesting period for Restricted Shares and/

or Restricted Share Units shall not be less than 12 months, save for a shorter vesting period may be granted to the Participant in any of the following circumstances at the sole discretion of the Board:

(i) grants of "make-whole" Restricted Shares and/or Restricted Share Units to new Employees to replace the share options or share awards they forfeited when leaving his or her previous employer;

(ii) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

(iii) grants that are made in batches during a year for administrative and compliance reasons;

(iv) grants with a mixed or accelerated vesting schedule such as where the Restricted Shares and/or Restricted Share Units may vest evenly over a period of 12 months;

(v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; or

(vi) grants of Restricted Shares and/or Restricted Share Units with a total vesting and holding period of more than 12 months.

(i) Non-transferability of the Awards

Any Awards granted shall be personal to the Participant, and no right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a subsidiary. Except as otherwise provided by the Board, no Award shall be assigned, transferred, or otherwise disposed of by a Participant.

(j) Grant to connected persons

Any grant of Awards to a connected person (as defined in the Listing Rules) of the Company or any of his or her associates (as defined in the Listing Rules) shall comply with and shall be approved in accordance with the applicable requirements under the Listing Rules.

(k) Expiration of Options, Restricted Shares, and/or Restricted Share Units

(i) An Option may not be exercised and (ii) a Restricted Share or a Restricted Share Unit may not be vested and will automatically lapse upon the occurrence of any one of the following events:

(1) the earlier of ten years from the date it is granted and listing of the Shares on a recognized stock exchange, unless an earlier time is set in the Award Agreement;

(2) upon the Participant's termination of employment or retirement as an Employee or cessation, retirement or vacation of directorship as a director of any member of the Group (as the case may be);

(3) upon the Participant's disability or death, subject to other requirements as provided under the Post-**[REDACTED]** Share Incentive Scheme; and

(4) upon the Participant being convicted of any criminal offense involving his or her integrity or honesty, or charged, convicted or held liable for any offense under the relevant securities laws, regulations or rules in force from time to time in Hong Kong or elsewhere.

(l) Changes in capital structure

In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of the Company's assets to the Shareholders, or any other change affecting the number of Shares or the share price of a Share, the Board shall make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Post-**[REDACTED]** Share Incentive Scheme; (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Post-**[REDACTED]** Share Incentive Scheme.

(m) Amendment, modification and termination

At any time and from time to time, the Board may terminate, amend or modify the Post-**[REDACTED]** Share Incentive Scheme; provided, however, that (a) to the extent necessary and desirable to comply with applicable laws, or stock exchange rules, the Company shall obtain shareholder approval of any amendment of the Post-**[REDACTED]** Share Incentive Scheme in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Post-**[REDACTED]** Share Incentive Scheme that (i) increases the number of Shares available under the Post-**[REDACTED]** Share Incentive Scheme (other than any adjustment as provided under the Post-**[REDACTED]** Share Incentive Scheme) to the extent permitted under the applicable laws, (ii) permits the Board to extend the term of the Post-**[REDACTED]** Share Incentive Scheme or the exercise period for an Option beyond ten years from the date of grant to the extent permitted under the applicable laws, (iii) results in a material increase in benefits or a change in eligibility requirements, (iv) is of material nature to the advantage of the Participants, or (v) changes the authority of the Board to alter the terms of the Post-**[REDACTED]** Share Incentive Scheme.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in "Risk Factors" and "Business — Legal Proceedings and Compliance — Legal Proceedings", so far as our Directors are aware, as at the Latest Practicable Date, no litigation or claim of material importance was pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the

[REDACTED] including any Shares which may be issued pursuant to the exercise of the **[REDACTED]**). All necessary arrangements have been made enabling the Shares to be admitted into **[REDACTED]**.

J.P. Morgan Securities (Far East) Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

China Renaissance Securities (Hong Kong) Limited, one of the Joint Sponsors, does not consider itself to be independent from our Company according to Rule 3A.07 of the Listing Rules as the holding company of China Renaissance Securities (Hong Kong) Limited is deemed to be interested in approximately 3.60% and 1.72% of the total issued Shares immediately before the completion of the **[REDACTED]** respectively through our Shareholders, Golden Development Asia Limited and Huaxing Growth Capital III, L.P.

Our Company has entered into an engagement agreement with the Joint Sponsors, pursuant to which our Company agreed to pay each Joint Sponsor a fee of US$500,000 to act as a sponsor to our Company in the **[REDACTED]**.

4. Qualifications and Consents of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
J.P. Morgan Securities (Far East) Limited	A corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
China Renaissance Securities (Hong Kong) Limited	A corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Cap. 588)
Maples and Calder (Hong Kong) LLP	Legal advisors to our Company as to Cayman Islands laws
Han Kun Law Offices	Legal advisors to our Company as to PRC laws
China Insights Industry Consultancy Limited	Industry consultant

Each of the experts named above has given and has not withdrawn its written consents to the issue of this document with the inclusion of its reports, letters, opinions or summaries of opinions (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding Effect

This Document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Compliance Advisor

Our Company have appointed Maxa Capital Limited as its Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

9. No Material Adverse Change

The Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2022.

10. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise; and

(ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this document:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) none of our Directors or experts (as named in this document), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iv) no equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought;

(v) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(vi) our Company has no outstanding convertible debt securities or debentures; and

(vii) there is no arrangement under which future dividends are waived or agreed to be waived.

(c) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the **[REDACTED]** and the related transactions described in this document within the two years immediately preceding the date of this document.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) a copy of the **[REDACTED]**;

(b) copies of the material contracts referred to under "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this document; and

(c) the written consents referred to under "Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts" in Appendix IV to this document.

2. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.robosense.ai/en up to and including the date which is 14 days from the date of this document:

(a) our Memorandum and Articles of Association;

(b) the Accountant's Report of our Group from PricewaterhouseCoopers, the texts of which is set out in Appendix I to this document;

(c) the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the texts of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Company for the three years ended December 31, 2020, 2021 and 2022;

(e) the legal opinions issued by Han Kun Law Offices, our legal advisor as to PRC laws, in respect of certain general corporate matters and property interests of our Group;

(f) the letter of advice issued by Maples and Calder (Hong Kong) LLP, our legal advisor as to Cayman Islands laws, in respect of certain aspects of the Cayman Companies Act referred to in Appendix III to this document;

(g) the report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in "Industry Overview" in this document;

(h) the material contracts referred to under "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this document;

(i) the written consents referred to under "Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts" in Appendix IV to this document;

(j) the service contracts and letters of appointment with our Directors referred to under "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV to this document;

(k) the terms of each of the Share Incentive Schemes; and

(l) the Cayman Companies Act.